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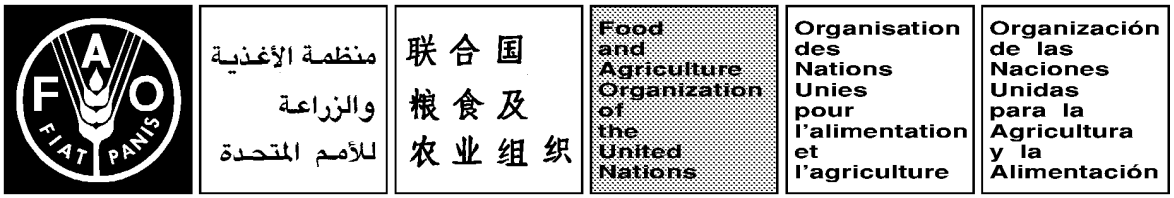

CONFERENCE

FAO: The Challenge of Renewal
Report of the Independent External Evaluation of the Food and Agriculture Organization of the United Nations (FAO)
Submitted to the Council Committee for the Independent External Evaluation of FAO (CC-IEE)
September 2007

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Evaluation Core Team:

Mr Leif E. Christoffersen – Team Leader

Mr Keith Bezanson – Former Team Leader and principal author of the report

Ms Uma Lele – Technical work of FAO

Mr Michael Davies – Management, organization and administration

Mr Carlos Perez del Castillo – Governance of FAO

Mrs Thelma Awori – FAO's role in the multilateral system

Food and Agriculture Organization of the United Nations

Rome, 2007

联合国粮食及农业组织

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE

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Leif E. Christoffersen,
Team Leader
Independent External Evaluation of FAO

21 September 2007

Dear Ambassador Perri,

I have the pleasure and honour to submit the final report of the Independent External Evaluation of FAO.

This final report has benefited greatly from the new information and suggestions made on the draft by FAO member delegations and the secretariat. It is a final product of the whole core team, to which we all have collectively and individually expressed our support. In preparing the report, inputs have been provided by many consultant regional specialists and experts in various fields of the technical work of FAO, administration, governance and the multilateral system. With vigorous dialogue in the core team itself, the work and the evidence presented has been rigorously triangulated against the sometimes divergent conclusions of individual consultants, country visits, survey findings, previous evaluations, additional information provided by the secretariat and the literature on best practice. Thus, all members of the core team have on occasion expressed divergent views on certain aspects during the process of developing a final report but all have given their support to this final report. Of great assistance in compiling the final report was the input of the former team leader, Dr. Keith Bezanson, whose continued membership of the core team had been welcomed by the Council and who despite continuing health problems was able to support the core team as principal author.

In strengthening the report, we have made a special effort to clarify the main issues and messages in Chapter 1. However, the team's one regret in providing its final report is that we were unable, in the short time available, to tighten up the report from the point of view of readability and length as much as we would have liked. This holds a danger that members will focus on specifics in our recommendations without fully considering the main messages and the identification of problems and opportunities which led to our conclusions. This notwithstanding, it was very evident to us that delay at this stage in a search for further improvement would have rendered the evaluation of significantly less practical use to the membership and the management as you move towards decisions in the November FAO Conference. In Chapter 1, we have thus provided a synthesis of the main messages rather than a conventional evaluation summary.

As you will see from the report, we have found much that FAO has done and that it does well. We have also found a great need for change. The world needs a renewed FAO. That renewal is predicated on '*Reform with Growth*' which requires both substantive reforms in the directions discussed in this evaluation and additional resources. The two must move hand-in-hand and neither will be possible without the other. Indeed, an absence of reform will almost certainly condemn the Organization to accelerating decline: a decline for which the world will be a poorer place, as the challenges mount for overcoming hunger and malnutrition and managing agriculture's contribution to the economy at a time of continued population growth, pressure on the environment, and increasing climatic change and instability.

Ambassador Flávio Perri
Chair, Council Committee for the
Independent External Evaluation of FAO

In carrying out our work, we have received commendable support from FAO staff at all levels of the Organization and in all locations. The FAO Evaluation Service, as expressed in the acknowledgements, has particularly strongly supported all aspects of our work. The quality assurance advisers appointed by the Council Committee provided us with valuable insights and guidance. Your personal support and encouragement have been invaluable.

Above all, the evaluation team would like to convey our appreciation and thanks for the commitment, support, openness and ideas we have received from the members of FAO, both in-country and here in Rome and appeal to the membership to continue the spirit of dialogue in which this evaluation has been conducted to seize the opportunity and renew FAO.

With appreciation to the FAO membership for entrusting us with this challenging, and above all critically important evaluation, and supporting us through it,

On behalf of the evaluation team,

Yours sincerely,

Leif E. Christoffersen
Team Leader,
Independent External Evaluation of FAO

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Annex 3: Supplementary Information on Sources and Methodology

Annex 4: Core Team and Consultants

Corrigenda have been introduced to this Report as follows:

1. Figure 1.4
2. Table 3.16

Acknowledgements

The evaluation core team is deeply grateful to the many individuals who assisted them throughout their work, who are far too numerous to list here. We do, however, wish to express particular gratitude to the Director-General, who gave full support to all aspects of our work and who also gave generously of his own time on numerous occasions. The staff of FAO's Evaluation Service provided us with indispensable organizational, administrative and logistical assistance. We especially wish to extend our gratitude to John Markie, Chief of the Evaluation Service, Carlos Tarazona, Heather Young, Melanie Derba, Maria Gattone and Nadine Monnichon. Finally, no team of evaluators could have been better served than we have been by the team that supported us throughout. Sally Burrows undertook and led many of the research efforts that were required. Our team of outstanding and dedicated research assistants - Zeynep Elif Aksoy, Tommaso Balbo di Vinadio, Vanessa Bertelli, Federica Coccia, Hua Di, Anna Gueraggio, Victoria Heymell, Anabella Kaminker, Michele Mifsud, Mario Picon and Sandhya Rao – were indispensable to our work. To all of them, we extend our deepest gratitude.

Executive Summary

i. This report presents the conclusions and recommendations **of the first-ever independent external evaluation (IEE) of FAO** in its sixty-year history. Although the evaluation looks at the evolution of FAO over six decades, it focuses mainly on the period 1990 to the present. The evaluation was commissioned by the FAO Council and Conference and overseen by a Committee of the FAO Council. The report is based on intensive and extensive evaluation work with the rigorous application of the Norms and Standards for Evaluation in the UN System, as approved by the United Nations Evaluation Group (UNEG) in April 2005 as well as the OECD-DAC Principles for Evaluation. It was undertaken over 18 months by a fully independent team of consultants drawn from throughout the world. The core team comprised six members, all of whom endorsed the final report:

- Mr Leif E. Christoffersen (Norway) – Team Leader;
- Mr Keith Bezanson (Canada) – Former Team Leader and principal author of the report;
- Ms Uma Lele (USA/India) – Technical work of FAO;
- Mr Michael Davies (United Kingdom) – Management, organization and administration;
- Mr Carlos Perez del Castillo (Uruguay) – Governance of FAO; and
- Mrs Thelma Awori (Uganda) – FAO's role in the multilateral system.

ii. The evaluation team received a high level of support and cooperation from FAO member countries, FAO management and FAO staff who all gave their full backing to carry out the evaluation independently and thoroughly.

iii. The Terms of Reference (ToR) made clear that the work should go beyond that of conventional evaluations which assess outcomes, impacts and institutional performance. Indeed, the ToR for this evaluation place a main focus of the work on defining the future of the Organization itself. Specifically the ToR instruct the evaluation: "*to chart the way forward (in order to)… make FAO fit for the twenty-first century and the challenges ahead*."[1] The evaluation seeks, therefore, not only to assess the overall institutional performance of FAO, including its governance, but also to help shape an FAO which can cost-effectively support humanity in facing the challenges of this 21st century, in particular the continuing scourges of hunger and poverty and the growing challenges to our fragile environment. It asks whether FAO is needed and covers four major areas:

a) FAO's Role in the Multilateral System: What is the appropriate role for FAO in an international development architecture that is vastly different from 1945 when the Organization was founded?

b) FAO's Technical Work: What has been the relevance and effectiveness of FAO's normative and technical cooperation programmes? What are the needs of its constituents and the Organization's comparative advantages and thus what is now required?

c) FAO's Management, Administration and Organization, including planning, programming and budget, administrative and financial systems and organizational culture and structure: Are these fit for purpose, flexible, demonstrating fiduciary responsibility, inspiring innovation and utilizing all that modern management practice and modern technology can now offer? and

d) Global Governance of food and agriculture and governance of the work of the FAO Secretariat: Is governance exercising its dual roles in contributing to global governance and ensuring an effective and relevant FAO in a cost-effective and transparent manner and with the ownership of all Members?

[1] Report to the Council of the Inter-Sessional Working Group for the Independent External Evaluation of FAO (IEE), CL 129/10.

Main findings of the evaluation

iv. The principal conclusion of the IEE can be stated in three words: "**reform with growth**". The Organization is today in a financial and programme crisis that imperils the Organization's future in delivering essential services to the world. Between 1994 and 2005, its total financial resources (net of special funds for emergencies) declined in real terms by 31 percent and its total staff complement fell by 25 percent. The evaluation found that while FAO continues to provide a range of essential goods and services that no other organization can adequately provide, these areas are today at serious risk. If FAO were to disappear tomorrow, much of it would need to be re-invented but with much more precise priorities and a concentration of its efforts in areas of demonstrable need which correspond to its comparative advantage. The challenge is to move forward on reform with growth before further decline inflicts irreversible damage on the Organization.

v. There is, however, no consensus on broad strategy that delineates how the Organization is to address the crisis and to respond to challenges and opportunities, on what is high priority and what is not, on which programmes to retain and which to shed, on resource needs and how these are to be provided. FAO's efforts are fragmented and its focus is on individual components of its vast challenge rather than on the full picture. This undermines confidence and contributes to the continuing reduction in its financial resources. The capacity of the Organization is declining and many of its core competencies are now imperilled.

vi. The IEE has concluded unequivocally that the world needs FAO and also that the problems affecting the Organization today can all be solved. To this end, the IEE recommends a transformative strategy of reform with growth. This will require the Organization to make fundamental strategic choices and to concentrate its efforts in the areas that optimize its comparative advantage. Enhanced strategic and policy capabilities will be essential because the evidence is now conclusive that the overall global food situation has shifted dramatically. Production is now growing more slowly and is inadequate to the demands of increasing population and income growth and to new patterns of demand for livestock products, higher value crops and biofuels. The evidence is also conclusive of growing stresses on existing production techniques and cropping patterns as a consequence of climate change, urbanization and population growth.

vii. FAO needs to respond effectively to these trends and challenges. This means that it must be able to address simultaneously food production, livelihoods, income and food access. This will require policy capabilities that integrate and address these issues in a holistic manner. Production technologies will continue to be essential, but there can be only limited uptake of these technologies unless the enabling environment of policies, institutions, legislation and infrastructure are assured. It is in these latter areas that FAO should be able to demonstrate its main comparative advantage as the only global organization specifically mandated to ensure the integration of all these factors.

viii. FAO cannot respond to the challenges it faces unless it also becomes more flexible and overcomes its aversion to risk-taking. The Organization has been conservative and slow to adapt, slow to distinguish areas of genuine priority from those which are the latest fad. Capacity for this discerning flexibility and for the agility needed to respond to changing situations and new challenges cannot be obtained without major changes to the way FAO is organized, the way it works, the behaviours it seeks and the systems it applies in its administration and its human resources management. It will require culture change in both the Secretariat and Governing Bodies.

ix. FAO currently has a heavy and costly bureaucracy characterized by: excessive transaction control processes, high levels of overlap and duplication and low levels of delegated authority relative to comparator organizations. This heavy bureaucracy creates and reinforces a rigid, risk-averse and centralized organizational culture, with weak horizontal communication and linkages. It also greatly limits FAO's potential for development effectiveness in meeting the needs of its Members.

x. FAO thus needs to address major weaknesses in its organizational structures. Relationships between headquarters and field operations are severely fragmented. This is not merely a matter of reporting lines, although these have followed an "all things lead to Rome" principle which has been high on costs and low on benefits, with an absence of shared goals, purposes, strategies and resource mobilization efforts between headquarters, Regional, Subregional and Country Offices.

xi. Although many changes are now underway, the current FAO infrastructure aimed at a strong presence outside Rome is not functioning well. Administrative costs as a percentage of programme expenditures have risen substantially. In several Country Offices, administrative costs now exceed programme expenditures. In some, cases regional technical specialists and FAORs are unable to travel to meet their work obligations due to shortages of travel funds. At the same time, many headquarters programmes in areas of FAO's undisputed comparative advantage are moving into the "at risk" area due to the combination of sequential budgetary reductions, and decisions on decentralization in the context of this declining overall budget.

xii. FAO's overall governance by the member countries is failing the Organization. It has not ensured an adequate corporate strategy with realistic priorities, has not assured that means are aligned with ends and has not been measuring the Secretariat's performance against agreed goals. The division of functions and responsibilities between Governing Bodies and management has become blurred. The main factor inhibiting effective governance of FAO is a low level of mutual trust and understanding within the membership and between some parts of the membership and the Secretariat.

The way forward

xiii. The evaluation makes over one hundred recommendations aimed at a transformational change to reverse decline and better equip the Organization to exercise global leadership on the new challenges in food and agriculture. This will require agreement and commitment by both the membership as a whole and management to a programme of significant and sustained reform and the increase in resources required for it. To this end, the IEE recommends the formulation and adoption of a 3-4 year Immediate Action Plan aimed at securing the future of FAO as the dynamic, credible, and effective global organization that its original architects intended.

xiv. The key question is how to begin. How can the membership reach agreement and shared ownership on an Immediate Action Plan of reform with growth? Some FAO Members will incline to "financial growth first as the minimum requirement to reform". Others wish to see "major and sustained reforms before financial growth". The IEE concludes that if these two incompatible formulations persist, the decline of the Organization will continue and indeed accelerate. A first and essential step is to put a stop to negative real growth and move to zero real growth (ZRG) for the next biennium. A further application of "zero nominal growth" (ZNG) is, in the judgment of the IEE, not sustainable if FAO's membership genuinely wants to have an Organization that is "fit for the twenty-first century and the challenges ahead". This needs to be immediately accompanied by agreement to a genuine programme of institutional transformation. Zero real growth would not, of course, bring about actual growth, but it would provide the Organization with a period of stabilization during which it could put the "reform with growth" proposition to a serious test. Implementation of the major reforms needed by FAO would then reinforce trust and serve as the stimulus to real financial growth. The converse would, of course, also apply. Should the transformative reforms needed by FAO not occur, the mutual trust required for "reform with growth" would quickly erode and the financial prospects of the Organization would then become decidedly negative.

xv. Reduced to basics, the IEE was charged to come up with answers to three questions:

a) **Does the world need FAO?**
Our answer is**: Yes, without doubt**. FAO continues to fulfil roles and furnish a range of essential goods and services that no other organization can. There are continuously

emerging challenges that only a global organization with the mandate and experience of FAO can address with legitimacy and authority;

b) **Does FAO need to change to be "fit for the twenty-first century and the challenges ahead"?**

Our answer is**: Yes, in a major way, and with a sense of urgency.** FAO's financial situation is dire and is rapidly deteriorating. The IEE has concluded that the concerns of many FAO Members with the Organization's priorities and effectiveness are well-founded. Thus money alone will not solve the Organization's problems. Without transformational reforms, FAO's current trajectory will prove unsustainable financially, strategically and programmatically.

c) **What needs to be done?**

Our answer is**: A great deal.** The IEE thus recommends rekindling an FAO Vision and an Immediate Action Plan in four cluster areas, which are discussed in-depth in the report:

i) a new Strategic Framework;
ii) investing, in governance;
iii) institutional culture change and reform of administrative and management systems; and
iv) restructuring for effectiveness and efficiency in both headquarters and the field.

xvi. If the steps suggested and the recommendations made in this report are achieved, the IEE is convinced that the challenge issued to it - to facilitate an FAO truly "fit for this century" – will have been met. Indeed, if this is achieved, the IEE is also convinced that FAO would have set the new standard of excellence in multilateral organizations.

Chapter 1: The IEE in Synthesis

BACKGROUND AND METHODOLOGY

1. This is the report of the first-ever independent external evaluation of FAO in its sixty-year history. It also represents what is probably the largest and most ambitious evaluation ever attempted of a global intergovernmental organization. The difficulties in undertaking an evaluation of this magnitude were compounded by an exceedingly tight time frame. Actual work began in April 2006 and the writing of the draft final report took place in June and July 2007. The evaluation sought throughout to ensure methodological rigour, including application of the Norms and Standards for Evaluation in the UN System and the OECD-DAC Principles for Evaluation. The steps taken to achieve this included extensive "triangulation" of evidence with field visits to 35 member countries, of which 23 were developing countries, over 2 500 structured and semi-structured interviews, analysis of over 3 000 responses to twelve separate questionnaires, each with different purposes[2], extensive benchmarking[3] of different aspects of FAO against comparator agencies[4] commissioned working papers on FAO's technical work, including the cross-cutting areas of gender and the environment and a separate study of the evaluation function (see Chapter 2 for details).

2. The Terms of Reference (ToR) made clear that the work should go far beyond that of conventional evaluations which assess outcomes, impacts and institutional performance. The terms of reference for this evaluation require this, but also place the main focus of the work on defining the nature of the Organization itself. Specifically, the terms of reference instruct the evaluation:

> *"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 … (The evaluation) 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."*[5] (emphasis ours)

3. Four interlinked components, set out in the terms of reference, provide the basic conceptual framework for the analysis. These are:

a) Technical Work: Included here is both the normative and operational work of FAO in addressing access to food, crops, livestock, forests, fisheries, commodity trade and rural development and its efficiency and effectiveness in overcoming hunger, safeguarding the environment and improving conditions for economic and social development. FAO's technical work takes different forms and is carried out through an array of different instruments, including technical cooperation, policy development and advice, regulatory and standard-setting work, information dissemination, advocacy, statistics, studies, emergency responses, networking and dialogue. All these aspects were examined during the IEE review (see Chapter 3);

b) Management, Administration and Organization: This area encompasses planning and programming, budget, administrative and financial systems, organizational structure (including decentralized structures), oversight, evaluation, corporate

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[2] On Culture, Governance, Gender, Partnerships, Agriculture, Forestry, Statistics, Research, International Law and Standards, Nutrition, Emergency Assistance and Demand for Technical Support Services.

[3] The term 'benchmarking', as used throughout this report, does not imply the standard benchmarking as applied in business and industry (i.e. comparison against an agreed standard or norm). The term is used in this evaluation to mean comparisons to other organizations.

[4] Including WHO, UNESCO, ILO, UNIDO, OECD and IMF.

[5] Report to the Council of the Inter-Sessional Working Group for the Independent External Evaluation of FAO (IEE), CL 129/10.

culture, human resources management and deployment, knowledge and risk management, and accountability policies and practices (see Chapters 6, 7 and 8);

c) Governance: Included here are the roles, efficiency and effectiveness of the Governing Bodies in: i) providing global governance for food and agriculture; and ii) guiding the work of the FAO Secretariat. This encompasses the relationship between the Members and the Secretariat in the determination of strategy, policy and priority-setting, financing issues of the Regular Budget and voluntary contributions and governance relationships within the UN system, as well as the participation of stakeholder groups (see Chapter 4); and

d) FAO's Role in the Multilateral System: Central to this area are questions of the appropriate role for the FAO in an international development architecture that is vastly different from 1945 when FAO was founded, the absolute and dynamic comparative advantages of the Organization and its ability to enter into alliances and contribute to reform of the UN and wider international systems (see Chapters 2 and 5).

4. Overarching the IEE frame of investigation and analysis was the mandate of FAO. As stipulated in the ToR, the IEE does not call into question the basic mandate of FAO and this has been fully respected in this study. Indeed, the IEE found the mandate (see Box 1.1 below[6]) as pertinent today as it was when first crafted over sixty years ago.

[6] This box also appears as Box 2.1 in Chapter 2.

Box 1.1: The purposes and mandate of FAO

"The Nations accepting this Constitution, being determined to promote the common welfare by furthering separate and collective action on their part for the purpose of:

a) raising levels of nutrition and standards of living of the peoples under their respective jurisdictions;
b) securing improvements in the efficiency of the production and distribution of all food and agricultural products;
c) bettering the condition of rural populations;
d) and thus contributing towards an expanding world economy and ensuring humanity's freedom from hunger."

Article I further defines the mandate of FAO as follows:

e) "The Organization shall collect, analyse, interpret and disseminate information relating to nutrition, food and agriculture. In this Constitution, the term "agriculture" and its derivatives include fisheries, marine products, forestry and primary forestry products.
f) The Organization shall promote and, where appropriate, shall recommend national and international action with respect to:
   i) scientific, technological, social and economic research relating to nutrition, food and agriculture;
   ii) the improvement of education and administration relating to nutrition, food and agriculture, and the spread of public knowledge of nutritional and agricultural science and practice;
   iii) the conservation of natural resources and the adoption of improved methods of agricultural production;
   iv) the improvement of the processing, marketing and distribution of food and agricultural products;
   v) the adoption of policies for the provision of adequate agricultural credit, national and international; and
   vi) the adoption of international policies with respect to agricultural commodity arrangements.
g) It shall also be the function of the Organization:
   i) to furnish such technical assistance as governments may request;
   ii) to organize, in cooperation with the governments concerned, such missions as may be needed to assist them to fulfil the obligation arising from their acceptance of the recommendations of the United Nations Conference on Food and Agriculture and of this Constitution; and
   iii) generally, to take all necessary and appropriate action to implement the purposes of the Organization as set forth in the Preamble."

5. In 1999, following the World Food Summit in 1996, FAO Members restated in the Strategic Framework for FAO 2000-2015 "three interrelated global goals that the Organization is specifically dedicated to helping Members achieve. These goals remain as relevant today as when they were first included in the mandate of FAO:

a) access of all people at all times to sufficient nutritionally adequate and safe food, ensuring that the number of chronically undernourished people is reduced by half by no later than 2015;
b) the continued contribution of sustainable agriculture and rural development, including fisheries and forestry, to economic and social progress and the well-being of all; and
c) the conservation, improvement and sustainable utilization of natural resources, including land, water, forest, fisheries and genetic resources for food and agriculture."

6. These were entirely in line with the Millennium Declaration and are mutually supportive. The first goal corresponds directly to Millennium Development Goal (MDG) 1 to halve poverty and hunger by 2015. This goal derives directly from the World Food Summit and is faithful to FAO's constitutional mandate. The third of the goals corresponds directly to MDG 7, which addresses sustainable use and conservation of environmental resources.

THE OVERARCHING MESSAGES

7. From the vast wealth of evidence gathered in the course of the evaluation, 15 overarching messages emerge as "headlines". The messages are forward-looking, while based on learning from the past. The chapters that follow provide detailed the evidence for these key conclusions and the large number of specific recommendations made by the IEE throughout this report.

8. **Message 1: The central conclusion reached in this evaluation can be summarized in three words: reform with growth.** As will be seen in what follows, the IEE concludes that to remain relevant to the needs of its Members and to fulfil its mandate, FAO will need to make major and sweeping reforms. The IEE also concludes that such reforms will only be possible and sustainable within an agreed framework that arrests and then reverses the financial, programmatic and strategic declines that have defined the Organization over the past two decades.

9. **Message 2: FAO is in a serious state of crisis which imperils the future of the Organization.** The factors that have given rise to and sustain the crisis are numerous and are analysed fully in this report. Some of these are due to the dire state of FAO finances; some arise from structural and organizational defects; some are of a technical nature; others involve deficiencies in administrative and management systems. The IEE's conclusion, however, is that the largest contributing factor to FAO's crisis is **the low levels of trust and mutual understanding** between Member Nations themselves and between some Member Nations and the Secretariat. Many senior government officials interviewed by the IEE claimed that levels of mutual trust are lower in FAO than in most other United Nations organizations. Whether or not this comparison is true, it is clear that the low levels of trust and mutual understanding that currently prevail in FAO Governing Bodies undermine the capacity to hold real dialogue and to reach decisions.

10. FAO is not alone in needing to address the issue of trust. A very recent four nations (Chile, South Africa, Sweden and Thailand) report[7] on the UN secretariat concludes that:

> *"The issue of trust concerns both the relation between Member States and that between Member States and the Secretariat. Lack of trust is not a new phenomenon; it has been a fact of UN life since the beginning. Some would even say it is unavoidable in an international organization where Member States have different agendas and programmes. Unclear accountability and less than satisfactory implementation of mandates might lead to low levels of trust or confidence and subsequently to high demands on detailed information from management to governors. Some degree of trust – though not necessarily complete agreement – is needed to succeed with further improvements."* It also reports that *...a higher degree of trust is one of the prerequisites for agreements on further change, but that it should also be a consequence of the changes. Trust is both a goal in itself and a basis for…continued progress…* (page 6).

11. The IEE agrees with this assessment and is convinced that a prerequisite to resolving the crisis enveloping FAO is the generation of much higher levels of trust, mutual understanding and confidence. The IEE is also convinced that the extent of FAO's crisis cannot be overstated. The Organization's current financial resource trajectory is unsustainable and, unless corrected with

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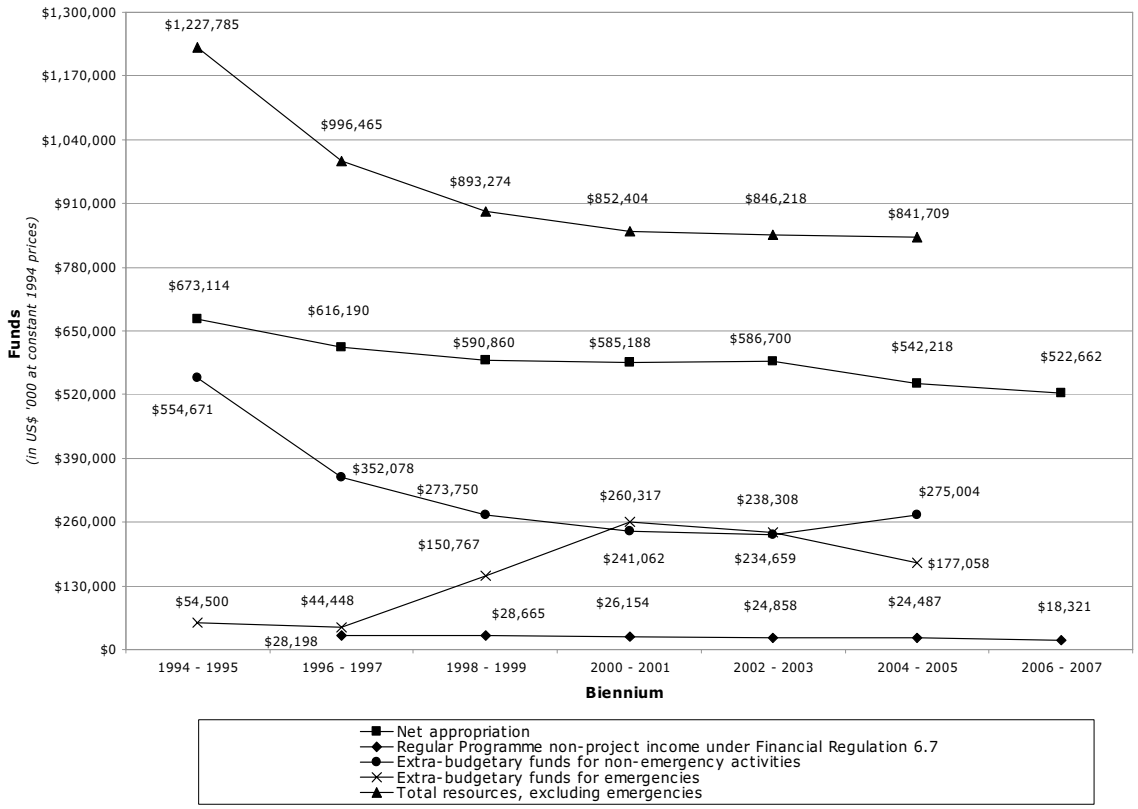
[7] *Towards a Compact: Proposals for Improved Governance and Management of the United Nations Secretariat*, September 2007.

urgency, will quickly result in further marginalization leading to institutional irrelevance. The graph below depicts FAO financial resources over the past seven biennia. It shows that total resources (net of extra-budgetary funds for emergencies) declined by 31 percent between 1994 and 2005. Net appropriations declined by 19 percent (and 22 percent by 2006-07). Extra-budgetary contributions (net of emergencies) declined by 50 percent.

Figure 1.1: FAO financial profile:Total biennial resources available (1994-2007)



12. **Message 3: If FAO were to disappear tomorrow, much of it would need to be re-invented.** In its sixty-two years of existence, FAO has made indispensable contributions to the well-being of humanity. There are numerous examples of this. To name but a few: in the 1960s and 1970s, FAO was at the forefront of the agricultural production gains made by newly independent countries. It also was critical in the establishment of many of the key conventions (IPPC), standard-setting agreements (Codex Alimentarius), early warning (GIEWS) and essential data collection systems. In the 1990s, when large international development organizations had largely abandoned the imperatives of agricultural production and food and nutrition security, FAO kept international focus on these issues with the World Food Summit of 1996. The IEE conducted an extensive evaluation of the work of FAO today and the results of this are reported in Chapter 3 of this report. This examination confirmed that FAO continues to produce a range of products and services that are highly valued and that there are simply no alternative sources of supply for many of these. Although numerous government representatives were harshly critical of FAO in IEE interviews, they also agreed with the broad international consensus that FAO is needed and that it continues to provide an exceptionally broad range of relevant and effective products and services.

13. The IEE also found, however, that FAO not infrequently dissipates resources, providing products and services with few significant outcomes or impacts and in areas where it no longer has comparative advantage. Many of FAO's development activities were found to comprise small, non-strategic interventions with little, if any, prospect of replication elsewhere or of generating sustainable benefits. Similar problems were found with some of the normative outputs. If FAO were to disappear, it would not be re-invented in its current form, but in a form that would: i)

build on its areas of excellence, undeniable strengths and continuing relevance; ii) strengthen selectively areas of essential work that have become weakened; and iii) cease activities in others.

14. **Message 4: The world needs FAO to fulfil the potential it has to contribute to the 21st century, but that potential will result only if a new political consensus is reached, based on renewed trust and mutual respect.** FAO has many of the core elements required for a solid base to project itself successfully on the world stage. The ongoing wider UN reforms offer the opportunity, incentive and momentum that FAO needs to seize as it embarks on an institutional renewal that builds on its strengths and comparative advantages. However, this cannot be constructed from the old approaches. A transformation is required. This can only succeed if a new political consensus is reached amongst the membership, predicated on renewed trust and mutual respect. It is a precondition for successfully establishing the new outcome-oriented and client-focused mechanisms, instruments and culture required for FAO to meet the challenges of the 21st century.

15. **Message 5: The goal posts must shift - FAO's future relevance and effectiveness will depend on enhanced strategic and policy capabilities focused both on new realities confronting food and agriculture and on creating the large enabling environments that will be needed to address them.** The evidence is now conclusive that the overall global food situation has shifted dramatically. Production is now growing more slowly and is inadequate to the demands of increasing population and income growth and to new patterns of demand for livestock products, higher value crops and biofuels. In addition, the evidence is also conclusive of growing stresses on existing production techniques and cropping patterns as a consequence of climate change, urbanization and population growth. There is also conclusive evidence that those least developed countries (LDCs) that are also food deficit countries suffer from higher rates of malnutrition in their populations than those in or near to food balance.

16. FAO needs to respond effectively to these realities if it is to address successfully the larger emerging challenges of achieving food security. This means that it must be able to address simultaneously food production, livelihoods, income and food access. This will require foresight and policy capabilities that integrate multiple factors and that address these issues in a holistic manner. Production technologies will continue to be essential, but there can be only limited uptake of these technologies unless the enabling environment of policies, institutions, legislation and infrastructure are assured. It is in these latter areas that FAO should be able to demonstrate its main comparative advantage as the only global organization specifically mandated to ensure the integration of all these factors.

17. This also requires a significant shift in FAO's approach and in its current strategic emphasis and programme for rural and agriculturally based development. The shift required would look to the larger enabling environments required for food security and adequate nutrition through production, employment, livelihoods and income generation. In this context, the IEE was encouraged to note that rural income generation was an area of FAO policy analysis and that agri-business is beginning to receive more emphasis. Employment, income generation and food supply will often be through small farms and supplementary income initiatives. More and more, however, it will also be in small and medium enterprises where investment in agriculture can be brought together with managerial skills for higher value products and value added in the supply chain. Such a shift will also facilitate agriculture making a greater contribution to overall economic development. Where employment and income are generated in more productive areas, it will also lessen the pressure on fragile zones.

18. In general, FAO can bring little directly to these enterprises and the entrepreneurs who own them. It can, however, work with governments to lower transaction costs through enabling policies (e.g. legal entitlements regulatory frameworks, norms, standards and institutional arrangements) and an environment which includes the assurance of services and provision of rural infrastructure. This implies a major shift in focus in the work of the Organization in agricultural and rural development with respect to policy, trade, institutions and production. Therefore, the starting point for FAO strategy and analysis must involve a shift of the goal posts.

19. **Message 6: FAO urgently needs to make tough strategic choices. To continue to try to "muddle through" is not an option**. In its Programmes of Work and Budget (PWB) over most of the past two decades, FAO has confronted increasing gaps between means and ends. It has addressed this by two basic measures. The first - staff reductions and some attempts to achieve efficiency gains (see Chapter 6) – has not resolved the problem. The second has been a "muddle through" response of across the board reductions to almost all programmes and departments (see Chapter 7). These have mainly served to exacerbate the means to ends problem. For the most part, the Organization has not been capable of making difficult strategic choices with a view to ensuring the alignment of means to ends. One result is that the Organization's priorities have become increasingly unclear.

20. This has also led to FAO too often operating under crisis management conditions. Although the current Director-General attempted valiantly to achieve quantum breakthroughs in order to revitalize the Organization (e.g. initial reforms in 1994-95, the World Food Summit of 1996 and more recent reform proposals in 2005-06), this did not have the desired effect. Thus, the Organization's main adjustment efforts across many biennia have failed to re-ignite confidence in the Organization or a willingness of its major contributors to increase its budget. Rather, the net result of downward adjustments in one biennium has been a call for more of the same in the next. The IEE cannot emphasize enough that FAO is today on the brink. If the current "muddle through" trajectory continues, the result will be increasingly rapid institutional decline.

21. If FAO is to maintain relevance and effectiveness, it must make difficult choices among main priorities, on alignment of means to ends and on how and where to position the Organization in an increasingly complex and competitive world. Within the area of global public goods, there are critical strategic choices to be made. Yet, FAO decision-making at the governance level has become trapped in a misleading discourse of "normative" *versus* "operational". In addition to contributing to the distrust referred to above, this has introduced definitional and conceptual confusion into the Organization.

22. Some Members 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 and claim that "what FAO does on the ground is all that really counts". Both positions entail vast oversimplifications as well as a disregard of the mandate assigned to FAO in its Constitution. The Constitution specifically requires the Organization to function both normatively and operationally, to produce global public goods and to ensure their accessibility to those who need them. When the IEE examined these two positions more closely in extensive interviews with Member Representatives in Rome and in country visits, it became clear that almost all accepted that this involved a mutually complementary continuum of work.

23. **Message 7: FAO must become a more flexible Organization while continuing to be a responsible manager of public funds. It needs to break out of its risk-averse culture, creating greater efficiency and effectiveness.** Today's challenges are not those of tomorrow. The Organization has been conservative and slow to adapt, slow to distinguish changes in development approach and areas of priority which need to be made from those which are the latest fad. Capacity for this discerning flexibility and for the agility needed to respond to changing situations and new challenges cannot be obtained without major changes to the way FAO is organized, the way it works, the behaviours it seeks and rewards and the systems it applies in its administration and its human resources management. It will require culture change in both the Secretariat and Governing Bodies.

24. FAO currently has an especially heavy and costly bureaucracy characterized by: excessive *ex ante*[8] control processes involving review and scrutiny during the execution of individual

[8] *Ex ante* refers to approval and control measures applied **before** the event that is subject to control takes place. It contrasts with *ex post* control and validation measures, applied **after** the event that is subject to control has taken palce (i.e. retrospective).

transactions and prior to their final approval; high levels of overlap, duplication and transaction costs; and low levels of delegated authority relative to comparator organizations. This heavy bureaucracy creates and reinforces an organizational culture of rigidities, highly centralized authorities, weak horizontal communication and linkages and risk aversion. It also greatly limits FAO's potential for development effectiveness in meeting the needs of its Members.

25. Yet, FAO needs to exercise fiduciary responsibility while ensuring that the execution of its programmes is efficient (e.g. conducted at the lowest level of the hierarchy commensurate with responsibility for the transaction) and effective (e.g. deployment of required inputs supporting high quality and timely action). Many routine actions still require routing through multiple layers of the hierarchy (e.g. travel, overtime requests and letters of agreement). Moreover, ultimate approval for some transactions is fixed at very senior levels (e.g. hiring consultants over 62 years of age on more than US$150 per day; hiring of international consultants on the TCP facility; registration of small consultancy firms). This is a drain on scarce staff resources, entailing time-consuming preparation and review of submissions. It acts as a major break on efficiency and rapid response, and weakens individual responsibility and accountability for transactions. Everyone is responsible, yet no one is responsible. The cost of *ex ante* controls for transactions entailing financial commitments must be commensurate with the value of the transaction (for example on support staff overtime) and tailored according to the potential loss (for example on travel). The IEE believes that FAO has not struck a desirable balance in the exercise of fiduciary and programme delivery responsibilities, and that a change in the "business model" is warranted. This could draw upon on the best practices of other organizations.

26. At the same time, the current practices for transaction approvals feed through into the daily practices of FAO staff, making them risk-averse, rendering staff reluctant to take decisions, reluctant to innovate, reluctant to use even the authority they have. The criticisms for untimely action are perhaps insufficient - *'The consultant arrived three weeks late but we followed the rules'*. The criticism for innovation or a timely decision which went wrong is generally greater than the praise for a risk which went right. Human resources management to support change will need to establish positive incentives, reward excellence, encourage informed risk-taking and acceptance of errors as opportunities for learning and continuous renewal. At the same time, true delegation of responsibility will require an emphasis on staff training and improvement in corporate administrative systems, as well as an increase in *ex post*[9] monitoring. The overarching challenge is to open the Organization up to initiative and individual responsibility and move the Governing Bodies, management and staff away from their entrenched risk-averse culture.

27. **Message 8: As a knowledge organization, FAO's job is to support Members in ensuring that the needs of the world in its area of mandate are fully met – not necessarily to undertake each task itself.** FAO must become more of a facilitator and concentrate its actions as a doer in its areas of comparative strength. FAO must now become strategically integrated to ensure that the world's knowledge of food and agriculture is available to those who need it when they need it and in a form which they can access and use to contribute to the three goals of member countries, as specified in the Strategic Framework for FAO 2000-2015:

a) advocacy must deliver technical policy messages and help drive a global and corporate policy agenda. As the UN agency charged to address a substantial sector, FAO has important (in some cases, essential) messages that the world needs to hear but these are not being adequately heard. There must be concentrated and sustained effort on fewer key messages, while bringing the tools of advocacy also to FAO's main technical areas;

[9] *Ex post* refers to control and validation measures applied **after** the event that is subject to control has taken place (i.e. retrospective).

b) policy support must assist countries and the global community to make their own informed decisions (an area where FAO's neutrality can often provide it an absolute comparative advantage[10]; and

c) capacity building must be delivered as an integrated whole bringing together technical cooperation, access to knowledge, experience and decision-making, with FAO both as a facilitator and provider. Direct support in the application of production technologies as distinct from appropriate policies and capacities is less and less necessary. Member countries themselves and many competing sources of supply can generally fulfil that role (see Chapter 3).

28. **Message 9: FAO must strengthen its global governance role**, as a convener, a facilitator and a source of reference for global policy coherence and in the development of global codes, conventions and agreements. The Organization's strategic objective must be to rebuild an authoritative and effective voice on behalf of rural people, the hungry and all those who can benefit from agriculture playing its role in the economy, including consumers. FAO is the only global organization to speak for this constituency. At best, secondary attention is accorded to global governance responsibilities – to aligning the collective action requirements for human well-being through food and agriculture. It was global governance failure that led to the creation of the UN and FAO in the first place. FAO's Governing Bodies infrequently address the large issues of global policy envisaged as central to the role of the Organization by its architects. When they have, it has generally not been at their own initiative but in response to that of the Director-General. This, as with other areas of FAO's work, must look to where Members' needs lie, FAO's comparative advantages and the potentials for partnerships and alliances. The concern is to ensure that global governance meets the needs of FAO's constituency, not necessarily that FAO takes the lead in every respect.

29. **Message 10: FAO's governance is weak and is failing the Organization**. FAO governance has not ensured an adequate corporate strategy with realistic priorities, has not assured that means are aligned with ends and has not been measuring the Secretariat's performance against agreed goals. The division of functions and responsibilities between Governing Bodies and management has become blurred. For those countries not able to procure their own independent advice, the lack of opportunity for such advice to the Governing Bodies on major matters can also be a disadvantage.

30. **Message 11: FAO has many talented staff with a deep commitment to the mission of the Organization, but they are stifled by the fragmented structures of FAO and rigidly centralized management systems**. High-quality human resources are the most valuable asset in a knowledge organization - which is what FAO is. FAO has, for the most part, talented staff with high levels of technical expertise that are strongly committed to the Organization's mission. However, they are currently discouraged. While this is partly a result of resource decline and staff members' uncertainty about their future, staff are also feeling stifled by outgrown and 'over-managed' management and administrative systems. While often feeling overburdened, they are, in effect, underused. This holds the Organization back from reaching its full potential and undermines its effectiveness.

31. **Message 12: There is a widespread thirst and readiness within FAO for major and fundamental change, but an almost equal cynicism about whether senior management and the Governing Bodies can make this happen.** The IEE found high levels of readiness to contribute to institutional renewal. This needs to be embraced and given direction before it

[10] In economic terms, comparative advantage is defined as the ability to produce a good or service (or knowledge) at a lower opportunity cost than another economic actor. Comparative advantage, however, is difficult to measure, especially in non-market situations and in the area of public goods (which is FAO's case). The IEE has addressed comparative advantage by seeking to identify areas in which FAO is the sole provider of a good or service (absolute comparative advantage); where it produces a good or service better than other providers; and areas in which there is evidence of high effectiveness and impact of FAO's work relative to other providers.

withers. The warning signs are already there. Alongside the strong commitment of staff to FAO's mission, there is a comparable degree of pessimism about its future, rooted in disbelief that the Governing Bodies and top management have the will to lead and steward the depth and breadth of change required.

32. **Message 13: There is scope for FAO to achieve further major efficiency gains.** These efforts can build on the many positive actions taken since 1994 to quantify and achieve efficiency savings as well as the emphasis on streamlining in the 2005-06 reforms. However, further savings will require a forceful effort to remove FAO's excessive bureaucracy, reduce inefficient and costly hierarchical structures, delayer and amalgamate units, simplify and streamline procedures, move procedures from detailed descriptions of what transaction path must be followed to the establishment of criteria which must be met and overall processes observed. There are many areas identified throughout the IEE report where FAO could increase cost-efficiency. The movement from a risk-averse culture to a culture of responsibility with *ex post* monitoring is perhaps the most important element in this.

33. **Message 14: FAO does not deserve the generally "bad name" it has as a partner.** Although it is still true in some areas, FAO is generally proving itself as a sincere and effective partner and it is struggling to achieve this in others, even with the handicap of few resources to make partnerships effective. The external perception of the Organization as an unwilling partner has been slow to catch up with the new reality that FAO has been building over recent years under current leadership, including its active support for the "UN Delivering as One" initiative. FAO still has many internal challenges to overcome in order to be able to be a good partner – not least of which are its heavy bureaucracy and low levels of delegated authority to decentralized offices, which undermine the Organization's flexibility and agility in response to its UN and other partners' needs, especially at country level.

34. **Message 15: There is a serious misperception in some quarters as to the size and resources of FAO**. This has clouded thinking about the Organization, its potential, what can realistically be expected of it and its resource needs. Improved and more realistic perspectives on the true size of FAO are required. FAO's current annual Regular Budget of US$370 million and its 3 072 staff positions are really quite modest when viewed against its global and growing mandate. For example, the total staffing level of the sixteen international agricultural research centres of the CGIAR is 7 874, more than twice that of FAO, and the CGIAR's core budget is slightly larger than that of FAO. To provide some further perspective, for 2005 the budget of the Department of Fire and Forestry for the state of California was US$700 million; the Food Standards Agency of the United Kingdom has 2 400 full-time employees; and the 2004 budget for the Federal Department of Agriculture of South Africa was US$207 million, in addition to the provincial budgets.

35. **The above 15 headline messages bring the IEE to reaffirm Message No. 1: Reform with Growth. Without clear agreement on a programme of significant and sustained reform and the growth in resources required for it, forward movement of FAO is difficult to envisage.** FAO is in a financial straitjacket. Its overall core competencies and delivery capabilities have been critically eroded in many areas as a result of the steady decline in its total resources, especially for the Regular Budget. The financial situation is both a cause of these problems and the consequence of deeper ones. Paradoxically, a shrinking budget coupled with commitments to staff in posts with particular knowledge and skill sets (plus the staff regulations throughout the UN system) make it more difficult to adjust priorities than an expanding budget, where priority areas can be granted additional resources. Unless corrections are first made to the deeper problems of strategic direction and strategic choices, management processes, structural and administrative barriers and the core culture of the Organization, the confidence and trust that are prerequisite to increased financing will not materialize. By the same token, as FAO addresses its other root problems, it will need and merit new money.

36. **What is now required is a major package of transformational reform with growth**, a path forward agreed between the Members in consultation with the Secretariat which will deliver an FAO for the 21st century. FAO cannot fulfil the expectations of its Members, exploit its comparative advantages or preserve its core competencies with further reductions in the real level of its budget. Transformational reforms should act as the trigger for the increased resources, which will themselves permit the reforms to happen.

37. The eight chapters of this evaluation combine to tell much of the FAO story from its inception over six decades ago. Chapter 2 reminds us that FAO was founded on the same noble vision that led to the founding of the United Nations: "Global war - never again and the conditions that led to global war - never again". Chapter 2 also traces the Organization's sixty-year trajectory, characterized by a steady transition from stability to turbulence, from financial expansion to contraction, from sole provider to membership in a large club of providers.

38. FAO has not managed the transition well. A decline that began in the 1980s is now rapidly accelerating. The Organization has entered a phase in which there is a crisis about its future. Since 1994-95, the Regular Budget has declined in real terms by 22 percent and the total resources available to the Organization, excluding emergency extra-budgetary funds, by 31 percent.

39. If current trends continue, the Regular Budget will fall by an additional 11 percent over the next three biennia. Assuming also no change in the pattern of extra-budgetary contributions from the past three biennia, FAO's total biennial financial resources, excluding for emergencies, will have fallen to approximately US$716 million by 2012 (in 1994-95 dollars), a reduction of about US$90 million from 2006-07. At the same time, if the present trends continue, by 2012: i) FAO will still be trying to deliver most of its current goods and services; ii) all or almost all of its programmes will have continued to shrink; iii) the number of its field offices will have further increased but without adequate financial resources for them to function; and iv) its headquarters-based core technical competencies will have fallen well below critical mass in many key areas.

40. A second danger is that discussion of the IEE report and its proposals will drag on, with Members and the Secretariat each emphasizing those aspects of the report and its recommendations they like and those they do not, continuing to argue on ideological lines, rather than examining the evidence base. Finally, some changes will occur, but they will be at the margins (too little – too late) and will not rekindle Member confidence or reverse the basically downward trajectory referred to above.

41. In pointing to this gloomy picture, it is the world that will lose. The importance of FAO is not that it is FAO but that the world, in particular its poorest citizens, will be less well served by its global institutions than they have the right to expect. The central challenge issued to the IEE was to help to prevent this from happening by "covering all aspects of the Organization"; seeking to "help to strengthen the sense of unity and purpose among the membership of the Organization, to make FAO fit for the twenty-first century and the challenges ahead." The main conclusion of the IEE is that this can only happen through a comprehensive programme for institutional renewal. Although additional funding is without doubt a key requirement, the problems cannot be solved or the challenges met by few sequential adjustments or by an influx of new financing alone.

THE WAY FORWARD

42. Based on its evidence-based evaluation of FAO's activities, the IEE is convinced that a successful and worthwhile way forward can only be achieved through a new compact of "reform with growth" among the Members, underpinned by a shared vision of FAO's future work. The key question is how to accomplish this.

43. Some FAO Members will incline to a "financial growth first as a minimum precondition for reform". Others will incline to "major and sustained reforms before financial growth". The

strong conclusion of the IEE is that a persistence of these opposing formulations can only produce further deadlock, a deepening of mutual distrust and a bleak future for the Organization. Indeed, the IEE concludes that if these two formulations persist, the decline of the Organization towards marginalization and irrelevance will accelerate. If FAO's Members cannot find the political resolve and the means to achieve reform and growth simultaneously in a unified interdependent package, the Organization will not be fit for the needs and challenges of the 21st century.

44. The IEE believes that a first and essential signal to break the current deadlock would be agreement to put a stop to further decline in Regular Budget resources in real terms. A further application of "zero nominal growth" (ZNG) is, in the judgment of the IEE, not sustainable if FAO's membership genuinely wants to have an organization that is "fit for the 21st century and the challenges ahead". The steps that need to be taken are steps that build trust and shared understanding. In this regard, the IEE has concluded that a signal of zero real growth (ZRG) for the next biennium is probably the minimum precondition for the formulation of a programme of transformational reforms. This would not bring about real growth, but it would indicate a willingness to stabilize the Organization and to put the "change with growth" proposition to a serious test. Should the transformational changes required for the future of FAO not follow, the experiment would, sadly, have failed and the pattern of budget reductions would recur.

45. Accordingly, the IEE believes that its first two recommendations are fundamental to the prospects of successful reform with growth. These are:

46. **Recommendation 1.1: The IEE recommends the formulation of a 3-4 year Immediate Action Plan (IAP) after the 2007 Conference** based on the recommendations of the IEE report and any overall directions from the Conference. The Immediate Action Plan (IAP) would require the development of a schedule of milestones for all the agreed deliverables and provide the basis for monitoring the completion of each deliverable through indicators of progress. A communications plan should form an integral part of this to keep all Members, the FAO Secretariat and main partners apprised of the progress on an ongoing basis. Some of the recommendations would fall into the category of 'quick wins' (i.e. recommendations that could be implemented in 2007 and during 2008), providing early evidence of progress, contributing to momentum and building confidence. Other recommendations are of a longer-term nature and these should be tracked through regular progress reports.

47. The IAP must be co-owned by the Governing Bodies and the Secretariat. The aim of the IAP is to secure the future of FAO as the dynamic, credible, trusted and effective global organization that its original architects intended. This is clearly the responsibility of governance, but it can only be achieved through processes that produce co-ownership by both the Governing Bodies and management. Momentum must not be lost or the opportunity for reform with growth will be lost with it.

48. **Recommendation 1.2:** As part of the broad discussion and agreement at the November 2007 Conference on the main processes and priorities for moving forward beyond the Conference, the Governing Bodies could consider the following arrangements:

a) the Immediate Action Plan should be discussed at a short special session of the Conference in the second half of 2008, allowing clear decisions to be taken, including budgetary implications, on implementation, starting in January 2009. As an integral step, the Governing Bodies and management within their respective authorities are encouraged to **establish a Working Group constituted from representatives of the management and membership to facilitate the development of the Immediate Action Plan. The inputs would be drafted by FAO Secretariat for consideration in the working group**;

b) it is also suggested to **continue an arrangement such as the Friends of the Chair or a Council or Conference Committee to develop proposals for governance reform and provide a forum for the membership as a whole to discuss the**

proposals coming forward from the working group, with a view to agreement at a 2008 special session of the Conference;

c) the working group would receive information from management on its intentions for reform and would review and recommend to the Friends of the Chair (or Council/Conference Committee) proposals for reform in areas of joint responsibility such as priority-setting. In making this recommendation, it needs to be made very clear that the IEE is not proposing a co-management of FAO. Indeed, many of the reforms recommended in Chapter 4 on governance aim at strengthening the role and authority of management and ensuring greater clarity on the roles of management and of governance. The aim of the IAP, however, would be the securing of the future of FAO. This is clearly a joint responsibility of governance and management. A central aim of the working group recommended by the IEE is to build shared trust and confidence among the membership and between the membership and management on the components, timing and requirements of the IAP. Moreover, many recommendations on governance itself are suggested for the IAP. The inclusion and subsequent disposition of these can only be determined by governance. The hope, then, is that the consultative and mutually-engaging nature of the process to prepare the IAP would result in a high degree of ownership across the membership and co-ownership between it and management; and

d) the Governing Bodies may also agree at their November 2007 sessions on changes which have limited cost implications and on which there is common agreement. This could include those institutional changes which can facilitate the development and implementation of the Immediate Action Plan.

49. In practical and sequenced terms, this suggests the following time line towards an agreed Immediate Action Plan (IAP) and initial implementation:

a) **November 2007 - Meeting of Council and Conference**: Endorsement of the establishment of a working group charged with preparation of the IAP based on the IEE report and continuation of an arrangement such as the Friends of the Chair or establishment of a Council or Conference Committee. The financial baseline for the IAP should also be agreed and should be set at not less than zero real growth for the biennium 2008-2009 with agreement to consider the incremental costs of reform at the 2008 special Conference session;

b) **December 2007- August/September 2008**: The joint working group and Friends of the Chair develop the IAP based on the recommendations of the IEE. The plan would include recommended priorities, timelines, critical path, milestones and working and resource requirements. The Independent Chair would keep the entire membership informed of progress on an ongoing basis; and

c) **September/November 2008**: A special session of the Conference would examine the proposed IAP, its recommended priorities and its resource requirements. If the plan is agreed and resources allocated, implementation would follow immediately. With the exception of recommendations specifically addressed to governance, management of the plan would be the responsibility of the Secretariat. At the same time, preliminary discussion of a proposed new Medium-Term Plan and Strategic Framework for FAO, as described and as recommended in Chapter 7 of this report, would be presented and discussed. This would be approved at the 2009 Conference session in the first half of 2009 and would provide the basis for the decision on an integrated growth budget (Regular Programme and extra-budgetary for 2010-2011). It would include stipulation of clear strategic choices and priorities, programme specificity, opportunity costs, results indicators, monitoring and evaluation instruments (including tracking arrangements involving the Council or one of the Committees of the Council), alignment of means to ends and a resource mobilization strategy. Taken together, the IAP and the new Medium-Term Plan/Strategic Framework would then comprise the foundations for the preparation

of a longer-term compact by the membership for the "Change with Growth" renewal of FAO.

50. This report makes 109 separate recommendations which include 313 deliverable products. The aim of these is to facilitate a comprehensive transformation of FAO and the building of shared understanding, confidence and commitment among all the membership on the future of the Organization. Table 1.1 shows the number of recommendations and actionable sub-components (or deliverables) by chapter of this report.

Table 1.1: Classification of recommendations by chapter

Chapter	Number of recommendations	Approximate number of actionable sub-components
1. The IEE in Synthesis	2	3
2. Background and Context	0	0
3. Relevance and Effectiveness of the Technical Work of FAO for the 21st Century	24	75
4. Governance	20	60
5. FAO in the Multilateral System - Partnerships	10	22
6. Situating FAO's Culture, Organization and Structure	22	47
7. FAO's Programme Cycle	11	37
8. Administration, Human Resources and Finance	20	69
Total	**109**	**313**

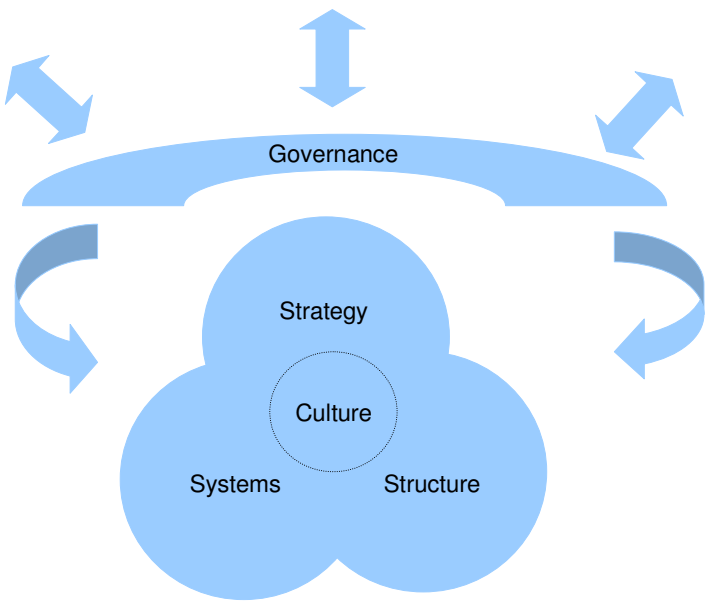
51. Many of the recommendations are interrelated and/or interdependent. For this reason, they have also been organized into four clusters for ease of reference and as a suggested basis for organizing the Immediate Action Plan in order to deal with them. Clearly, not all IEE recommendations and their related deliverable products may be agreed but the IEE considers that the overall framework of the four clusters provides the broad picture of institutional transformation needed by FAO and that a joint focus by Members and management on this broad picture may furnish the Organization with the way forward.

52. The four clusters are:

a) STRATEGY: Rekindling an FAO Vision Through a New Strategy (38 recommendations and 113 deliverable products);
b) GOVERNANCE: Investing in Governance (25 recommendations and 84 deliverable products);
c) SYSTEMS AND CULTURE: Institutional Change and Reform of Administrative and Management Systems (28 recommendations and 79 deliverable products); and
d) STRUCTURE: Restructuring for Effectiveness and Efficiency (16 recommendations and 34 deliverable products).

53. Figure 1.2 depicts the broad interrelationship between the four clusters. The directional arrows in Figure 1.2 reflect the Governing Bodies' dual role: the fiduciary and oversight role towards the Secretariat (the downward arrows) and, secondly, the responsibility of the Governing Bodies to assure that FAO is equipped for and meets its global leadership mandate on food, agriculture and nutrition (the upward and outward arrows).

Figure 1.2: Relationship between clusters of IEE recommendations



54. Within each cluster, there are themes. These are outlined and described later in this chapter. Taken together, these reforms recommended within the four clusters constitute a major programme of institutional renewal.

55. Implementation will take time and involve many actors: management, Members and staff. Some of the recommendations and deliverable products can be achieved easily and quickly; others are complex and will require time, considerable effort and multiple actors. Some will require new financial resources while others are low cost. Some will generate immediate cost savings while others can be expected to demonstrate annual savings over the medium term. Given this complexity and with the aim of assisting management and the membership in formulating the Immediate Action Plan, including the requirements for its implementation, Annex 1 of this report summarizes the recommendations by cluster and shows:

a) suggested or possible lead responsibility for each of the deliverables against three broad categories: management, Governing Bodies and management and Governing Bodies acting together;

b) an estimated "intensity index" for each of the main activities as an indicator of the work required and/or number of actors that would be involved. Approximately 16 percent of the deliverables are low intensity (+), 59 percent medium intensity (++) and about 25 percent high intensity (+++); and

c) some very preliminary and tentative cost estimates are presented in Table 1.2 and in Annex 1. These have been developed by the evaluation core team making use of information provided on request by the Programme and Budget Service of FAO. The estimates show minimum and maximum amounts in three categories: C- One time costs associated with the recommendations; A- Future savings; and B- Recurrent cost implications. Annex 1 provides details by themes.

56. The tentative and preliminary nature of Annex 1 needs to be underscored. The classifications and indicators provided are indicative only, aimed at clarifying the intent behind the IEE recommendations in order to assist and guide the elaboration of more detail in the Immediate Action Plan (IAP). The costing figures especially need to be interpreted with prudence.

These may be expected to change depending on assumptions made, decisions adopted and more detailed examination.

57. As a first indicator only and as a guide to discussion and review by the Secretariat and the membership, therefore, the IEE suggests over four years:

a) one-time costs of US$62 million to US$76 million for restructuring and transformation. These mainly include the costs of the Immediate Action Plan and the development of a new corporate Strategic Framework (US$2-5 million), the cost of realigning the Organization and its human resources, including de-layering, reassignments and separation payments (US$53-59 million), making strategic choices regarding the Technical Programme (US$2-3 million) and conducting an overarching review of management and administration (US$3-5 million);

b) biennial savings after the completion of the Immediate Action Plan and the introduction of structural and procedural changes and efficiency gains of US$61 million to US$81 million. These result mostly from efficiency gains in administrative procedures (US$8.4-16.2 million), de-layering and streamlining the headquarters organigramme (US$25-26 million), re-organizing the field structure (US$12-20 million), making strategic choices regarding the priority areas of work for the Organization (US$9.6-11.2 million), and ensuring that the conventions and other statutory agreements serviced by FAO do not constitute a steadily growing recurrent cost for the Organization (US$4.6-4.7 million); and

c) recurring biennial budgetary implications of US$77.7-109.3 million.

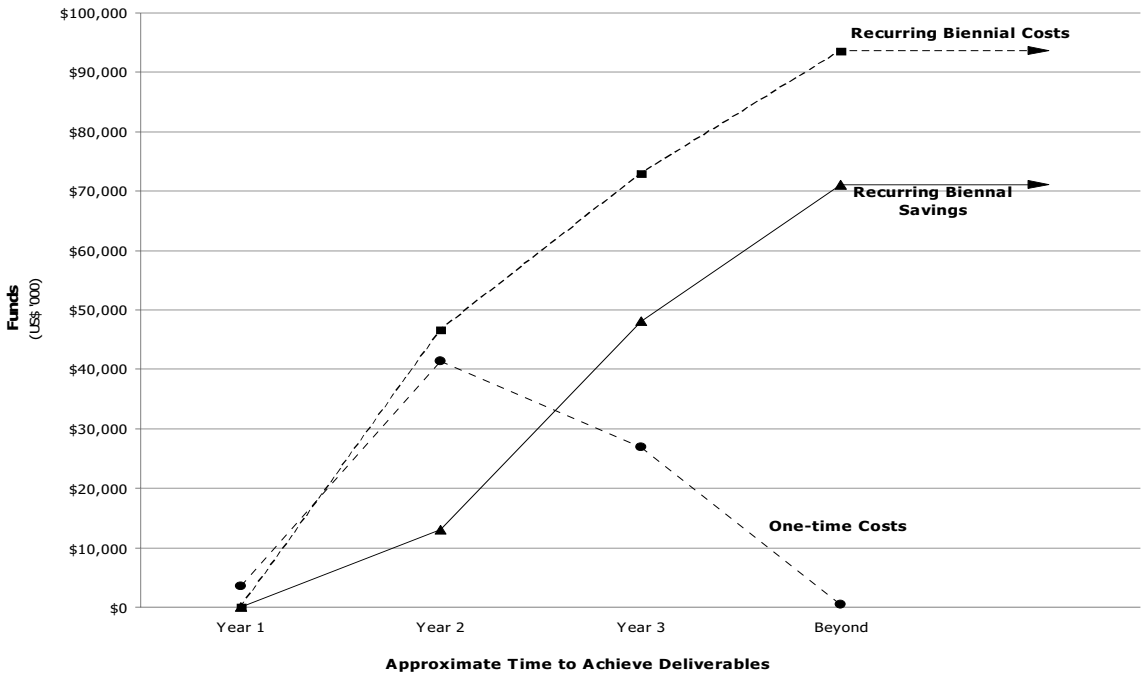
Table 1.2: Overview of Tentative Costs by Cluster

Cluster	**Recurrent biennial savings*** *(US$ millions)*	**Recurring biennial costs*** *(US$ millions)*	**One-time costs*** *(US$ millions)*
Overarching Recommendations			$1.2 - $2.8
1. Strategy	$11.2 - $13.0	$32.0 - $45.4	$3.3 - $6.3
2. Governance	$0.6 - $0.8	$14.2 - $18.1	$0.4 - $0.5
3. Systems and Culture	$8.4 - $16.2	$14.1 - $16.8	$7.5 - $ 11.0
4. Structure	$41.1 - $50.7	$17.5 - $29.0	$50.0 – $55.0
Total	**$61.3 - $80.7**	**$77.7 - $109.3**	**$62.4 - $75.6**
After-Service Liability Costs		*$39.7*	

* These estimates assume implementation of all organizational and programmatic restructuring within a 12-month period. Delays would reduce both the immediate savings and the recurring costs.

58. Figure 1.3 depicts the mid-points of the above costs and savings over the next four years.

Figure 1.3: Tentative estimated costs and savings from IEE recommendations
(also in Annex 1)



THE FOUR CLUSTERS OF AN IMMEDIATE ACTION PLAN

Cluster I: Rekindling an FAO vision

Theme 1.1: New Corporate Strategic Framework

59. FAO urgently requires a new corporate Strategic Framework and basis for the Medium-Term Plan, because at the moment:

a) for all practical purposes, it does not currently have one and the question 'where is FAO going?' lacks a clear answer;

b) the absence of a clear and agreed strategy is damaging FAO's financial situation and financial prospects. The right strategic framework is an essential foundation for successful resource mobilization;

c) FAO needs to make major and difficult strategic and programmatic choices about what it can and cannot do; about what it needs to retain and strengthen and what it needs to shed; about what is a priority and what is not. It needs to gain clarity on trade-offs and opportunity costs, to align means and ends and to cease operating in areas where they do not coincide. It needs a coherent resources mobilization strategy. It needs to set clear performance targets to which it will be accountable; and

d) making the choices and decisions discussed here are the prerequisites to increased confidence across the membership. The transparency of such choices and decisions is a key to honest and constructive discourse among the membership – to discussions in which Members talk to - rather than past one another. This, in turn, should contribute to increased trust.

60. The IEE recommends that after the Immediate Action Plan itself, the highest corporate priority be assigned to the development of a clearly enunciated corporate strategy and medium-term plan covering the full range of FAO products, understood and endorsed by all its Members and unequivocal in its stipulation of means-to-ends requirements. The strategy, as with all good strategies, should be aspirational, but, similarly, it needs to be grounded in pragmatism and rooted in reality. This will provide the strategic beacon and guiding framework, leading and channelling FAO's energy and human and financial resources. One reality for an FAO strategy is its financial stringency. That will not quickly be resolved, although the strategy should aim to alleviate it through the demonstration of results and impacts (Recommendation 7.1).

61. In terms of product, the corporate Strategic Framework should combine what were the separate purposes and documents of the Strategic Framework and the Medium-Term Plan (Recommendation 7.1). The product would then flow from the three high-level goals specified in the 1999 Strategic Framework (Recommendation 3.1). These goals are all interdependent, with the first *primus inter pares*:

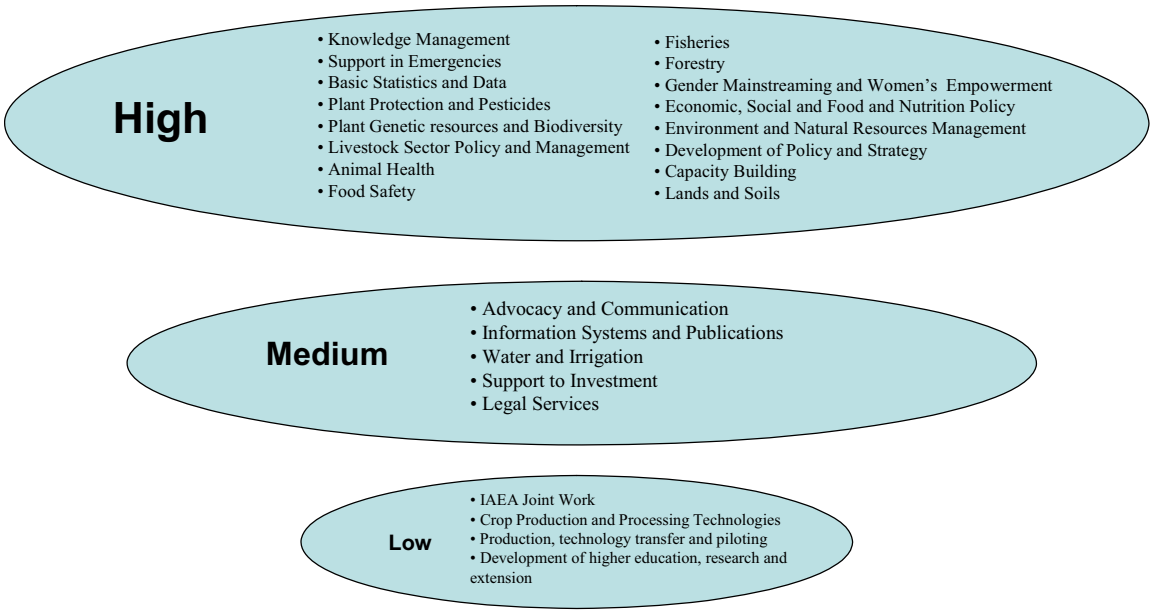
a) overcoming hunger and malnutrition (food security);
b) agriculture as a contributor to economic and social development; and
c) sustainable management of the natural resource base for food and agriculture.

62. The plan will delineate clear priorities that reflect the criteria applied by the IEE in analysing the FAO technical programme (i.e. priority expressed by Members; topicality and interest to providers of extra-budgetary funds; use of the Organization's potential comparative strengths, including existing capacity and cross-disciplinarity; and potential for partnership – Chapters 3 and 7) and:

a) set strategic priorities around FAO's core function of knowledge management, identifying five or six priority programme thrusts pinpointed from within an enlarged vision of the challenges for the future provided by the three goals of Member Nations as included in the Strategic Framework (Recommendations 7.1 and 7.2);
b) base these on FAO's absolute and dynamic comparative advantage, recognizing that there are many other actors, where previously FAO was often alone, and position FAO clearly (Recommendations 7.2, 4.4 and 5.1 – see also theme 'Component Strategies' below);
c) integrate National Medium-Term Priority Frameworks into the overall planning architecture (Recommendation 3.2 A) and develop indicative allocation criteria for TCP in the regions based on country needs and track records in use of previous TCP funds (Recommendations 7.8 and 3.2.C) – see theme 'Technical Cooperation at Country and Regional Level' below);
d) integrate the Gender and Development Plan of Action as an integral (not separate) plan (Recommendation 3.19); set the performance and results targets to which the Organization will be held accountable, shifting the focus from outputs to higher goals and related outcomes (Recommendation 7.2); and
e) set the general magnitude of resource requirements for its objectives, fully integrating "extra-budgetary" contributions into the plan (Recommendation 7.1).

63. Chapter 3 of this evaluation includes an examination of all FAO programme areas and attempts to provide guidance on determining priorities and making opportunity cost decisions (see Table 3.16). The guide has been based on a number of criteria, each of which has been assigned a score from 1-4. The criteria are: i) global need in relation to the three goals of member countries; (ii) stated priority of Members; (iii) performance; (iv) number of competitors or alternative sources of supply; and (v) potential for extra-budgetary support. The amalgam of these results suggests possible priorities for resource allocation according to high, medium or low as shown in Figure 1.4 below.

Figure 1.4: Possible priorities for resource allocation



64. The shared focus by Governing Bodies and management on strategic framework choices will necessarily generate attention to the key question of where FAO should be in four, six, ten and fifteen years time. This vision should be developed in close interaction between the membership and Secretariat. An appropriate arrangement for this will be required which would need to take place in 'real time'. The IEE recommends that this be done through a working group constituted from the membership and Secretariat. The group would need to remain small in order to allow for genuine discussion and debate. It would feed into a wider group such as the Friends of the Chair or a Council or Conference Committee which would serve to keep all Members of FAO apprised of progress and milestones achieved, seeking feedback and suggestions while building ownership. The Strategic Framework will also include a performance contract for governance (Recommendation 4.14). These points are elaborated further under Cluster 2 - Governance.

65. **Action timetable:** A preliminary proposal for the Medium-Term Plan and a draft Strategic Framework should be prepared in time for the proposed special session of the Conference in 2008.

Theme 1.2: Component strategies (across technical areas)

66. The IEE has recommended the development of corporate strategies on a number of subjects that cut across technical areas. These constitute essential strategic components for the overall corporate Strategic Framework (above). Where they can be developed parallel with the overall corporate Strategic Framework, they will be important inputs to it. The final versions will have to be consistent and coherent with the five or six corporate priority themes decided for the overall corporate Strategic Framework. These 'component strategies' include:

a) a coherent and dynamic resource mobilization strategy (Recommendation 7.6), fully aligning Regular Programme funds and extra-budgetary contributions with the priorities of the new corporate Strategic Framework;

b) a communication and advocacy strategy (with some common fundamental messages agreed jointly with IFAD and WFP (Recommendations 3.4, 5.4.C and 5.10);

c) a strategic vision on knowledge management (Recommendation 3.3), including requirements for knowledge dissemination (Recommendation 3.6);
d) a partnership strategy (implementing the recommendations of the 2005 Partnerships Evaluation and other lessons, Recommendation 5.1); and, closely related within that
e) a specific strategy and policy framework for working with the private sector (Recommendation 5.9) and with NGO/CSOs (Recommendation 5.8);
f) a capacity-building strategy (Recommendation 3.24);
g) a strategy for FAO's role in supporting countries to develop their own priorities, approaches and plans for investment, based on countries' needs (Recommendation 3.7);
h) a strategy to gain a clear mandate for those emergency functions in which FAO holds comparative advantage (Recommendation 3.8);
i) a full re-examination of the statistical and basic data needs for the 21st century (Recommendation 3.5); and
j) a standby business continuity plan as part of risk assessment and planning (Recommendation 8.20A).

67. **Action timetable:** Development of these strategies will need to be prioritized within the Immediate Action Plan and all should be completed and considered by management and Governing Bodies within two biennia (four years).

Theme 1.3: Preliminary strategic choices for the technical programme

68. Chapter 3 provides the analysis behind the 19 IEE recommendations on programme direction and resource allocation, given FAO's critical financial situation. These will not be static and the Organization needs greater capacity to respond flexibly. The analysis and priorities recommended by the IEE are intended to meet the urgent need for choices in place of the 'salami slicing' approach of the past. They should also serve as an important input to the wider and deeper process of developing the overall corporate Strategic Framework (above) and help to pave the way for it (Recommendations 3.5 to 3.23 concerning individual and interdisciplinary technical areas).

69. The objective of the Organization is to ensure that in its areas of mandate, countries at all levels of development, particularly the poorest, have access to the knowledge, public goods and services they need. It is not that the Organization should necessarily do this itself, although there will be areas in which this is the most effective formula. FAO has comparative strength and meets a priority need in assisting policy development, facilitating capacity building and support to development of global policy coherence and appropriate legislation. In addition:

a) FAO should build on its potential strengths as an integrated interdisciplinary knowledge organization with global convening power and a reputation for neutrality;
b) the Organization needs to shift its emphasis in agricultural production, food security and in rural and agriculturally based development to facilitating the production environment, opportunity for value added and employment for income generation and food access;
c) areas of comparative priority (see Figure 1.4 above) include the provision of basic global natural resource data and statistics, forestry, fisheries, livestock (including epidemic diseases), environment and natural resources (including land and soils), work in emergencies, economic, social and food and nutrition policy and the work in food safety (including Codex) and support of global conventions (including plant protection, pesticides, genetic resources and fisheries). In all these contexts, advocacy, policy support and capacity building receive emphasis;
d) the transfer of production and processing technology was the area of work in which countries were found to be strongest in their own technical capacities and FAO was found to have most competitors and thus low comparative advantage;

e) areas identified where there are gaps in the global architecture but to which countries were not necessarily addressing high priority and where FAO would have difficulty in re-establishing significant capacity without major additional resources, include in particular institutional strengthening for farmer learning, agricultural education and research; and
f) a more holistic approach must be developed for food and nutrition policy and institutional development.

70. **Action timetable:** Early agreement on overall programme priorities is important to prepare the Medium-Term Plan and Strategic Framework and decisions on this need to be endorsed at the proposed special session of the Conference in 2008.

Theme 1.4: Specific external partnerships

71. In this theme, there are six recommendations on the development of partnerships with specific institutions or categories, such as the Rome-based agencies and the CGIAR (Recommendations 3.11B, 5.3, 5.4, 5.6 and 5.7). It is agreed that partnerships often have medium to high transaction costs and are not ends in themselves. They must produce a more effective benefit to Members, building on respective comparative advantages.

72. **Action timetable:** Building partnerships is not a short-term process, but this is an area that must not be allowed to lose impetus. It will be a process that should begin immediately with clear progress within four years. Most of the deliverables are categorized accordingly.

Theme 1.5: Technical cooperation at country and regional level

73. Recommendations are made on how FAO's Technical Cooperation Programme should be re-oriented (Recommendations 3.2 and 7.8) to ensure that: it is focused on the five or six priority themes defined in the new corporate Strategic Framework; that it makes maximum use of FAO's comparative advantages (described above); and links as far as possible normative work at global level and technical cooperation work at regional and country level, seeking constant two-way feedback between the two, building on priority needs expressed at country and regional levels, especially those that concern cross-border issues and require interdisciplinary solutions.

74. **Action timetable:** Some of the deliverables should be achievable in a short time frame, such as the decision to stabilize funding levels. Others are medium-term, such as the integration of National Medium-Term Priority Frameworks into action on "Delivering as One UN" but there should be clear progress within four years.

Cluster II: Investing in governance

Theme 2.1: Conducting governance reform

75. The challenge for FAO is to build a new consensus for high-performance governance with:

- trust and mutual respect;
- responsibility and accountability;
- transparency; and
- shared ownership across all the membership.

76. A higher degree of trust and mutual respect between Members is both a prerequisite for agreement on change and will result from implementation of the package of recommendations made by the IEE, including specific practical confidence-building measures. The IEE's first recommendations in this cluster therefore concern the process of conducting governance reform (Recommendation 4.1). These cover the essential first steps of enhancing the role in managing and leading the Governing Body processes of the Independent Chair of the Council (Recommendation 4.1B), establishing a Working Group and a Friends of the Chair or Council/Conference Committee to develop and obtain cross-membership support for the Immediate Action Plan and implementation of many of the recommended changes to the

architecture on an interim basis, if necessary, pending formal changes to the Basic Texts (Recommendations 4.1A and 4.10). They also cover review of progress in the longer term (Recommendation 4.1B), based on a recommended medium-term performance contract for governance itself (Recommendation 4.14). This would serve as a crucial measure for re-building confidence in the Organization and place FAO at the forefront of governance reform in the UN system.

77. The goal of the recommended reforms is to enable the Governing Bodies to renew and take up their dual role to full effect. The first element of this role is as a convenor and forum for tackling issues of global governance within FAO's mandate, thereby increasing the effectiveness of FAO's work in ensuring global policy coherence (see Theme 2.2 below). The second element of the Governing Body's role is in providing well-functioning governance to the Secretariat (see Theme 2.3 - Fiduciary and Oversight Role below).

78. **Action timetable:** Many governance reform decisions should be taken quite quickly, with formal revisions of the Basic Texts, where necessary, taking a longer period. Short-term decisions, include those on the role of the Regional Conferences, the functional division of work between the Council and Conference with respect to global and internal governance, the role of the technical committees of the Council, a secretariat to directly service the Governing Bodies, etc.

Theme 2.2: Global governance role

79. In global governance for food and agriculture, FAO's strategic objective must be to rebuild an authoritative and effective voice at intergovernmental level on behalf of rural people, the hungry and all those who can benefit from agriculture playing its proper role in the economy. The IEE recommends development of a rolling strategic plan for tackling global governance issues, based on a review of the global food and agriculture situation and the state of the world's legislation on it (Recommendation 4.4). Specific recommendations are made on practical ways to identify key issues using new and existing FAO instruments and partnerships (Recommendations 4.12 and 4.19) and reviewing global legislation relevant to its mandate and constituency that is being drafted under the auspices of other organizations (Recommendation 4.5). This would be a pioneering example of flexibility, of responsiveness and of creating coherence between multilateral organizations on issues that go beyond the mandate of any single part of the UN system. The IEE also recommends modification to the Organization's Basic Texts to enable greater flexibility and autonomy in the funding and management of international treaties and agreements, negotiated within the FAO framework (Recommendation 4.6).

80. **Action timetable:** The first review and strategic plan should be completed by 2010.

Theme 2.3: Fiduciary role and oversight

81. On the second role - that of internal governance of the work of the Organization, the IEE defines in detail the recommended respective roles and functions of the Governing Bodies and management to enable governance to give proper direction to the Organization without interfering in the preserve of management (Recommendation 4.3).

82. It goes on to recommend measures to professionalize the procedures for election of the Director-General (Recommendation 4.20), ensure the adequacy and independence of internal and external audit respectively (Recommendation 7.9) and increase the independence of evaluation, continuing the line already set by the Governing Bodies in 2003 (Recommendations 7.10 and 7.11). Finally, on this theme, the IEE recommends moving the date of Conference to May or June and establishing overall direction and indicative budgets in order to enable significant improvements to the effectiveness and efficiency of FAO's programme cycle (Recommendation 7.3).

83. **Action timetable:** Several of the deliverables, including those relating to audit and evaluation, can and should be implemented with immediate effect. The remainder should be implemented by decision of the special session of Conference in 2008.

Theme 2.4: Governance architecture

84. The IEE makes detailed recommendations on streamlining and strengthening the governance architecture in the first phase of governance reform to enable the Governing Bodies to perform the dual roles described above. These give stronger focus and unity of purpose to the roles of technical committees, the Regional and Ministerial Conferences and Council. They would focus on substance and feed into Conference to strengthen the global governance role (Recommendations 4.7 and 4.11 to 4.13).

85. Secondly, the Council and its Independent Chair should take on an enhanced role in FAO internal governance for the Governing Bodies (Recommendations 4.8 and 4.10A), underpinned by the clear definition of the separate and distinct roles of governance and management (above). The role of the Council should be supported by the Programme and Finance Committees with strengthened competencies and more frequent but shorter meetings (Recommendation 4.9). A secretariat to directly support the Governing Bodies would be required (Recommendation 4.10B). They include measures on regional groupings and the ways agendas are set.

86. **Action timetable:** Decision on these recommendations and their implementation should be possible at the latest by the regular session of the Conference in 2009. The secretariat support is important for immediate implementation in order to support the Governing Bodies in the development of the Immediate Action Plan.

Theme 2.5: Governance proceedings

87. The IEE also makes targeted recommendations on governance proceedings – the way governance works (Recommendations 4.2 and 4.14 to 4.17 inclusive) – aimed at raising the standards to those of internationally accepted best practices to improve the productivity, efficiency and decision-making capability of Governing Bodies (Recommendation 4.18).

88. **Action timetable:** Most of the issues could be decided at the regular session of the Conference in 2009.

Theme 2.6: Finance

89. Finally, the IEE endorses the Organization's policy and practice to address liquidity shortfalls and recommends specific measures and incentives to deal with late payments and arrears (Recommendation 8.16).

90. **Action timetable:** On deliverables not requiring changes to the Basic Texts, decision and implementation should be immediate; on deliverables requiring changes to the Basic Texts, action should occur by the regular session of the Conference in 2009.

Cluster III: Institutional culture change and reform of administrative and management systems

Theme 3.1: Overarching review of management and administration

91. The IEE recommends a programme aimed at major changes to the administrative systems and institutional culture of FAO. This would include a comprehensive root-and-branch review of FAO's human and financial resources management and administration (Recommendation 8.1). This should be facilitated by an external agency specialized in institutional analysis and organizational cultural change, reporting to the Deputy Director-General or the 'new' office of strategy, resources and planning. The process should be fully consultative and build ownership throughout. The core goals of this review should be to:

a) consolidate and integrate the core administrative functions within a single policy perspective (in accordance with the intentions of the Director-General's earlier reform proposals);
b) modernize human resources management and administration, putting people at the centre as the most important capital held by FAO;
c) streamline and simplify rules and procedures;
d) shift from *ex ante* to *ex post* controls;
e) delegate authority in line with the principle of subsidiarity;
f) establish incentives for high staff performance;
g) establish a time-bound target for substantial quantified administrative efficiency and productivity gains of up to 20 percent over the next two biennia; and
h) shift attitudes to a client focus, where the staff and management are the client.

92. **Action timetable:** The IEE recognizes that this review will probably take some 2-3 years time to complete. Therefore, the following themes especially highlight areas where progress can already be made while the review is being undertaken.

Theme 3.2: Human resources framework

93. The comprehensive root-and-branch review (above) would include development of a single coherent human resources policy framework, aligning recruitment, staff development and promotion criteria and, where competency profiles allow, including a policy of rotation of technical staff as a means of assuring linkages between field and headquarters and to catalyse development of vital staff competencies (Recommendation 8.2) and the increased use of draw-down contracts (Recommendation 8.3). It should also include a proposal for a system of staff incentives along the lines of the illustrative example offered by the IEE (Recommendation 8.7, Box 8.4).

94. **Action timetable:** While the review is being undertaken, the IEE recommends certain immediate actions to pave the way for a more coherent human resources policy framework. These include specific recommendations to make contracting human resources simpler, more flexible and market-oriented (Recommendation 8.3), such as: use of call-down contracts; providing managers with financial resources that they can use flexibly; simplifying pay bands; and making use of retirees more competitive.

95. Recommendations for implementation within one year also cover setting targets and clear responsibilities for achieving geographic balance by regions and gender balance (Recommendation 8.5) and full and immediate introduction of the planned performance appraisal system (Recommendation 8.6) and other incentives for high performance (Recommendation 8.7). Finally, the IEE recommends an increase and re-orientation of training resources so that these focus on and support the other changes and thereby contribute to the overall culture change (Recommendations 7.5 and 8.8). This entails a shift from training in language and basic office skills to the use and development of Results-Based Management, technical support activities (including gender analysis), and especially management training.

Theme 3.3: Support to changes in structure

96. Closely related to the human resources framework, the IEE makes four recommendations that provide essential support to the changes in structure recommended in the fourth cluster. These concern delegations of authority and responsibility generally (Recommendations 6.17 and 6.18) and specifically for human resources (Recommendation 8.4) and certain financial resources and incentives (Recommendation 6.16).

97. **Action timetable:** These recommendations are for immediate implementation in line with the changes to structure (see following cluster). If the two are not aligned, neither will be effective.

Theme 3.4: Administrative efficiency (interim)

98. Again, while the comprehensive review is being undertaken, the IEE also recommends some interim changes to administration. These comprise immediate "quick wins" and actions to be completed within one year that would begin the process of culture change, pending deeper revisions to procedures recommended by the comprehensive review. All are within the criteria for the comprehensive review shown above. They cover improving administrative and decision-making processes according to the principle of subsidiarity, outposting one administrative officer to each department (Recommendation 8.9). They also cover extra-budgetary support costs (Recommendation 7.7) and immediate actions to simplify certain aspects of procurement and related services, including standardizing procedures for working with partners (Letters of Agreement and Memoranda of Understanding), delegation of authority to approve travel to division directors, and to FAORs for travel and working with partners (Recommendation 8.10). They cover recommendations for advancing collaboration with Rome-based UN agencies, aimed at efficiency and cost savings (Recommendation 8.19) and rationalization of units like the Commissary and the Credit Union (Recommendation 8.20).

99. **Action timetable:** These actions fall into the category of "quick wins". Some could be accomplished before the meeting of Conference in 2007 and all could be completed within a few months.

Theme 3.5: Finance

100. The IEE makes five specific recommendations on weak areas of financial management that need addressing in time for the proposed special session of Conference in 2008. These cover the need to develop an institutional strategy for financial risk management (Recommendation 8.15), better integration of the IT supporting packages for financial and programme support (Recommendation 8.13), and introducing the possibility of rolling over a small proportion of working funds from one biennium to the next (Recommendation 8.17). In the longer term, the IEE makes recommendations to deal with specific threats and opportunities presented by the transition to IPSAS (Recommendations 8.14 and 8.18).

101. **Action timetable:** Decisions in a few areas such as on roll over of funds could be taken as early as the proposed special session of the Conference in 2008. Work in other areas is expected to be completed in two-three years.

Theme 3.6: Information technology

102. The IEE recommends **immediate action** to manage IT risks, covering an assessment of risk in Country Offices and Liaison Offices, greater attention to current key weaknesses and establishment of procedures for new applications (all specified in Recommendation 8.12).

103. All of the above measures (from Strategic Vision through Governance and the Organizational Systems) and the changes to structure proposed in this cluster will contribute fundamentally to a re-orientation of FAO's culture to one of high performance. Changing any one component alone will not be sufficient: a new vision for FAO will not be successfully implemented if the structures and systems are not transformed to enable it. Changing the structure will not succeed in increasing interdisciplinarity and flexibility if the people working in those structures are not given the right administrative and management support to make use of new structural opportunities. The organizational culture will only change as the interplay between the strategy, systems and structure transforms.

104. Nevertheless, there are some immediate and direct measures on organizational change that can and must be taken to complement the changes to strategy, systems and structures. As with all programmes of organizational culture change, strong commitment and leadership from the top (both top management and the Governing Bodies) are essential (Recommendation 6.1). At the same time, the process itself cannot be top-down and must be genuinely consultative, modelling the 'new' culture. To achieve this, the IEE recommends the establishment of a special Steering/Working Group to lead development of an overall programme of culture change and oversee its implementation. Its members should be from different levels of the Organization and its work serviced by a specially assigned member of staff, advised and accompanied by external consultant specialists (Recommendation 6.2).

105. In addition, the IEE recommends creating a map of knowledge within the Organization (Recommendation 6.3) and accelerated development of a leadership cadre, who consistently model good management practice (Recommendation 6.5). To contribute to achieving this, management training should be extended.

106. Finally, the IEE recommends that the Director-General signal his readiness to lead and engage in change by taking immediate actions that present a more open and accessible image (Recommendation 6.4).

Cluster IV: Restructuring for effectiveness and efficiency in both headquarters and the field

107. An overhaul and renewal of the FAO structure are also needed in order to build an organizational form that fits the vision, functions and culture envisioned above. The overall goals must be to embed the principle of subsidiarity in order to increase client focus, enable flexible and agile response and facilitate rapid horizontal and, above all, vertical two-way flows of information and knowledge. This requires changes in the institutional structure, business model and decision-making processes of FAO in order to re-position the Organization and provide it with efficient and effective links to countries and regions (Recommendation 6.19). The overall aim is to shift organizational emphasis and resources strongly towards delivery against agreed goals.

108. The IEE makes recommendations on fundamental changes to headquarters and field structures. It strongly endorses the principle of decentralization, but also **recommends that no further net transfer of resources from headquarters to the field be made until resource adequacy has been assured** (Recommendation 6.19).

Theme 4.1: Headquarters

109. Three Deputy Directors-General are suggested. The designation of two additional Deputy Directors-General (DDGs) will allow for major rationalization and consolidation of divisions and units with significant cost savings through elimination of two departments and a significant reduction in divisions and services (all in Recommendation 6.6). As is common in many large organizations, including the United Nations secretariat, it would also enable the Director-General to maintain overall managerial responsibility and direction while focusing outwards – defining and adapting strategy to meet the changing external environment, building and strengthening the political base of support for the Organization, ensuring strong and durable external relations and ensuring the Organization maintains the resource base it needs to meet its objectives. The three deputies to the Director-General would be structured as follows:

a) one DDG would hold the title of **Chief Operating Officer** and be *primus inter pares*. This DDG would deputize for the Director-General in his/her absence. The Chief Operating Officer's main task would be to support the Director-General in ensuring effective and efficient day-to-day operations;

b) **DDG-Regional and Country Operations and Coordination of Decentralized Offices** will help to counterbalance the tendency towards a headquarters-centric culture and will:
   i) give ADG/Regional Representatives and, where necessary, the FAO Representatives a senior champion within FAO headquarters;
   ii) bring together all work for technical cooperation with responsibility for the decentralized offices; and
   iii) provide a central point at the most senior level for the major priority of capacity building in member countries.

c) **DDG-Technical Work (Knowledge Manager) will:**
   i) drive FAO's focus on the three interlinked goals of member countries, as specified in the 1999 Strategic Framework, holding some five percent of funding to promote cross-disciplinary work;
   ii) provide a central focus of leadership in integrating the technical knowledge function of the Organization (as discussed in Chapters 3 and 7) which is currently divided and fails to draw adequately on the Organization's comparative strengths to address the needs of field work and normative priorities;
   iii) ensure weaknesses or gaps at management level in technical departments are adequately addressed; and
   iv) manage major cross-cutting issues, in particular knowledge management and support of the technical departments in capacity building.

110. The IEE also recommends creating in the Office of the Director-General and reporting directly to him two new offices headed by Assistant Directors-General (Recommendation 6.7)**:**

a) **an Office of Strategy, Resources and Planning** (also Recommendation 7.4): Building from the current base of the office responsible for programme and budget (PBE), this office would bring, into one integrated system, the functions of (i) strategy development; (ii) programme planning; and (iii) resource mobilization. This would facilitate 'means to ends' thinking and the corporate strategic action required to mobilize the means. The Field Programme Development Service, currently in TCA, would migrate to this office as would certain of the functions currently carried out by the Department of Human, Financial and Physical Resources for overall resources management; and

b) **an Office of Corporate Communications, Intergovernmental and Interagency Affairs/Relations:** The mandate of the current Office of UN Coordination and MDG Follow-up includes intergovernmental and interagency relations as well as large elements of corporate communications. Related matters of intergovernmental affairs are handled by the Conference and Council Affairs Division. There are major opportunities for synergies and cost-efficiency gains by bringing the functions together. This should also establish an enhanced base for the transmission of FAO's messages by the Director-General to the larger international community. In addition, it should facilitate corporate resource mobilization on an integrated and strategic basis through its close connection to the Office of Strategy Resources and Planning. This office would include the functions now conducted by protocol affairs and the corporate strategy components of communications now in the Communications Division (KCI), including the International Alliance against Hunger. Routine technical and administrative aspects of communications, printing, visa, tax exemptions etc, would migrate to the Corporate Support Services Department.

111. This new structure would provide FAO with a lean and well-equipped senior management team, able to focus on the corporate agenda and able to collectively support the Director-General in making decisions. Efficiency gains should result throughout the Organization. Lines of responsibility and accountability would be clearly delineated and current ambiguities on these matters removed. The Director-General's span of direct control of seven to eight would become

manageable. At the same time, the Director-General would utilize larger managerial meetings and fora, including fora linking in the decentralized offices, to communicate with managers at large.

112. At the technical departmental and divisional levels, the IEE recommends considerable de-layering and combinations of units (Recommendation 6.8) and application of dual grading and ceilings on the number of division heads (Recommendation 6.15). Four technical departments are recommended, with the possibility of a fifth. The four departments would be: i) Agriculture; ii) Economic and Social Development; iii) Fisheries and Aquaculture; and iv) Forestry (Recommendations 6.8 to 6.11). The potential fifth department would be Livestock and Animal Health, given its growing importance and the clear comparative advantage of FAO in this area (Recommendation 6.12). An Office of Knowledge Communication would also report to the DDG responsible for Technical Work (Recommendation 6.8). The number of technical divisions would be reduced from 29 to 13.

113. In addition, the IEE recommends the consolidation of all corporate support services into a single department, the **Corporate Support Services Department** (Recommendation 6.14), comprised of four divisions (Finance Division, Administrative Services Division, Information and Communication Technology Division and Human Resources Division) and three units (Security Services, Medical Services and the Outposted Support Services Centre in Budapest) to enhance policy support and client service capacities and to achieve greater economies of scale.

114. The IEE has concluded that these changes in headquarters structure would:

a) establish a leaner and more empowered top management team and greatly strengthen interdisciplinarity as FAO's comparative advantage;
b) strengthen knowledge management as the core function of FAO;
c) consolidate technical units with fewer layers, reducing the number of technical divisions, enhancing interdisciplinarity and yielding major efficiency gains;
d) enhance FAO's strategic, planning and programming capabilities;
e) improve the management of human and financial resources;
f) improve client services by consolidating IT functions and establishing functional sub-units, responsible for providing an integrated service for defined user groups (Recommendation 8.11);
g) enhance the potential for the close working relationships that need to be established between the main technical divisions, operating databases and the new Office of Knowledge Communication (Recommendation 6.8); and
h) generate very substantial recurrent cost savings. These have been preliminarily estimated at not less than US$29.1 million and possibly up to US$30.7 million (excluding recurring administrative savings). A one-time cost, relating mainly to voluntary terminations, is estimated at US$50-55 million.

115. **Action timetable:** Careful and detailed planning would be required and a schedule of sequenced changes established. Implementation could begin following the special session of the Conference in 2008 with completion targeted by the end of 2009.

Theme 4.2: Field structure

116. The IEE recommends restoration of the balance in resources and roles between headquarters and the field (Recommendation 6.19). In the field, the IEE envisions a clear, substantive role for Regional Offices, focused on policy and analysis (Recommendation 6.20). Amongst other measures, Regional Offices would assume first line responsibility and accountability for the development of strategies and programmes across their region as well as strategies for funding them (Recommendation 6.20). Regional Offices will have greater autonomy, decision-making powers and human and financial resources to fulfil this enlarged role, including responsibility for Regional and Country Office staff, and they would be accountable to top management for their performance.

117. In line with the recent reforms approved by the Governing Bodies, Subregional Offices would become the technical support arm of FAO in the respective regions (Recommendation 6.21) and report to their respective Regional Offices.

118. Entirely new foundations need to be established for the presence, structure, functions and staffing of Country Offices, including cost-efficiency norms and benchmarks (Recommendation 6.22). Criteria are offered to determine whether or not to establish a Country Office (Recommendation 6.22) and when offices should be modified or closed.

The Way Forward: Conclusions

119. If an Immediate Action Plan is formulated along the lines of the four clusters outlined above and if the further steps suggested and the recommendations made in this report are achieved, the IEE is convinced that the challenge issued to it - to facilitate an FAO truly "fit for this century" – will have been met. Indeed, if this is achieved, the IEE is also convinced that FAO would have set the new standard of excellence for multilateral organizations.

120. This said, the IEE is well aware of the mammoth nature of the undertaking it is recommending and of the many pitfalls and obstacles that stand in the way. It is also aware that most organizational change programmes fail. Indeed, most are quietly and unceremoniously abandoned soon after they are announced. It would appear that the reason for this is often found in the mismatch between available resources and over-ambitious goals. Also, in many cases, the processes followed are top-down, resulting in low ownership and consequent weakness in implementation.

121. Many failures, however, appear to be more attributable to the absence of implementation strategies – a failure to work through their detailed requirements. In a very real sense, the development of an implementation strategy is far more important and far more challenging than the preparation of the strategy itself. Implementation needs to contend with the unavoidable fact that there is always opposition to major changes. Some opposition is from groups who have vested interests, including those holding power and authority that would be affected by changes. Other opposition derives from traditions and even deep belief systems that would be shifted through major reforms. Finally, we know that opposition is very often due to misunderstandings as to what is intended and why.

122. The key to the transformation required for a strong and relevant FAO involves a highly complex process of political economy and of political accountability, and such a process can only be successful if it includes significant efforts to explain, communicate, disseminate, consult, persuade, build trust and achieve consensus.

123. **Reduced to basics, the IEE was charged to come up with answers to three questions:**

a) **does the world need FAO?**

Answer: **Yes, without doubt**. FAO is much diminished from what it once was, but it continues to fulfil roles and furnish a range of essential goods and services that no other organization does or can. Moreover, there are continuously emerging challenges that only a global organization with the mandate and experience of FAO can address with legitimacy and authority;

b) **does FAO need to change to be fit for its purposes and challenges in the 21st century?**

Answer: **Yes, if FAO does not make major changes, its current trajectory will lead to terminal decline**, although it is unlikely that FAO would close down completely. In 60 years of multilateralism, there has been no major exit or even significant consolidation of institutions, although many continue to exist by structural and political inertia alone, long after they have ceased to offer anything of significant value to international development. FAO needs to avoid this and can do so, but only if major changes are made and a new political compact achieved; and

c) **what needs to be done?**

Answer: A great deal. The IEE has provided more than 100 main recommendations with 313 suggested actionable outputs and suggested an Immediate Action Plan (IAP). Chapters 2 through 8 of this report offer further and detailed guidance for the IAP.

124. In the view of the IEE, two basic and critical questions remain:

a) does the membership of FAO truly wish to build and invest in FAO to make it a global organization that can meet 21st century needs? and

b) if the answer to the above question is affirmative, will/can the membership forge the collective political action required to make this happen?

It is for the FAO membership to answer these questions but the IEE sincerely hopes that the answer to both will prove to be yes.

OVERVIEW OF THE STRUCTURE OF THE REPORT AND ITS FINDINGS AND RECOMMENDATIONS

Chapter 2 – Background and context

125. Chapter 2 reviews the background that led to the commissioning of this evaluation, together with its terms of reference and a description of the magnitude of the challenge. It also offers three snapshots of FAO as an analytical framework against which to view FAO's six-decade trajectory:

a) 1945-1970 – the period when FAO was the pre-eminent agricultural organization, enjoying rapid growth in resources and influence and when there were no serious competitors to the roles it played;

b) 1970-1980 – the beginning of turbulence as new actors emerged and the dominance of FAO's roles began to be challenged. Development financing for agriculture, however, continued to expand, as did FAO; and

c) 1980-2007 – over the past quarter century, FAO has been challenged on all fronts. Most of the chapter is concerned with analysing the principal factors and forces (strategic, programmatic, financial and political) making up that challenge, as these have shaped the context for the evaluation.

126. Taken together, these three snapshots demonstrate that FAO has been challenged over this period to respond to ever increasing changes in the context within which it works and to an array of new demands. FAO's original purpose was defined in simple and straightforward terms. It was essentially to work with governments to increase global food production. At the time, FAO was not only the lead organization; it was, for all practical purposes, *sui generis* - the only organization of its kind.

127. Over the ensuing decades, FAO's terrain expanded to include concerns about international codes and standards, intellectual property, poverty, gender equity and rural development, and a range of issues related to the environment - including conservation and the sustainability of a variety of natural resources. Moreover, the virtual explosion of international agencies concerned with agriculture means that FAO now operates in a very crowded field. Agricultural research as an international public good now resides unquestionably with the CGIAR; the number, size and impact of NGOs working in agriculture, food security and environment have expanded exponentially; and the private sector has become a major driver of change in the global food and agricultural system. Focus has shifted away from production and the central role of the state in situations of market failure – a phenomenon pervasive at early stages of development – to concerns about governance, human health, globalization, trade, human and animal rights, participatory processes and, perhaps above all, climate change. The context in which FAO finds itself today is one of vastly increased complexity and uncertainty.

128. These changes confront FAO with a range of new challenges. It now must address the global issues of food and agriculture while at the same time helping to build national capacity. FAO is expected to exercise regional and global leadership through unifying international development efforts, while at the same time taking into full account the multitude of differing, if not conflicting, interests, viewpoints, and priorities of its constituents. It is expected to seek out and function effectively in partnership with governments, decentralized authorities, the private sector, bilateral and other multilateral agencies and NGOs, and to show effectiveness at grassroots, national and international levels. Then, it is instructed to meet these challenges within a steadily decreasing budget.

129. The context is radically different but, tragically, many of the basic challenges to FAO have not changed. Extreme poverty remains the daily reality for more than one billion people. Hunger and malnutrition affect over 800 million people, and more than a quarter of all children under the age of five in developing countries are malnourished. Poverty in poor countries is still largely a rural issue - 75 percent of the poor live in rural areas where most are dependent in some way on agriculture. Of these, women remain among the most active producers of food for household consumption, while also being the most vulnerable and marginalized. Even in relatively poor countries that have achieved rapid economic growth and reduced poverty, the rural areas continue to be zones of relative stagnation and severe deprivation. Globalization and liberalization of local and regional markets have resulted in new market opportunities for some, but have led to new threats and uncertainties for others, particularly poor people in poor countries. In parts of sub-Saharan Africa and elsewhere, HIV/AIDS, malaria and tuberculosis are destroying rural communities and undermining local economies. The effects of climate change are already most evident in their effects on the livelihoods of the world's poorest and most vulnerable.

130. Taken together, these factors underscore the need for a global organization to provide an authoritative, objective, respected and politically neutral international platform where these central issues can be examined and decisions taken for collective action. They also underscore the need for targeted technical cooperation to strengthen the capacities of member countries, develop policies and overcome the pernicious consequences of emergencies. In this regard, no other global organization matches FAO's comprehensive mandate for food, agriculture, forestry and fisheries, including the production and provisioning of such a broad range of global goods and services.

131. Faced with this, however, FAO is today adrift, its efforts fragmented by its focus on small components of its vast challenge rather than on the full picture. There is no consensus on broad strategy that delineates how FAO is to respond, on what is high priority and what is not, on which functions to retain and which to shed, on resource needs and how these are to be provided. This undermines confidence in the Organization and contributes to the continuing reduction in its financial resources. The capacity of FAO is declining and many of its core competencies are now imperilled. It has been placed on a form of institutional "life support" - keeping it alive, but unable or unwilling to reinvigorate the Organization overall. If FAO's current trajectory continues, it will be unable to meet the challenges of the new context, fulfil the expectations of its Members, exploit its comparative advantages or preserve its core competencies. Given these realities, what can and should be done? How can FAO best respond?

132. This is the context in which the independent evaluation was conducted and these are the questions and challenges presented to it.

Chapter 3 – Relevance and effectiveness of FAO's technical work for the 21st century

133. This chapter analyses the technical work of FAO, defined as including various forms of all technical cooperation activities and the work of the technical divisions in headquarters and the decentralized offices. The assessment examines the priorities established by FAO Members for different types of technical work, the technical programmes themselves, and the quantity, distribution and reallocation of resources made available for them over the evaluation period.

134. The analysis of FAO's technical work produces a very mixed and complex picture. On the one hand, FAO provides an exceptionally broad range of relevant, valued and effective products and services for which, in many cases, it remains either the sole supplier or the only authoritative supplier. It follows from this that: "If FAO did not exist, it would need to be invented". On the other hand, it also continues to provide products and services which no longer accord with its comparative advantage, with the new global opportunities and threats or with the realities of its current and prospective resources. A continuous and serious erosion of the Organization's overall core competencies and delivery capabilities has resulted from a deadly combination of the steady decline in financial resources and the sequential short-term responses to it.

135. The causes of the steep drop in financial resources are complex but include at least the following:

a) the zero budget growth philosophy for the UN system of several OECD countries;
b) the declining importance given, through most of the 1990s and until recently, to agriculture and rural development and the rise of competitors; and
c) the negative image of FAO in many powerful quarters, much of which is undeserved, but which correctly includes the view that the Organization:
    i) has inefficient highly centralized and bureaucratic procedures;
    ii) has been unable to establish clear priorities; and
    iii) does not adjust to adequately changing needs which risks keeping it and is a step behind advances in development thinking, including working to too great an extent on small-scale projects for production technology transfer with limited impact and little demonstrable comparative advantage.

136. The analysis of Chapter 3 underscores that FAO has provided a point of stability in development priorities, while development paradigms on the importance of national food production, the role of agriculture and the rural sector have swung from one quick fix solution to the next. With each change, development thinking and knowledge has moved forward but at the cost of damaging swings of the pendulum. Within these changes, FAO has continued to stress important development issues and gradually adopt what is good from the new. There have been areas where it has exerted intellectual leadership, such as Integrated Pest Management (IPM), sustainable fisheries, sustainable plant genetic resources management and the emphasis on the small farmer as the decision-maker which is integral to the Farmers' Field School concept. It has, however, been a conservative organization, slow to recognize what is good and distinguish it from what has gone too far, as for example, with public sector reform or sustainable livelihoods.

137. Nevertheless, the Organization has got some big priorities basically right, pushing against the prevailing tide of development thinking - but it often then got the implementation modalities wrong. Examples of this extend from the importance of water and its sustainable management for increased productivity in Africa to income diversification for the rural poor. Underlying many of these failures of modality have been an excessive emphasis on the role of the state as the executor of development, on forming groups and community-based organizations of producers which fail to achieve sustainable organizational business objectives and, at best, an ambivalent attitude to the role of private entrepreneurs. A culture shift is now required in the prevailing FAO paradigm for fighting hunger and for economic development, with far more strategic focus and attention on the international political economy.

138. As noted in the headline messages above, Chapter 3 brings out FAO's strength as a knowledge organization. It points to the dangers of viewing knowledge management as a separate function. It highlights the integral roles of advocacy, policy support and capacity building, while also emphasizing that FAO must become as much a facilitator as a doer.

139. It also presents evidence that FAO is neither maximizing its comparative strengths for technical cooperation nor meeting adequately the priority needs of its Members. The decline in the Regular Budget is, of course, a major contributing factor. However, FAO has also suffered

from the absence of a coherent resource mobilization strategy derived from a rigorous assessment of its comparative advantage compounded by a lack of agreed priorities based on needs and opportunities (including the incidence of hunger and poverty) which has resulted in "salami slicing" non-strategic programme reductions over successive biennia. The IEE found that for the portion of the budget over which it has full control (i.e. the Regular Programme), the Organization had made some adjustments in the proportion of resources going to different areas of work.These shifts, however, do not give convincing evidence of being clear-cut decisions and have never been radical. Also, FAO's greatest challenge is in bringing integrated answers to interdisciplinary problems of food and agriculture. This has been recognized since the Strategic Framework was adopted in 1999, and various modalities have since been implemented with limited success, but as FAO is not a well joined-up organization, its shrinking budgets have tended to reinforce the silos rather than break them down. More radical measures are clearly required.

140. Other factors that have pervasive and damaging impact on FAO technical performance include:

a) the consistent difficulty of the Governing Bodies in setting priorities and providing oversight on extra-budgetary funding;
b) a headquarters-centric culture and structure which limits the actual and potential contribution of decentralized offices and staff;
c) the disconnected field structures between Country Representatives, Subregional Offices and Regional Offices, including that although some changes are being introduced, the balance of responsibility for the supervision and management of technical specialists in Regional Offices remains largely with the headquarters departments and not the Regional Representative;
d) the "silos" that also exist within headquarters and between headquarters and the decentralized operations of FAO;
e) despite some recent effort through National Medium-Term Priority Frameworks, a lack of strategy and priorities at the country level;
f) severe constraints on reducing and adjusting staffing in line with changing resource availability and priorities; and
g) an absence of funding for one-off costs of adjustments.

141. Moreover, within FAO there is little systemic learning from technical cooperation. The 2005 independent review of TCP recommended that it be restructured around clear allocation criteria, including country or regional strategies, but this recommendation has only been partially implemented. The difficulties of FAO's situation are further compounded by policy inconsistency on the part of many of FAO's principal contributors who argue that the highest strategic priority for Regular Programme resources should be assigned to strictly normative work. In reality, however, many among them earmark the great majority of extra-budgetary funds to country-level technical assistance activities that may bear limited relationship to their stated global concerns. This frustrates attempts by FAO management to design a coherent strategy.

142. The analysis in Chapter 3 makes clear that FAO is making its most unique contribution to developing countries in those areas where its normative strengths can be drawn together with country needs in policy work and capacity building. Direct support to production technology transfer and piloting no longer emerge as areas of FAO comparative advantage and evidence of widespread sustained impact was only evident in the case of IPM and Farmers' Field Schools. The IEE does not believe that the Organization can mobilize the resources to repeat such successes in the future. Although appreciated by some countries, the Special Programme on Food Security, the single flagship technical cooperation programme, does not build well on FAO's global strengths. After over twelve years of operations, only a limited number of investments have moved beyond the pilot stage and the emphasis continues to be on technology transfer for production, often with unsustainable subsidies and to the neglect of the production and business enabling environment.

143. The closing section of Chapter 3 addresses 24 main recommendations to FAO's technical programmes, with 75 actionable subcomponents. These stress that FAO needs to act as a facilitator as well as undertaking programmes itself and define areas of priority, as well as areas where FAO no longer has a comparative strength. Areas of comparative priority include the provision of basic global data and statistics, forestry, fisheries, livestock, environment and natural resources (including land and soils), work in emergencies and rehabilitation, economic, social and food and nutrition policy and the work in support of global conventions and food safety, including Codex. In all these contexts, advocacy, policy support and capacity building receive emphasis.

Chapter 4 - Governance

144. Chapter 4 reviews the functioning and effectiveness of FAO governance structures and analyses the three principal components of governance responsibility, namely the:

a) global governance of world agriculture and the strategic role FAO plays in it. With greater globalization, there is an increasing demand for policy frameworks which transcend national borders and are underpinned by international agreements. A growing number of complex issues with a strong impact on food and agriculture have been, or are becoming, the subject of global governance. These include, for example, environmental concerns, climate change, trade liberalization, agricultural subsidies, poverty eradication, natural resource management, biodiversity, genetic resources, toxic chemicals such as persistent organic pollutants, wetland conservation, desertification and trade in wildlife products;

b) internal governance of FAO - its institutional structure, its functions and processes, including its role in determining strategy and policy and the relationship between governance and management; and

c) overall UN context of governance, with the political agenda often moving away from the specialized agencies to the UN in New York and a growing role for the UN Secretary-General as *primus inter pares* among executive heads of the system and increasing pressure for coherence.

145. Concerning FAO's role in global governance on food and agriculture issues, some significant contributions continue to be made and are reported in Chapter 4. At the same time, FAO's role in this area has declined in comparison with that of others, and risks further decline. Issues of trade in agricultural and food products have become principally the purview of the World Trade Organization (WTO). As noted earlier, the international agricultural research centres (CGIAR) are the focal point for agricultural research as an international public good. Much of the governance of natural resources for food and agriculture has migrated over the past two decades to new environmental agreements. Leadership in standard-setting for animal health, including epidemic diseases which may spread to humans (zoonoses), are largely with the World Organisation for Animal Health (OIE). Alternative fora to FAO now exist for aspects of policy discourse on international forestry policy, and on fisheries as part of the Law of the Sea.

146. The IEE also found the Governing Bodies of the Organization to be performing poorly with regard to the internal governance of FAO. The low level of mutual respect and understanding between some Members within the Governing Bodies and between some Members and management has produced attitudes and a culture which set a tone and promote a value system not conducive to good governance practice. The Governing Bodies have suffered from politicization and a growing divisiveness. One major factor causing conflict has been the misunderstandings and false dilemmas created over the normative versus the technical cooperation functions of FAO. The capacity of the Governing Bodies to perform the functions conceived for them in the Basic Texts has reduced, while the tasks which they face have increased.

147. The main findings that emerge from the IEE analysis of governance are:

a) the Council meets too infrequently, has insufficiently focused agendas, does not come to clear decisions, fails to provide the arena for member countries to

dialogue, does not give the lead in strategic planning, and generally plays a weak role;

b) there has been a neglect of the global governance role of FAO, and the institutional arrangements between the Conference and technical committees as well as agendas need to be revised to facilitate this;

c) there are imbalances in the membership composition of Governing Bodies as a result of the historical legacy in the composition of regional groupings and these need to be reviewed with a view to making the Council and its Committees more representative;

d) the Programme and Finance Committees are under-informed; they require significantly better servicing by documents from management; and representation is unbalanced;

e) the timing of the Conference is poorly aligned with the Organization's programme and budget cycle, leading to an expensive and highly duplicative system of decision-making;

f) the Governing Bodies do not provide strategic leadership but mostly react to Secretariat proposals. They have reinforced the weakness of the Secretariat, which also fails to suggest priorities, and Members of the Governing Bodies' defence of pet areas of work, at the expense of a coherent strategy, contributes to across-the-board budgetary cuts;

g) there is a lack of transparency in the operations of Governing Bodies, the way their decisions are prepared and the role played by management in supporting their work;

h) Regional Conferences should contribute to governance but they have not, and currently only have a marginal input into central governance;

i) there is a lack of clear definition and observance by both governance and management of their respective functions and responsibilities and Governing Bodies are unable to fulfil their strategic and control functions vis-à-vis management and the Secretariat;

j) the central role of the Director-General and management and the lack of independent technical support available to the Governing Bodies have contributed to an imbalance and a corresponding tendency to micro-management by the Governing Bodies. The balance of decision-making authority has swung too far from these bodies in favour of management;

k) weaknesses and limitations in the selection process for membership of Governing Bodies (regional rotation or political consideration, rather than expertise) result in a situation where not all the Members of Governing Bodies have the knowledge and skills required to contribute effectively;

l) there is an overlap of functions among different Governing Bodies, as well as gaps in their mandates;

m) there is inadequate provision of time and resources for meetings; and

n) governance does not receive all the information and independent and unbiased advice that it needs in order to make sound decisions.

148. As the Organization's resources and level of influence decline, so also has the interest of member countries in its governance. IEE interviews detected, amongst a significant proportion of Members, little sense of ownership of the Organization's programmes and priorities. Mistrust between the various groups of Members has been compounded by the declining budgetary resources available.

149. FAO currently suffers from the alienation of many of its major contributors. To some extent, this has been common to the UN system as a whole, including its specialized agencies. It appears, however, to be deeper and more serious in the case of FAO than for many other UN agencies.

150. Improved governance is central to a strengthened FAO if it is to meet the expectations of its Members. The Governing Bodies, working together with management, will need to develop a long-term strategic vision for the Organization and act flexibly and responsively to meet the growing challenges in FAO's mandated areas. Without a substantive improvement in governance, the remainder of the recommendations in this evaluation will be at best sub-optimal in charting "the way forward, to better meet the challenges of the future in an evolving global environment", as called for by the IEE terms of reference.

151. With the aim of helping to bring about the improvements required, the last section of Chapter 4 sets out 60 actionable tasks within a framework of 20 major recommendations.

Chapter 5 - FAO in the multilateral system – partnerships

152. Chapter 5 analyses the place and performance of FAO as a partner in the UN system, with other principal partners (the Rome-based agencies, World Bank and the CGIAR), and more generally with civil society, the private sector and regional organizations. Partnership within the United Nations system is assessed at both global and country levels, including an assessment of the potential implications for FAO that could arise from the "Delivering as One" initiative.

153. The IEE review results in two headline messages:

a) first, while the most common external perception is that FAO is an unwilling and/or unreliable partner, the evidence does not support this. The review of technical programmes in Chapter 3 demonstrates the breadth and depth of FAO partnerships. It furnishes evidence of FAO as an effective leadership partner in the global arena in many undertakings and also as a secondary partner in others; and

b) secondly, in spite of the first point, FAO is not currently well-equipped, especially at the country level, to fully benefit from the many existing partnerships or to develop new relationships that will enhance its effectiveness. The Organization lacks, at both corporate and country levels, the strategic tools required to determine the purposes, modalities and thematic areas in which partnerships are desirable. In addition, although budgetary constraints impose undeniable limitations, there are other factors reported to the IEE by FAO partnership organizations that are at least equally constraining. These are also recurrent themes that run through the entire IEE report and include: FAO's heavy, slow and burdensome bureaucracy; centralization of authority; and inflexible means of securing technical expertise.

154. The IEE analysis of FAO partnerships found them of a highly uneven character. They are mostly developed with a few sister agencies of the United Nations, with the World Bank and the CGIAR. They have demonstrated important results in several global programmes, but they are weakest at the country level in terms of engaging with other development agencies, NGOs and the private sector. Partnerships with the private sector are overall weak. In view of the increasingly significant roles played by private firms, there is a need for a clear corporate strategy to address this.

155. Moreover, in spite of several important successes in partnerships, FAO has neither a strategy nor specific plans for partnerships and for the ways in which they would contribute to defining the Organization's comparative advantage, communicating its message and locating its role clearly in the new international development architecture. Staff need considerably more guidance as they seek to respond to the increasing requirement of donor agencies for the demonstration of robust partnerships, of joint and shared actions where the total outcomes and results exceed the sum of the individual efforts.

156. The inescapable reality is that FAO will be able to fulfil its mandate as a global broker of essential knowledge only through effective and strategic partnerships. A second reality is that this will require a new, genuinely corporate-wide strategy to replace the limited number of *ad hoc* and unconnected efforts now in place. To be effective, the strategy will need to establish clear priorities and point to specific requirements.

157. The IEE examination of partnerships, however, has pointed to a third reality which is that they also entail costs and that many are cost-ineffective. The present mantra in some quarters of establishing partnerships for partnerships' sake presents a danger of introducing high transaction costs for unclear objectives - as is evident in some technical areas.

158. Building from this analysis, the closing section of Chapter 5 makes ten recommendations with 22 actionable components.

Chapter 6 - Situating FAO's culture, organization and structure

159. There are two distinct sections to this chapter:

a) the first examining the institutional culture of FAO; and
b) the second analysing the organization, structure and functioning of FAO, both in headquarters and the field, and the structural relationships between them.

160. **Culture**: This section includes analysis based on a standardized and respected survey instrument (the BAH profiler) used to measure whether the working culture of an organization is "healthy" or "unhealthy". This is complemented by the results of a staff survey designed especially for the IEE and on follow-up semi-structured interviews and focus groups.

161. The results of the BAH profiler clearly place FAO's institutional culture in the category of an "outgrown organization." This assigns to it the following main defining cultural characteristics:

a) it is too large to be managed centrally by a small team and can achieve effectiveness only through much greater diffusion of power, authority and responsibility. A centralized decision-making structure cannot achieve the efficiencies and effectiveness that the Organization requires. Senior management is involved in far too many issues too far down in the Organization; and
b) its management culture is hierarchical, centralized and rigid and its communication channels are mainly vertical. Because power is highly centralized and only relatively low levels of authority are delegated, while information is decentralized, the Organization is risk averse, slow to seize new opportunities, slow to react to changes and is characterized by low levels of individual responsibility.

162. The staff survey and interviews indicated that FAO staff are highly committed to the mission of the Organization. A large majority are motivated by the intrinsic value they attach to the mission and not to their salaries alone. The results also revealed very high levels of frustration with the Organization's internal culture and the paradox of an overwhelming desire for major transformational change together with scepticism that such change might ever occur. In addition, and consistent with the characteristics of an "outgrown organization", the survey revealed generally: low levels of delegated authorities, reluctance to take individual responsibility, limited awareness of activities beyond the immediate work unit (silos) and low level of confidence in senior management.

163. The central conclusion that derives from the analysis of culture (overwhelmingly supported by the findings in organization theory and practice) is that the institutional culture of FAO is misaligned with the basic requirements for a knowledge-based organization. The five main recommendations with 13 actionable components proposed by the IEE are aimed at a fundamental cultural transformation that will take time to achieve.

164. **Organization and structure:** Chapter 6 provides an extensive review and analysis of the structural architecture of FAO. There have been various changes in its organizational structure since the beginning of the 1990s; various units have been created, disbanded and transferred from one division or department to another. The basic managerial structure of FAO headquarters, however, has been little changed. Moreover, the structures have remained segmented and their functioning frustrates the Director-General's intention and attempts to bring about greater interdisciplinarity and programme integration.

165. Taking this into account, a number of basic organizational principles emerged from the IEE analysis of headquarters structures. These are:

a) span of control: Currently 13 Assistant Directors-General (ADGs), as well as the directors of four independent offices, report directly to the Director-General (as well as FAO Representatives with an indirect reporting line). This is too large a top management group, given modern management practice in centrally managed organizations[11] which suggests that the optimum would be around six and that beyond twelve, effectiveness declines substantially;

b) team work and management committees: The larger a decision-making committee, the less probability it can function as a team. Large senior management committees generally focus more on an amalgam of individual concerns than the larger interests of an organization;

c) there should be no search for uniformity: Depending on the nature of the work to be performed, departmental or divisional status can be large in one instance and considerably smaller in another. 'One size fits all' management structures usually create problems by placing functions where they do not belong;

d) de-layering and fragmentation: FAO has too many small units in hierarchies. These increase transaction costs unnecessarily, reinforce a focus on process rather than product and strengthen the silo approach. The layers are also very costly in financial terms;

e) flexibility: Organizational structures need to take into account the need for flexibility and the place of incentives in an overall system. Structure should encourage and facilitate cross-unit work;

f) delegation: The principle of subsidiarity should apply and delegation should be encouraged to the lowest possible level consistent with good practice and accountability, reinforced by an *ex post* system of control;

g) clear lines of responsibility and accountability: These should result from effective spans of control. A log-frame based means-ends approach to management accountability is necessary for FAO.[12] There should be regular reporting on this basis to the Governing Bodies of the Organization; and

h) economies of scale and cost-efficiency gains: The size of several divisions and functions within FAO has fallen below critical mass. At the same time, the Organization needs to do all that is possible to achieve administrative cost savings, both as a necessary end in itself and to build confidence with major contributors.

166. The IEE applied the principles enumerated above in as rigorous a manner as possible to the current headquarters structure and derived a proposed organizational model which is described in Chapter 6. In the view of the IEE, it holds considerable potential. Although variations on the model are obviously possible, it would certainly bring about a much sharpened clarity in roles and responsibilities, streamline decision-making and invite greater integration across the Organization. It should also provide the opportunity for significant efficiency savings over time, although initial costs to effect the changes could also be considerable and would need to be taken into account. The assumptions underlying the model need to be reviewed carefully, including those relating to both costs and benefits.

167. The structural characteristics of the relationships between FAO headquarters and its field presence are severely fragmented. This is not merely a matter of reporting lines, although these have followed an "all things lead to Rome" principle which has been high on costs and low on benefits. The larger issue, however, is the phenomenon of "spokes and wheels", meaning the

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[11] Centrally managed as distinct from organizations with networked or quasi autonomous business units which are common in the commercial world.

[12] The logical framework approach would ensure that clear links are made between goals, objectives, priority activities, and budget sharpening the means-ends approach proposed throughout the IEE report.

absence of shared goals, purposes, strategies and resource mobilization efforts between headquarters, Regional, Subregional and Country Offices.

168. Although many changes are now underway, the current FAO infrastructure aimed at a strong presence outside Rome is not functioning well. Staff-to-programme cost ratios have declined substantially; in several Country Offices, administrative costs exceed programme expenditures, in many others the ratios exceed 1:1 by only slight margins. The IEE country visits frequently discovered situations where regional technical specialists could not travel to meet their work obligations due to shortages of travel funds; the same applied for FAORs.

169. At the same time, many headquarters programmes in areas of FAO's undisputed comparative advantage are moving into the "at risk" area due to the combination of sequential budgetary reductions and decisions on decentralization in the context of this declining overall budget. Between 1994 and 2006, regular budgeted staff declined in headquarters by 34 percent and increased by seven percent in the field. The IEE has no doubt that FAO needs a strong presence outside of Rome if it is to achieve the relevance, outputs and impact that all its Members should correctly expect. It does not follow, however, that such a presence needs to be physical or that it can be achieved only by the posting of an FAO employee. It also does not follow that one size should fit all. Connections, networks and 'being present' can be achieved in many ways, especially in today's globalized and technologically linked world. The question is not whether FAO needs a strong presence, it is how best to achieve it and with what means.

170. With a view to helping to find the right structural balance between field and headquarters and to align scarce resources in the most optimal way possible, Chapter 6 includes 17 main recommendations on structure together with 34 actionable sub-components.

Chapter 7 - FAO's programme cycle

171. Chapter 7 examines the full continuum of FAO's programme cycle from formulation of strategy, through programming and budgeting, including extra-budgetary resources, to results measurement and evaluation and auditing.

172. **Strategy and the Programme of Work and Budget (PWB):** For all practical purposes, FAO does not have a functioning strategic framework. A mid-term review of the Strategic Framework was postponed by the Governing Bodies, pending the outcome of the IEE, as was the preparation of the Medium-Term Plan 2008-13. The Strategic Framework for FAO, 2000-2015 has been overtaken by events. Moreover, the key elements of ensuring means-to-ends linkages and determination of clear priorities never emerged from the process. The basic design of the process itself – a medium-term document and a specific proposal for the biennium - is reasonable, with the exception of the Summary Programme of Work and Budget, which is redundant. In practice, however, there is little coherence between the parts, especially between the means required to achieve the planned objectives and outcomes. The failure to effectively integrate extra-budgetary fund mobilization or expenditure exacerbates the dysfunctionality. The Governing Bodies do not properly guide the process to enable timely setting of priorities to address gaps between the financing needed for programme effectiveness and the funds actually available.

173. This situation is exacerbated by a disconnect between approved budgets and resource availability due to the timing of payments and levels of arrears. These factors have reached critical proportions, not merely in regard to all aspects of operational efficiency (i.e. recruitment, staffing, contracting, procurement and general operations) but also possibly now threatening the financial solvency of the Organization.

174. Within the Secretariat, there is understandably a high level of frustration over the repetitive, costly and time-consuming nature of FAO planning and budgeting processes. Many FAO Members are similarly frustrated and have complained openly that there are too many layers and that at least one should be dropped. While dropping one step (i.e. the Summary Programme of

Work and Budget) should free up some time for both the Secretariat and Members, it would neither address the disconnects in the overall planning system nor resolve the worsening budgetary situation.

175. The vast majority of FAO Members see a lack of transparency in allocation of human and financial resources. In part, this is due to an over-emphasis on details that Members themselves demand, but it also arises from the lack of clarity on extra-budgetary funds and from decisions made by Governing Bodies in the late 1990s to present a regular programme of work separate from the Appropriation.

176. The IEE presents 11major recommendations and 37 actionable deliverables to address the difficulties and deficiencies diagnosed in the FAO programme cycle and in the instruments used, including adjustment in the date of the Conference to allow detailed work planning and budgeting to take place after the overall budget decision has been set.

177. **Internal and independent External Audit:** FAO has been according increasing importance to audit. Over the past seven biennia, the regular budget allocation to the Office of the Inspector-General has increased in real terms by 45 percent. The IEE addresses seven recommendations to the audit function, the main one reflecting a concern with what gets audited and what does not. In particular, the IEE noted that large areas of the highest corporate risk to FAO have not received audit attention for risk assessment and risk mitigation adequacy, with regard to such areas as FAO reserves, after-service staff liabilities, borrowing policies and practices, or currency risks.

178. **Evaluation and learning:** The IEE necessarily drew heavily on the previous evaluation work of the FAO Evaluation Service. Because of this, extra attention was given to actually evaluating the function of evaluation in FAO, including the commissioning of an independent external peer review of quality. The general finding was that FAO's Evaluation Service has been performing to a high standard and that it compares favourably relative to its main comparator agencies.

179. The review also confirmed that the value of FAO's evaluation function would be significantly increased if it were accorded greater independence of location, reporting lines and financial resources. This is consistent with the direction of previous Governing Body decisions, as well as the views of an overwhelming majority of FAO Members responding to an IEE survey, many staff and external parties[13]. The report of the Secretary-General's High-Level Panel on UN-wide System Coherence, "Delivering as One", envisaged "an independent UN system-wide evaluation mechanism" (by 2008) with common evaluation methodologies and benchmarking[14]. The standards and requirements for best practice lend overwhelming support to the independence of evaluation with an autonomous budget and direct reporting to the Governing Bodies with measures to ensure responsiveness to the needs of both management and the Governing Bodies [15]. The IEE agrees with these assessments. It makes this proposal plus five additional recommendations with regard to evaluation in FAO.

Chapter 8 - Administration

180. First, Chapter 8 notes that the Organization and its Members can be credited with recognizing the importance of attaining efficiency savings in the administrative and technical areas. FAO can also be commended for taking a number of positive actions, such as quantifying savings over the years and establishing a new framework for capturing efficiencies.

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[13] See peer review of the Evaluation Service, 2005.

[14] United Nations, 2006, "Delivering as One", IEE emphasis.

[15] See Osvaldo N. Feinstein and Robert Picciotto, eds. Evaluation and Poverty Reduction. New Brunswick, NJ: Transaction Publishers, 2001.

181. The chapter analyses the broad areas of administration and finance, raising cross-cutting issues which impinge on all aspects of the Organization, including the operation of extra-budgetary projects and of decentralized offices. Five overarching conclusions emerge from the analysis.

182. FAO's administration performs very well in the application of its regulations and approved procedures. This is achieved, however, through high transaction costs that translate into large direct costs and additional hidden expense through the transfer of tasks from administrative divisions to FAORs, technical departments and decentralized offices. The administrative system is also characterized by a host of *ex ante* and *ex post* control requirement and low levels of delegated authority relative to comparator organizations, a general absence of client focus and a view of human resources management that is technocratic rather than strategic.

183. Second, FAO's highly centralized, burdensome and overly complex administration causes substantial negative effects on the Organization's technical work and its external image. It reinforces an inherently risk-averse institutional culture. Technical and FAOR staff spend an inordinate amount of time trying to meet administrative requirements and overcome administrative hurdles. Maintaining the necessary staff technical competencies is also an issue made more difficult by rigidities in the administrative and human resources systems and inadequate planning for staff development.

184. Third, some steps recently taken to increase delegations of authority should help, but many more steps and much more ambitious measures will be required for FAO to become the kind of dynamic and agile organization that is needed to meet the challenges outlined in previous chapters. Relatively modest and incremental approaches will not achieve what is needed. A much more systemic, root and branch approach predicated on the principle of subsidiarity[16] and aimed at a shift in the institutional culture is required.

185. Fourth**,** FAO's current financial situation is dire. It is both a liquidity crisis and one of insufficient reserves and provisioning. The liquidity or cash flow position has been deteriorating steadily, forcing the Organization to borrow increasingly large amounts of money. This is due principally to the late arrival of assessed contributions from the Organization's largest contributors. The situation is unhealthy and unsustainable. The long-term financial soundness of FAO will require new approaches and financial support from Members and a more systematic and institutionalized approach to financial risk management.

186. Fifth, FAO has devoted substantial incremental resources to information technologies in both relative and absolute terms and made laudable progress in recent years. New investments are continuing. Nevertheless, many serious problems exist. Lack of overall coherence has led to an unnecessary and costly fragmentation of systems throughout the Organization and to an unnecessarily bureaucratic division of labour between systems development and maintenance. A rigorous risk analysis, although now well advanced, remains to be completed and tested.

187. The IEE's analysis and conclusions on FAO's finance and administration lead to 69 actionable components within a framework of 20 main recommendations.

[16] Subsidiarity is the principle that a higher level of authority should only become involved in an issue if it cannot be adequately resolved at a lower level.

Chapter 2: Background and Context

188. In November 2005, the FAO Council launched the first-ever Independent External Evaluation of the Organization. The IEE was to be financed from extra-budgetary contributions and aimed at "*strengthening and improving FAO. It was expected to take into consideration FAO's performance in conducting its mandate …(and consider) all aspects of FAO's work, institutional structure and decision processes, including its role within the international system*"[17].

189. This chapter will first describe the vast scope of this evaluation and how it has been carried out. It will then present FAO in a historical context as a backdrop for subsequent chapters which report in detail the IEE's specific findings, conclusions and recommendations.

Background and scope of the IEE

190. Detailed terms of reference (ToR) for the IEE were prepared by an Inter-Sessional Working Group and approved by the Council at its 129th Session in November 2005. The ToR underscores how exceptionally ambitious an undertaking this evaluation is:

> "*It 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.*"[18]

191. The terms of reference make clear that this work should go far beyond the framework of conventional evaluations, which normally focus on a diagnosis of institutional performance by assessing outputs, outcomes and results. Instead, the IEE's primary emphasis is assigned to 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 it happen.

192. Few efforts of this level of magnitude and ambition have previously been attempted and certainly not within the framework of an "evaluation". In terms of the breadth of its reach, however, there are 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, which 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 UN structure, organization, accountability and governance and presents proposals for the most ambitious reform agenda in the history of the United Nations.

193. In a similar vein, the Outcome Document of the 2005 World Summit of 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

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[17] FAO. Report of the Council , CL 129/REP, para 53-56.
[18] Report to the Council of the Inter-Sessional Working Group for the Independent External Evaluation of FAO (IEE), CL 129/10.

goals of the Millennium Declaration. Specifically, the panel was asked to 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 FAO. The report of this High-Level Panel on Coherence in the UN system, under the leadership of the Prime Ministers of Mozambique, Norway and Pakistan, was released on 20 November 2006 (further discussed in Chapter 5).

194. Thus, this IEE has been undertaken at a time when the UN is itself undergoing major systemic examination, review and renewal. These include the fundamental international public policy challenge of determining what justifications exist for continued financing of institutions founded decades ago, given today's context of numerous new and alternative sources of supply. Indeed, today's pressures for change and reform involve unprecedented questioning of the entire institutional architecture for international development and the provision of global public goods and services. This presents both major opportunities and threats to the future of FAO. It affords the most significant opportunity in decades for the institutional renewal required to achieve full potential, but this will require a clear and compelling demonstration of relevance, effectiveness and potential. It will also require demonstrated strategies appropriate to the new context for development efforts and the changed realities of the international political economy.

195. The IEE was charged by the terms of reference approved by the Conference to chart a new way forward for FAO, to address the strategic implications of this dramatically changed context for development efforts, of changed global needs, of reform efforts already under way and of future trends. Many of the difficulties and challenges facing FAO also confront the entire United Nations system. Many others, however, are unique to FAO. The task of the IEE was made more daunting by the lack of an overall review of FAO since 1989 and by the absence of a comprehensive, independent external evaluation during the entire six-decade history of the Organization.

The structure of the IEE

196. **Four key, interlinked components**, as set out in the ToR for the IEE, provide the basic conceptual framework for analysis (the complete ToR is attached as Annex 2):

a) **the technical work of FAO**: Included here is both the normative and operational work of FAO in addressing access to food, crops, livestock, forests, fisheries, commodity trade and rural development and its efficiency and effectiveness in overcoming hunger, safeguarding the environment and improving conditions for economic and social development. FAO's 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. All these aspects were examined during the IEE review (see Chapter 3);

b) **management, administration and organization of FAO**: This area encompasses planning and programming, budget, administrative and financial systems, organizational structure, including decentralized structures, oversight, evaluation, corporate culture, human resources management and deployment, knowledge and risk management, and accountability policies and practices (see Chapters 6, 7 and 8);

c) **FAO governance**: Included here are the roles, efficiency and effectiveness of the Governing Bodies in furnishing global governance for food and agriculture and in guiding the work of the FAO Secretariat. This encompasses 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, as well as the participation of stakeholder groups (see Chapter 4); and

d) **FAO's role in the multilateral system**: Central to this area are questions of the appropriate role for FAO in an international development architecture that is vastly

different from 1945 when 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 (see Chapter 5).

The core team

197. The ToR specified that a core team is to have "sole responsibility for the direction, supervision and conduct of all substantive work of the IEE". When the core team was appointed on 14 February 2006 at the second meeting of the Council Committee, Mr. Keith Bezanson of Canada was appointed team leader. Due to subsequent health problems Mr. Bezanson was compelled to relinquish this responsibility and, during the summer of 2006, Mr. Leif E. Christoffersen of Norway was recruited to take over this task. Fortunately, as welcomed by the FAO Council, Mr. Bezanson was able to continue participation in the core team, making significant contributions to the IEE's work as the senior coordinator and as principal author of the report.

198. Therefore, the composition of the core team that has completed this evaluation is:

- Mr. Leif E. Christoffersen (Norway) – Team Leader;
- Mr. Keith Bezanson (Canada) – Senior Coordinator and Former Team Leader and principal author of the report;
- Ms. Uma Lele (India/USA) – Technical work of FAO;
- Mr. Michael Davies (United Kingdom) – Management, organization and administration;
- Mr. Carlos Perez del Castillo (Uruguay) – Governance of FAO; and
- Mrs. Thelma Awori (Uganda) – FAO's role in the multilateral system.

199. Work on the IEE began on 29 March 2006. An Inception Report was submitted to the Council Committee in May 2006, followed by a Progress Report in September 2006 and an Emerging Issues Paper in April 2007. This working draft was presented for consultation to the Council Committee for the IEE on 29 August 2007.

Methodology

200. The core team met together as a group several times in the course of the IEE, in addition to regular distance communication. This enabled integration of findings between the four core areas of the IEE and formed a firm foundation for the evaluation's overall conclusions and recommendations.

201. There were four main phases to the IEE:

I. Preliminary Assessment from late March to early April 2006;

II. Main Investigation, from April 2006 to early April 2007;

III. Formation of draft Conclusions and Recommendations, April to early July 2007; and

IV. Finalization, from mid-July to mid-September 2007.

202. The methodology for the first two phases is described below.

203. **Phase I - preliminary assessment:** This involved intensive fact-finding for an initial situation assessment, based on an extensive literature review and open-ended interviews and meetings with about 100 FAO senior staff. Interviews were also held with specialists in the four core areas of the IEE and with regional specialists.

204. From this base, team members developed together a core methodology for the IEE, a division of labour and an initial critical path. Each core team member then developed the detailed methodology for his/her main area of work, which was then discussed and agreed by the IEE team leader.

205. A full description of the methodology for **Phase II - the main investigation**, the reasoning behind it and working hypotheses were given in the Inception Report, presented to the Council Committee for the IEE (CC-IEE) in May 2006. Twenty-six specialized consultants worked in sub-teams. They covered the various technical disciplines relevant to FAO, specific aspects of governance and supporting areas such as knowledge management, budgeting and IT; 11 regional experts took part in the country visits; and 10 consultants were recruited to provide research support.

206. During the course of the IEE some important, but relatively small, improvements and additions were made. In summary, the main elements that fed into all of the four core areas of the IEE were as follows:

a) an extensive review of written materials from multiple internal and external sources, including, among others, internal FAO reports and previous studies, internal and external audit reports, and UN system-wide reports;
b) a review of many FAO corporate-level evaluations, project evaluations and auto-evaluations, including an assessment of their quality. In addition, for many corporate evaluations, the IEE systematically tracked the recommendations made, management responses and subsequent follow-up;
c) field visits were made to 35 member countries, which included 23 developing countries, ten OECD capitals, the Russian Federation and the European Commission. These visits were led by core team members accompanied by regional and technical specialists. Countries were selected on the basis of a simple, transparent, numerically-based formula, which was then population-weighted for each region and a random selection made. Field visits used a generic evaluation matrix to ensure uniformity in the information collected, but allowing for differences in emphasis and applicability of different FAO products to different parts of the world and countries at different levels of development;
d) the field visits were supported by country profiles, prepared in advance, covering, for example, an inventory of FAO projects over the last six years and key donor and government programming documents. Among the hypotheses tested were cross-cutting issues, such as policy and programme measures and their effectiveness in gender, sustainable development and the mainstreaming of poverty reduction;
e) structured and semi-structured interviews (face-to-face and by telephone) and focus groups were conducted, using the same questions or generic frameworks. Over 2 500 individuals were involved, many on more than one aspect of the IEE;
f) analysis of over 3 000 responses to twelve separate questionnaires, each with different purposes[19];
g) benchmarking of FAO against comparator agencies[20] in each of the four core areas of the IEE, selected primarily for their similar function (i.e. technical agencies) and/or size, with some additional comparisons on specific areas. Comparison was also made with the other Rome-based agencies (WFP and IFAD), where appropriate. This was done by data review and direct interviews, as well as benchmarking within the UN system more widely (e.g. through review of UN-HLCM data);
h) review of the extent of literature citations and internet references to FAO;
i) an inventory of key global and (inter-)regional organizations supplying services in the agriculture and food sector, ranked by FAO technical staff by importance to FAO as partners and as competitors, and drawing on relevant studies produced by independent research institutions as well as the experience of FAO staff;

[19] On Culture, Governance, Gender, Partnerships, Agriculture, Forestry, Statistics, Research, International Law and Standards, Nutrition, Emergency Assistance and Demand for Technical Support Services.
[20] Including WHO, UNESCO, ILO, UNIDO, OECD and IMF.

j) retrospective examination against set criteria of historical institutional initiatives and reforms undertaken within FAO; and
k) analysis of data from FAO's automated systems, for example on budget and finance, WAICENT, personnel systems and the evaluation database.

207. The IEE did extensive "triangulation" of the evidence gleaned from the above methods – for example, comparing findings of past evaluations against findings of country visits and with interviews of FAO staff.

208. Additional specific methods and approaches appropriate to each of the four core areas of the IEE were used, as follows:

a) **FAO technical work**: Within generic terms of reference, specialists in almost all major FAO technical programme areas analysed key changes in the sector over the past seven years and provided analytical frameworks situating FAO in the changing institutional landscape. The IEE core team reviewed FAO performance applying standard UNEG and OECD/DAC methods and evaluation criteria[21], supplemented by methods more suited to the evaluation of activities on global public goods[22];
b) the **administration, management and organization** team took essentially a bottom-up approach to exploring the strengths and weaknesses in rules and processes from the working level up through line management to senior management; and
c) the **governance** team also developed case studies of trends in Members' funding of the major issues being addressed by FAO; of recent measures taken on decentralization and the implications for governance; and of interagency governance arrangements on a regional basis. Together with those team members responsible for assessing FAO's role in the multilateral system, close consultative relationships were established with groups working on UN Reform and with donor agencies reviewing how to strengthen multilateralism and to assess future needs and modalities of development financing (the OECD/DAC "New Rules Coalition").

Quality assurance

209. A number of measures were taken to ensure that the methodology used by the IEE was technically sound and would be seen as fully acceptable to concerned stakeholders.

210. Two independent external expert quality advisers, Mrs. Mary Chinery-Hesse and Mr. Robert D. van den Berg, gave invaluable advice on the proposed methodology, which was also published on the IEE website. The quality advisers also commented on the Emerging Issues Paper and the Draft Report. An expert reference group was also used in the assessment of FAO's evaluation function.

211. The FAO membership gave feedback at the following moments:

- *Inception Report*, presented to the Council Committee for the IEE (CC-IEE), May 2006;
- *Progress Report*, presented to the Council in November 2006 (on process);
- *Emerging Issues Paper*, presented to the CC-IEE in April 2007; and
- *Working Draft of the Final Report*, presented to the CC-IEE in August 2007.

212. All these papers were made available on the public IEE website to ensure maximum transparency. Reports of the Governing Bodies' discussions of them, the IEE terms of reference and the résumés of core team members were also placed on the website. In addition, the team leaders maintained an open-door policy in so far as possible. At the same time, in order to encourage openness, interviewees – internal and external and including participants in focus

[21] Relevance, efficacy, efficiency, institutional impact and sustainability.
[22] By World Bank/IEG.

groups– were guaranteed confidentiality. The IEE team was very encouraged by the degree of openness it experienced. This candour has helped the IEE to better understand FAO's situation as well as the factors influencing its strengths and weaknesses, and to make recommendations for the future built on this understanding.

Limitations

213. This evaluation was originally contemplated as requiring two years to complete. The time required for the Organization to ensure adequate financing and the timing of the Conference has meant, however, that the entire project has been completed in barely over one year. As a result, a number of steps that would have been desirable and would have strengthened the evaluation could not be undertaken. Several of these are noted below to indicate that the core team is well aware of these potential areas of weakness, although it is our belief that they do not undermine the evaluation's key conclusions and recommendations:

a) for example, the terms of reference made clear that country visits would be very important. As noted above, 35 were accomplished. These visits took considerable time to arrange, however, and they had to be done at an early stage of the review before the IEE's hypotheses were fully formed. This situation made them less valuable than they might have been if time had permitted visits at a later stage;
b) the almost total absence of monitoring as a foundation for evaluations, or a longer-term results framework with performance indicators, has made it very difficult to assess FAO's efficacy or efficiency. This, coupled with the inherent difficulties in evaluating global public goods activities and technical assistance, has meant the country studies were not able to systematically track the global technical activities at the country level in the way the IEE had hoped;
c) multiple survey instruments were used, and the best social science practice was followed. Unfortunately, the IEE did not have time to pre-test each of the instruments, and as a result the confidence level is not as high as would be desired. But the IEE does not believe that it affects the overall results;
d) given the vast scope and short time frame of the evaluation, the IEE had to rely on a very large team of colleagues. This gave it the benefit of many expert opinions, but also required an elaborate effort at synthesis to pull it all together, which the IEE did as best as it could; and
e) given the time constraints, the formal opportunities for direct participation of stakeholders were structured and focused. This has limited the opportunities for reactions from the private sector, civil society and academia, in particular. The IEE hopes that any direct stakeholders (whether representative of Member Governments or staff) who may have missed formal opportunities to communicate with the core team, succeeded in contributing their views in an alternative way[23].

214. Finally, given the limited timeframe and in order to keep the report to a manageable length, choices were made to focus on areas most central to the ToR in the light of the larger emerging picture. This means that not all technical work (in particular) is fully described and assessed. This in no way constitutes a judgement on the quality of those areas receiving little or no explicit attention.

Context – The evolving FAO

215. This section reviews the evolution of FAO from its founding in 1945 to the present. It describes the context which has led to the challenges currently faced by FAO and the opportunities presented by the commissioning of the Independent External Evaluation. The purpose and mandate of FAO are set out in the Preamble to the FAO Constitution (Box 2.1).

[23] Besides formal meetings, the IEE team received numerous informal communications from different stakeholders via email and through direct contact in the course of the evaluation.

Box 2.1: The purposes and mandate of FAO

"The Nations accepting this Constitution, being determined to promote the common welfare by furthering separate and collective action on their part for the purpose of:

a) raising levels of nutrition and standards of living of the peoples under their respective jurisdictions;
b) securing improvements in the efficiency of the production and distribution of all food and agricultural products;
c) bettering the condition of rural populations;
d) and thus contributing towards an expanding world economy and ensuring humanity's freedom from hunger."

Article I further defines the mandate of FAO as follows:

e) "The Organization shall collect, analyse, interpret and disseminate information relating to nutrition, food and agriculture. In this Constitution, the term "agriculture" and its derivatives include fisheries, marine products, forestry and primary forestry products.
f) The Organization shall promote and, where appropriate, shall recommend national and international action with respect to:
   (1) scientific, technological, social and economic research relating to nutrition, food and agriculture;
   (2) the improvement of education and administration relating to nutrition, food and agriculture, and the spread of public knowledge of nutritional and agricultural science and practice;
   (3) the conservation of natural resources and the adoption of improved methods of agricultural production;
   (4) the improvement of the processing, marketing and distribution of food and agricultural products;
   (5) the adoption of policies for the provision of adequate agricultural credit, national and international; and,
   (6) the adoption of international policies with respect to agricultural commodity arrangements.
g) It shall also be the function of the Organization:
   (1) to furnish such technical assistance as governments may request;
   (2) to organize, in cooperation with the governments concerned, such missions as may be needed to assist them to fulfil the obligation arising from their acceptance of the recommendations of the United Nations Conference on Food and Agriculture and of this Constitution; and
   (3) generally to take all necessary and appropriate action to implement the purposes of the Organization as set forth in the Preamble.

216. While any division of FAO history is inevitably arbitrary and simplistic, three major periods are identified. The first, from 1945 to 1970, was the period during which FAO played an instrumental role in addressing global nutrition, food and agricultural issues and was virtually the sole source of expertise in these areas. In the second period, between 1970 and 1980, a large number of other institutions were created that became active in areas of FAO interest. Nevertheless, FAO, largely due to funding from the United Nations Development Programme (UNDP), remained the key source of agricultural expertise for developing countries. During the third period, since about 1980, as funding has declined so too has FAO's role both in the provision of global goods and in international agricultural development assistance. The resulting challenges posed by the current environment and organizational problems are summarized as a lead-in to the chapters that follow.

1945-1970: FAO as the pre-eminent agricultural organization

217. Concerns about food, agriculture and nutrition were central to the immediate post World War II agenda. Vivid memories remained in Europe of the widespread hunger and malnutrition it had experienced in the 1930s. The peace of 1945 was accompanied by major food shortages,

caused by the destruction of productive capacity and essential transport systems. In Europe, the war had impacted severely on all aspects of technical capacity, including the loss of basic seeds and other inputs. In large parts of the rest of the world, the growth of population was racing ahead of agricultural production.

Box 2.2: The first *World Food Survey* (FAO, 1946)

FAO produced the first World Food Survey in 1946. It concluded that "*…between half and two-thirds of the world population were undernourished before the war (and that) things were worse after the war.*"

(McCalla and Revoredo, 2001 p. 26)

218. In 1945, FAO was established as a specialized United Nations agency to address this situation. The creation of FAO was part of the collective action vision of 'never again' (never again would there be wars between nations) that created the United Nations. In the case of FAO, the vision was of an organization that would ensure a world where never again would there be widespread hunger, malnutrition or famine. The FAO Charter leaves no doubt that the founding fathers intended that the Organization should serve as the world's Ministry of Agriculture, Food and Nutrition. FAO was charged to collect, analyse, interpret and disseminate the agricultural knowledge required for the world to meet the food and nutrition needs of all its citizens. From the outset, therefore, its principal objective was to provide effective governance of the global agricultural system. FAO was at its outset *sui generis* – a unique, one-of-a-kind agency, with no competitors. It would be at least fifteen years, for example, before the World Bank would show much interest in agriculture. The activities of foundations, bilateral aid programmes and NGOs, which also became extremely important some years later, were still quite small.

219. Given the prevailing paradigms of the 1940s and 1950s, FAO's dominant initial focus quickly centred on increasing indigenous food production by improving farmer education and providing them with improved technology and on promoting food production in war-ravaged areas and in a growing number of newly independent countries, such as India, Pakistan and Indonesia. This was at the expense of its role in global governance.

220. The newly independent countries of the 1960s and 1970s were also deeply preoccupied by commodity markets. As predominantly agricultural economies, they expressed concerns about price instability as well as the agricultural policies of rich countries which limited their markets. Out of the United Nations Conference on Trade and Development held in 1964 another new organization, UNCTAD, was created. It became the focal point for international commodity negotiations. Together with FAO, UNCTAD serviced the commodity negotiations under the Integrated Programme on Commodities. This led to some successes, like the International Tropical Timber Agreement and the International Rubber and Jute Agreements. It also led to the International Commodity bodies such as the Cocoa, Coffee, Wheat, Sugar and Olive Oil Councils. The main forum for international discussions on agricultural trade shifted to the World Trade Organization when it was established in 1995.

221. Two major agreements – with UNDP and the World Bank – made it possible for FAO to field experts and engage in technical assistance and pre-investment project formulation and design. The Expanded Program for Technical Assistance (EPTA) was created in the UN secretariat, followed immediately by the UN Special Fund, to be used for pre-investment projects in developing countries. Until 1955, FAO and other UN specialized agencies received regular annual allocations from EPTA and the Special Fund. By 1951, FAO had 100 projects in 35 countries involving over 200 scientific and technical professional experts from 32 countries[24].

[24] Murphy, Craig. 2006. *The United Nations Development Programme*. Cambridge University Press.

By September 1959, over 1 700 experts had served in the field, 1 600 fellowships had been awarded, and 100 training centres had been organized. In 1956-57, about US$16 million, or about 95 percent of FAO's total extra-budgetary resources, came from EPTA[25]. In 1970, UNDP took over the functions of EPTA and the Special Fund and the specialized agencies were given first consideration for execution of UNDP-funded programmes.

222. FAO also established a joint funding arrangement with the World Bank in March 1964. A memorandum of understanding created the Cooperative Programme (CP) between the two institutions to enable cooperation in project identification, preparation, appraisal and supervision and in arranging technical assistance for implementing Bank-financed projects. The programme promoted both financial and technical assistance for intensifying efforts in agricultural development. This agreement reflected an effective and complementary use of the international agricultural capacity existing in each agency.

223. The dominant features of the context in which FAO functioned from 1945 to 1970 are depicted in Figure 2.1.

[25] Phillips, Ralph. FAO, 1981. *FAO: Its Origins, Formation and Evolution 1945-1981*.

Figure 2.1: FAO 1970

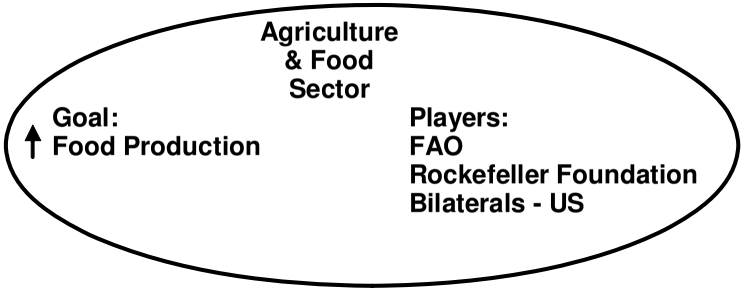
CONTEXT: ISSUES AND EVENTS

- Post-war reconstruction and return to Normalcy
  Major concerns about:
  - food shortages and restoring agricultural production
  - rebuilding destroyed infrastructure
- Creating a global mechanism to promote peace
  - facilitate political dialog and resolve duties
  - share resources and technical assistance
  - international public goods
- Creating a functioning International Economic System
  - managing exchange rates and ST financial crisis
  - providing for international capital transfers
  - reducing barriers to trade in goods and services

FAO's TURF

PLAYERS

- United Nations
  - General Assembly, Security Council, specialized agencies
- Bretton Woods Institution
  - International Bank for Reconstruction and Development IBRD aka World Bank
  - International Monetary Fund IMF
  - General agreement on tariffs and trade GATT
- Bilateral aid
  - US - Marshall Plan
  - US - Point 4
  - Others - Canada, Sweden, The Netherlands, Germany



PREVAILING PARADIGMS

- Nationalistic approaches to economic policy
  - Keynesian fiscal policy
  - national investment plans
- Economic development
  - focus on physical infrastructure
  - industrial development
- Agricultural development
  - focus on physical capital and infrastructure
  - farmer education and technology transfer
- Food Security - National agricultural self-sufficiency

HOW: APPROACHES AND PROCESSES

- Create multilateral system of global interchange (UN)
- Multilateral management of global economic relations
  - managed exchange rates and ST capital assistance
  - providing and allocating LT capital flows
  - negotiating and implementing reductions in trade barriers
- Mechanisms for development assistance
  - multilateral resource and technical assistance
  - bilateral assistance

1970-1980 – New organizations emerge but FAO still very active

224. By the 1970s, a number of new organizations were established which began to compete with FAO, although it was also a period in which FAO continued to have a very strong role based on substantial UNDP financial support. During this decade, UNDP was the source on average of about two-thirds of FAO's extra-budgetary funds. This made possible a very significant FAO field presence.

225. Early during this period global attention to agriculture increased. Agricultural commodity prices doubled and trebled, and there were fears about future famines, stimulated by the failures of the South Asia monsoons in the mid-sixties. As a result, the Consultative Group on International Agricultural Research (CGIAR) was formally created in 1971. A consortium of many donors, led by the World Bank, supported this system of research institutes, which by 1981 had grown to thirteen. Initially concerned about competition, FAO did not support the creation of the CGIAR. But, it was successfully drawn in as a co-sponsor, despite not being a donor, and as the Secretariat for the Technical Advisory Committee (TAC).

226. The world food crisis of 1973/74 and most notably famine in the Sahelian region damaged the standing of FAO. The Organization was criticized for not predicting the crisis, and then for not playing a more aggressive role in addressing it. Resulting at least partially from dissatisfaction with FAO's performance, two new organizations were created at the 1974 World Food Conference. They were the International Fund for Agricultural Development (IFAD), a unique funding mechanism designed to support rural development and investment for small farmers, and the World Food Council (since discontinued), established to provide a policy forum for coordinating the growing number of actors engaged in the food and agriculture sector.

227. The environment also emerged as an issue of global importance, particularly given the attention caused by the 1972 Stockholm Conference. UNEP was established, although it was not until the 1980s that concerns began to take hold about the negative environmental impact of agriculture on land and water supplies, forests and fisheries. These issues ultimately resulted in some changing priorities and in presenting challenges to some of FAO's normative responsibilities.

228. The number of actors in international agriculture continued to increase. Both bilateral and multilateral funding for agricultural development assistance expanded rapidly through the 1970s. It was often linked to increased focus on reducing poverty – both among and within countries – and the critical role played by small-scale farmers. The World Bank's 1975 policy paper on rural development and FAO's 1979 World Conference on Agrarian Reform and Rural Development emphasized the strategic importance of small-scale farmer programmes in agriculture and rural development.

229. Project objectives related to rural development and rural poverty reduction received strong interest at the policy and operational levels in bilateral aid agencies. The World Bank – and some bilateral donors - greatly expanded their technical staff to support a massive increase in resources going to rural development. Moreover, the rural development approach offered opportunities for direct involvement of other sectors, such as health, education and infrastructure. Meanwhile, as the CGIAR grew, it became a direct competitor to FAO in the area of agricultural research and UNCTAD was actively advising countries on related policy issues.

230. While all of this was happening, the role of FAO in the global governance of agriculture expanded considerably. Working together with UNCTAD between 1974 and 1982, FAO had a major role in servicing the negotiations on various agreements as part of the Integrated Programme for Commodities. During this decade, FAO also took on major additional responsibilities for international conventions, standard-setting agreements and important data collection systems. For example, the International Plant Protection Convention (1951); Codex Alimentarius (1961); Global Information and Early Warning System (1975); the World Conference on Agrarian Reform and Rural Development, which led to the adoption of a declaration of Principles and a Programme of Action (1979); the "Agriculture, toward 2000" – the provisional version of this prospective study presented to the FAO

Conference in 1979; and World Food Day was established on 16 October 1979 to increase awareness of food problems.

231. Thus, FAO's landscape altered greatly in the 1970s as other actors emerged and development paradigms shifted. The uncontested leadership position of the Organization in global agriculture had disappeared by 1980. Figure 2.2 offers a much contrasted depiction of the position of FAO from that of its earlier years.

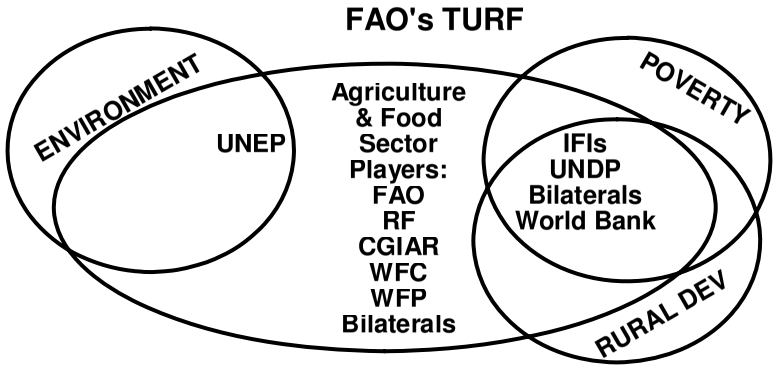
Figure 2.2: FAO 1980

CONTEXT: ISSUES AND EVENTS

- Global political and economic landscape radically changed
  - colonialism over - 100 new countries
  - cold war and nuclear proliferation - bipolar competition
  - breakdown of fixed exchange rates - US devalues
  - OPEC - rising oil prices, energy concerns
- Global concerns about food prices and supply
  - CGIAR formed, World Food Summit 1974
- Poverty reduction - new global rallying cry
- Environmental issues emerge
  - Stockholm 1972 - UNEP formed
- Trade liberalization proceeding
  - only in industry not agriculture
- Molecular biology beginning to impact plant sciences

MANY NEW PLAYERS

- CGIAR - 13 centres, TAC and 30 donors
- IFAD - International Fund for Agricultural Development
- WFC - World Food Council
- WFP - expanded World Food Programme
- UNCTAD
- UNEP
- UNDP
- Foundations - Ford, Rockefeller
- Regional financial institutions: IADB, ADB, AfDB
- Growth of bilateral aid agencies
  e.g. UK, US, Germany, Japan, EU, Nordic countries



CHANGING PARADIGMS

- Export lead growth now competes with import and substitution industrialization
- Despite strong academic case agriculture still discriminated against
- Integrated rural development paradigm sweeps in
  - applied research replaces technology transfer
- Increased food production is **not** a sufficient condition for food security
- Availability, access and good nutrition emerge as a definition for food security

HOW: APPROACHES AND PROCESSES

- IFI's broader focus
  - include new sector
  - comprehensive poverty programs
  - policy and markets also important
- Multi-institutional consultation group
  - CGIAR formed
- World Food Conference
  - tries to internationalise food aid
  - creates global mechanism for coordination - World Food Council WFC
  - new lending agency - IFAD

1980-2007 – FAO is challenged on all fronts

232. The 1980s saw the onset of concerted challenges to the financial foundations of the development agencies of the United Nations and even to their continued existence. Frustrated by what they viewed as sequential failures of collective action efforts, some major donor governments resorted to strictly bilateral actions. The United States, and subsequently the United Kingdom, withdrew from UNESCO. In addition, the United States and other donors slashed their financial support to other specialized agencies and withheld contributions to the central UN budget. Other donor countries also began withholding assessed contributions both as protest and as leverage for reforms. The response to these new and potent pressures was essentially very limited. Studies were carried out and reports called for the elimination of inefficiency, waste, overlap and duplication and for greater financial transparency, mandate clarification and an inter-agency policy coordination mechanism, but there was little in the way of concrete actions[26].

233. The 1980s also brought about the first major budget squeeze to affect simultaneously practically all UN agencies. This produced the transference of many development tasks and a migration of international influence from the UN system to the Bretton Woods institutions and the regional development banks. Until the 1980s, the World Bank had been an "executing agency" for UNDP-financed projects. By the close of that decade, this relationship had been reversed. The World Bank and IMF continued to recruit larger numbers of analytical and policy staff at higher salaries, while developed country members insisted on cutting UN secretariat staff and freezing pay levels.

234. The 1990s saw major changes in the global political system which affected the workings of the UN system. The disappearance of the Cold War in 1989 eroded much of the political motivation for development cooperation. At the same time, the end of the Cold War also generated both new demands on and burgeoning expectations for the UN system to assume a greater role in transforming development objectives, resolving crises and inspiring a "new era of cooperation"[27]. This expanded agenda led to the establishment of countless interagency committees, more than 60 different pieces of interagency coordinating machinery, a plethora of autonomous and semi-autonomous bodies, and a major expansion in UN membership[28]. This was compounded by the proliferation of complex emergencies and localized conflicts, requiring even greater and more effective coordination and capacity in peacekeeping, emergency relief and reconstruction.

235. By 1991, four countries (Denmark, Finland, Norway and Sweden) which were deeply committed to the United Nations multilateral system had become so alarmed by what was happening that they combined forces in what came to be known as the "Nordic Project". Their report ("The UN in Development"[29]) pointed to the need to rationalize the multitudinous and fragmented arms of the system. This was not a new recommendation, but the Nordic Report went much further. It argued that the increasing calls then being heard for management reforms in the UN secretariat and in individual agencies and funds could not solve the basic problems of policy and programme fragmentation in the UN system unless they were accompanied by governance changes to address the international system as a system and not as disjointed component parts. The diverse mixes of voluntary and assessed contributions across the system and the proliferation of trust funds were, in the view of the report, inherently damaging to coherence in individual institutions and across the system as a whole and an indicator of governance failure.

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[26] For discussions and assessments on this subject, see: Schlesinger, Stephen. Can the United Nations Reform? In *World Policy Journal*, Fall 1997; Childers, E. and Brian Urquhart, 1994. *Renewing the United Nations System*. (Stockholm, Dag Hammarskjold Foundation); and Barnett, Michael. "UN Vanquished', In Global Governance 5 (1999), Review Essay, pp 513-520.

[27] See Cleveland, Harland, 1993. Birth of a New World: An open Moment for International Leadership. New York: Jossey-Bass, pg. 223.

[28] See Childers, E. and Brian Urquhart op. cit.

[29] Nordic UN Project. 1991. *The United Nations in Development – Reform Issues in the Economic and Social Fields: A Nordic Perspective.* Oslo.

236. In this context, the 1980s saw the beginnings of a decline in the pre-eminent role of FAO in agricultural programming in developing countries. This was in part due to the growth of efforts by others in the 1970s and in part through a decline of interest in agriculture. Increasing numbers of actors moved into areas that had once been more or less the exclusive domain of FAO.

237. The simple and dominant paradigm that food security equals food self-sufficiency was challenged during this period. Nevertheless, many agriculturalists remained wedded to the idea of national food self-sufficiency. The challenge questioned this thinking, arguing that it failed to address the reality that individual food security is a necessary condition for national and global food security. Included in the latter formulation was specific attention to the factors required for access to food, including income and employment, in order to address the vicious cycle where the undernourished could not gain access to food. FAO stayed highly committed into the 1990s to the notion that increasing food production was a sufficient condition for food security. The initiation of the Special Programme for Food Security (SPFS) in 1995 was focused on projects at the national level to increase agricultural production. Some early adjustments were made. But only after a critical external evaluation[30] in 2002 did the vocabulary, if not the substance, of the programme change.

238. A devastating blow to FAO was UNDP's decision in 1976 to move into thematic programming and national execution of UNDP projects[31]. These arrangements led to the creation of a new UNDP Office of Project Execution (OPE), through which the national institution in charge of project management could contract internationally recruited individuals and administrative services. This was intended to establish a more country-driven approach. The result was that FAO lost its preferred status, and UNDP support of FAO went from 74 percent of total FAO extra-budgetary delivery in 1970 to 5 percent in 2000.

239. An additional problem was that the high expectations of the 1970s and 1980s for agriculture proved to be unrealistic. Evaluation reports described disappointing failures and unimpressive results[32]. These high rates of failure caused support for agriculture and rural development projects to plummet. Many causes were attributed to this negative outcome, including excessively complex project concepts, questions on real commitment by governments, lack of supportive policy frameworks, the absence of adequate institutional capacity, and inconsistencies in donor approaches. Whatever the cause, FAO was inevitably adversely affected by this environment.

240. In 1987, the FAO Conference commissioned a review of FAO's goals and operations. This resulted in proposals aimed at stressing the importance of working more closely together with other UN agencies and organizations, a greater emphasis on the environment and sustainable development, the strengthening of the FAO advisory role for policy planning, and maintaining the Technical Cooperation Programme (TCP) grant programme introduced in 1976. The practice of a rolling six-year Medium-Term Plan was introduced in an effort to set priorities across the spectrum of the Organization's programmes and activities. It was also supposed to serve as a basis for priority-setting in subsequent biennial Programmes of Work and Budget (PWB). The implementation of the recommendations entailed supplementary expenditures but there was no indication of who would provide the funds or from what sources they were to be obtained. In practice, these reforms failed to provide the strategy-based priority-setting they sought to promote.

241. Globally, agriculture and poverty-focused rural development projects gave way to structural adjustment programmes in the 1980s and then to more policy-based operations in the 1990s. By 2001, annual lending to agriculture and rural development by the World Bank had fallen to less than US$1 billion from US$3.5 billion in 1995.

242. Within ODA flows more generally, social dimensions of development were emphasized in programmes for both urban and rural areas. Education and health (including attacking HIV/AIDS)

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[30] FAO. 2002. *Independent External Evaluation of the Special Programme for Food Security*.

[31] A decision formalised by the UN General Assembly in 1979.

[32] World Bank. 1997. *Reforming Agriculture: the World Bank Goes to Market.*

absorbed large shares of available donor assistance. Strong private sector emphases in many development assistance programmes reduced attention to state-run agricultural production programmes.

243. Moreover, the 1990s and early 21st century introduced a growing propensity of donor countries to provide financing to multilateral organizations on the basis of trust funds and/or extra-budgetary contributions. The unpredictability of such funds, both in volume and programme content, made multilateral financial structures inherently unstable. These profound changes, which were rapidly taking place in the aid landscape, further increased downward pressures on FAO's budget. To further compound issues, the end of the Cold War had reduced competitive pressures to expand aid and overall aid levels dropped by over 25 percent in real terms between 1992 and 1997. Although nominal growth in ODA resumed in 1998, it was only in 2006 that total ODA exceeded its 1994 level in real terms. Additionally, the rationale for international assistance changed. Significantly increased percentages of total ODA are now assigned to the short term due to the rash of new conflicts and disasters and these percentages are continuing to rise. This has been accompanied by an increase in various forms of budget support. This combination has made it more difficult to generate support for traditional projects and for long-term activities and continuing investments in development, such as the CGIAR, institution building and rural infrastructure.

244. Growing energy demands in OECD countries and the middle-income countries, and various conflicts in the Middle East, continued to contribute to rising petroleum prices. With increasing numbers of regional, national, and subnational conflicts, emergencies became more dominant. Severe food shortages and large numbers of refugee crises emerged with increasing frequency. Not only did the need for the World Food Programme's services grow, but increasing demands for emergency and post-emergency rehabilitation assistance were placed on many international agencies, including FAO.

245. FAO today faces a much changed basic architecture of international development. Currently, there are an estimated 280 international organizations and initiatives directly or indirectly competing with each other for donor resources[33]. There are now much more nimble donors such as the Bill and Melinda Gates Foundation and new bilateral donors such as the Government of the People's Republic of China. There are also others poised to become contributors to the development of other countries, for example Thailand and Brazil to name two. Some of the larger international NGOs are now more influential than many established agencies. Bilateral donors have established new single-issue organizations such as the Global Fund to Fight AIDS, TB and Malaria, the Global Environment Facility, the GAVI[34] Alliance and PEPFAR[35]. They have also been increasing the pace of change in their funding policies towards many traditional multilateral organizations, shifting from core to extra-budgetary contributions, often for very specific programmes. They are insisting on levels of overhead charges from international organizations that are often far lower than those applied to their own domestic institutions engaged in international work.

246. By the beginning of the 21st century, the international development architecture had become anything but "systemic", resembling more closely a collection of rather inarticulate components, efforts and initiatives. New institutional arrangements are now regularly created in order to bypass or rectify perceived deficiencies in existing institutions. But inertial forces remain dominant, and reform efforts have been typically frustrated by the pervasiveness and magnitude of structural factors and institutional inertias (see Box 2.3).

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[33] World Bank (IDA), 2007, *The Changing Aid Architecture.*

[34] Global Alliance for Vaccines and Immunization.

[35] The US President's Emergency Plan for AIDS Relief.

Box 2.3: Some defining characteristics of today's international development system[36]

- *Lack of global governance of the system.* The present international development system is composed of a plethora of organizations and none of them plays the pivotal and coordination role needed to address global economic and social issues. The consequences of this lacuna are that some issues are left without any form of international governance and others are addressed only on an *ad hoc* basis. Nowhere has this been more evident than in the United Nations family of development institutions, including the specialized agencies such as FAO.

- *Lack of overall coherence and delineation of mandates and roles*. The international development system can be currently viewed as a "dysfunctional family" of different organizations and agencies with confusion and conflict over mandates, roles and comparative advantage. Attempts at "harmonization" usually fail to acknowledge asymmetries and the vast differences that exist between different actors in power, influence, capabilities and experience.

- *Lack of predictable funding to international development system institutions and stable funding to developing countries.* Problems of unpredictability and instability in development financing have been particularly acute for the development agencies of the UN. Core financing has declined precipitously since the 1980s with a small number of donors now providing a disproportionate share of the core operating funds required by agencies such as UNDP, UNICEF and UNFPA[37].

- *Imbalances between the financing requirements of developing countries and those for the provision of new global public goods.* The stagnation of ODA in the 1990s coincided with the emergence of major new demands requiring financing, including post-conflict reconstruction, humanitarian relief, assistance to refugees, debt forgiveness, support for democratic institutions, improvement of governance structures, assistance to transition economies, efforts to fight drug traffic, crime and more recently "terrorism", many of which are considered as 'global public goods'. The results of this are seen in an ever increasing competition for funding.

247. At the same time, the external financing requirements of developing countries taken as a whole experienced a dramatic transformation which has picked up even greater momentum over the past four years. In the aggregate, the balance between public and private net capital inflows to developing countries has undergone a profound shift towards reliance on private capital inflows. Net official capital flows increased from an annual average of US$15 billion in the 1970s to US$51 billion in the early 1990s. But over the same periods net private capital flows increased from an average of US$37 to US$185 billion. The structure of development financing today is now skewed more in favour of highly concentrated and mobile private investments and less towards the long-term needs of development finance. While these new private flows have come to dominate the development resource picture in much of the developing world, the LDCs and most of Africa remain a disappointing exception to the pattern.

248. In addition, the biggest player in much of the global agricultural landscape in the 21st century has become the private sector with which FAO has generally weak linkages. The privatization of agricultural research and the marketing of GMO seeds by large multinationals have placed larger agribusiness firms in the mainstream, particularly in agricultural pest management. Plant patenting has introduced many complications in international policies for preserving plant genetic resources, a field previously unique to FAO. The molecular biology revolution is now in full swing. Many of the smallholder farmers in Africa or Asia today require a broad set of interfaces with the private sector for seeds and breeding stock, fertilizer, chemicals, machinery and feed supplements, and even markets for their primary products. Agri/Food Multi-nationals are driving changes in the global food economy

[36] Adapted from Sagasti, Francisco, K. Bezanson and F. Prada, *The Future of Development Financing: Scenarios and Strategic Choices.* Pelgrave-MacMillan, 2005.

[37] In 2000, for example, four countries (the three Nordic countries and the Netherlands) provided 42 percent of the core financing of UNDP, UNICEF and UNFPA. In addition to the general political problem of a major asymmetry in burden sharing, this imbalance raises basic issues of subsidy and free-riding.

more than ever before and the supermarket revolution is radically changing national, regional and global food supply chains.

249. These vast changes in demands and context, the declining fortunes of the entire United Nations system, major shifts in the architecture for international development and the complexities generated by a multiplicity of new actors have impacted heavily on all multilateral organizations. Various system-wide reform efforts have resulted, including those directed at harmonization and an improved division of labour under the "Paris Declaration" of 2005[38]. For the United Nations specifically, major architectural transformations in the areas of peace and security were proposed in 2004 in the Report of the High-Level Panel on Threats, Challenges and Change[39]. At the end of last year, a second High-Level Panel report, "Delivering as One"[40] launched renewed efforts to bring about greater unity and coherence across all United Nations development programmes, including FAO.

250. FAO itself has made numerous efforts to respond to this dramatically changed landscape. Since his arrival in 1994, the Director-General has launched and championed numerous initiatives in an attempt to re-position the Organization, restore high levels of confidence amongst all its members, improve its finances and, more generally, respond to the changed context outlined above (see Box 2.4). Perhaps especially noteworthy among these was the 1996 World Food Summit. It was one of the last of United Nations conferences and summits which led to the Millennium Declaration. This effort was at least partially successful in re-emphasizing the imperative of fighting hunger and the role of agriculture in that fight. Neither this initiative nor others launched between 1994 and 2005 aggregated into a successful reversal of FAO's financial decline. This continued throughout the 1990s and up to the present. In 1994 prices, total resources (net of extra-budgetary funds for emergencies) declined by 31 percent between 1994 and 2005. The Regular Budget (Net Appropriation) of the Organization declined by 22 percent (see Figure 2.3).

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[38] The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over one hundred ministers, heads of agencies and other senior officials adhered and committed their countries and organizations to continue to increase efforts in harmonization, alignment and managing aid for results with a set of monitorable actions and indicators.

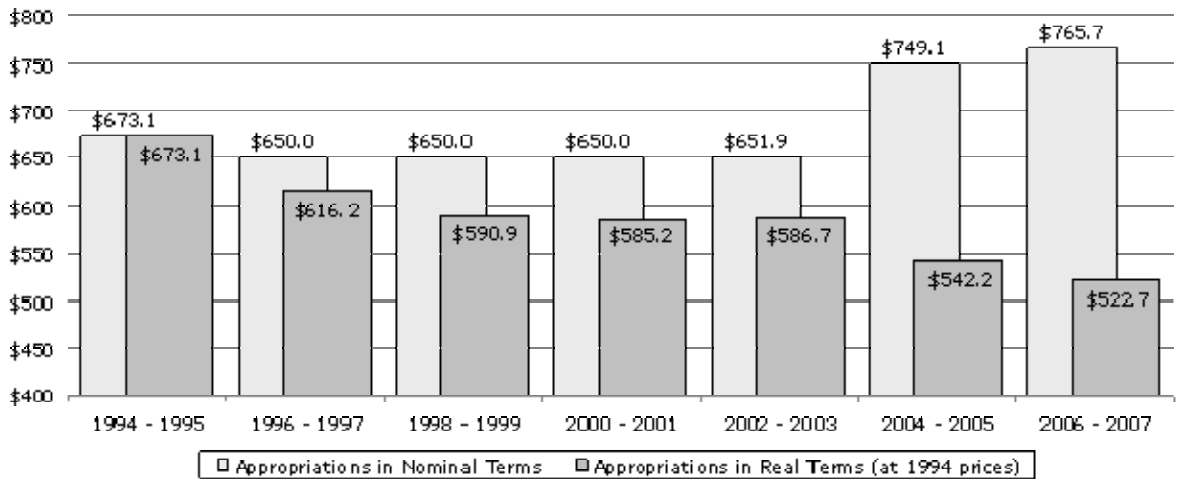
[39] *A More Secure World: Our Shared Responsibility*. Report of the High-Panel on Threats, Challenges and Change. United Nations, 2004.

[40] *Delivering as One*. Secretary-General's High-Level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment. United Nations, 2006.

Box 2.4: Selected FAO initiatives launched during the 1990s

- The Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases (EMPRES).
- Organizational Arrangements Aimed at Stronger Coordination Among Field Offices.
- Measures Intended to Achieve Stronger Decentralized Structures, Including Broader National and Sub-Regional Presence.
- Programmes of South-South Cooperation and new partnership agreements for Technical Cooperation among Developing Countries.
- Efforts to Strengthen Links with the UN, and Closer Collaboration with Rome-based Agencies.
- Organization of High-Level Summits (the World Food Summits)
- Communications and Advocacy Initiatives Intended to Improve FAO's Communication of Its Messages (e.g. a Corporate Communication Policy and Strategy, TeleFood and the Ambassador's Programme)
- Structural Headquarters Initiatives in Downsizing, a Shift to More Fixed-Term Contracting, Office Automation, and Improved Information and Communication Technology Systems.
- Increased Emergency Response Capabilities via a New Division Specifically Dedicated to Emergency Response.
- Establishment of an Independent Evaluation System, Including Setting up an Evaluation Committee as an Internal Forum for Providing Advice on Evaluation Policies.

Figure 2.3: The decline in the FAO Regular Programme Appropriations (US$ million)



251. With his re-election to a third term in 2005, the Director-General launched a renewed effort to position FAO favourably. His new proposals for organizational reform were predicated on principles including: empowerment and accountability; delegation of administrative and financial authority; auto-evaluation; and effective cost allocation. The proposals for the field office structure were designed to increase allocation of funds to decentralized locations to build up country-level capacities and place sub-regional technical teams in selected locations. They also sought to increase

concentration on areas of comparative advantage, while respecting several other priority areas; to focus on functions of knowledge exchange, policy and advocacy; and to reinforce monitoring, evaluation and oversight with additional funding for audit and the Office of the Inspector-General. Many of the principles behind these proposals were consistent with the findings of earlier evaluations of various aspects of FAO work, such as the need to become more country focused, to have a cost-effective country presence, and the need for organizational decentralization and enhancing FAO's knowledge functions. Later in this report we will examine these topics from various perspectives.

Box 2.5: The Director-General's FAO Reform Proposal

The Director-General's FAO reform proposals were presented initially to the 2005 Conference as a supplement and further addendum to the PWB 2006-07, which included a Strategic "Vision for the 21st Century". The FAO Conference adopted a Resolution endorsing a first phase of reforms. In May 2006, the Programme and Finance Committees approved a Revised PWB 2006-07, thereby also putting into effect this first phase of reforms. Subsequent proposals from the Director-General were submitted to the November 2006 session of the FAO Council. The Council received an update on progress in the implementation of these reforms in November 2006 and June 2007.

Topic	Status as of June 2007
Restructuring FAO's programmes	The 2005 Conference approved a new chapter structure as a basis for a new programme and programme entity structure. This new structure was fully reflected in the Revised PWB 2006-07 which was approved by the Council's Programme and Finance Committees in May 2006 for implementation as from 1 January 2006.
Reorganization of offices and departments at headquarters	The reform proposals contain a number of strategic changes which are expected to affect FAO's organizational structure at both headquarters and the decentralized offices. The new organizational structure for headquarters approved by the November 2006 Council has been implemented as of 1 January 2007. It includes two important departmental-level changes over previous arrangements, i.e. the departments for Natural Resources Management and Environment (NR) and for Knowledge and Communication (KC). Other changes included: • Security functions are now under the authority of the ADG of the AF Department. • Nutrition and Consumer Protection Division moved to the AG Department (renamed Agriculture and Consumer Protection Department) • Advocacy activities (e.g. TeleFood, Goodwill Ambassadors and the International Alliance against Hunger) were reallocated between the new Knowledge and Communication Department ADG Office (International Alliance Against Hunger) and the Communications Division. • Policy advice on the UN System expanded to include MDG Follow-up and upgraded in the Office of UN Coordination and MDG Follow-up (UNC) headed by an ADG. • MSS and OCDS merged into the new Shared Services Centre, reporting to the ADG of the AF Department.
Decentralization in programme delivery	The implementation of the Conference approved "first phase" started during 2006, including a "new operating model" for a more responsive field office network of Regional Offices with outposted technical officers, and strategically located Subregional Offices with multidisciplinary teams of technical officers and country offices, the 'FAORs'. The first phase covered the authorized establishment of four Subregional Offices (SRO) in Gabon, Ghana, Ethiopia and Turkey; and the reconfiguration of the existing office in Zimbabwe, along with the downsizing of the Regional Office (RO) in Ghana. The Regional Office for Europe and Central Asia in Budapest and the co-located and reconfigured Subregional Office for Central and Eastern Europe will be operational by July 2007. In June 2007, the FAO Council approved the establishment of a new Subregional Office for Central America in Panama. Country-level capacities are being built up "through the provision of enhanced technical and administrative support to FAORs, staff training and the establishment of additional national professional officer post". There is emphasis on shifting technical expertise from headquarters to decentralized offices (e.g. on Livestock, Land and Water, Plant Production and Protection). In addition, professional posts from the Investment Centre have been outposted to each of the SROs. Refresher courses for FAORs are being organized, drawing *inter alia* on communications technology, etc. As a result, the budget share of decentralized offices has increased from 33 percent in 2004-2005 to 37 percent in the Revised PWB 2006-07, although the available resources have decreased in real terms.
Achieving efficiency and performance gains	The PWB 2006-2007 includes a list of key measures to be implemented as part of an effective framework to achieve efficiency and productivity gains. The principles of this framework to achieve efficiency savings and productivity gains cover, *inter alia,* inclusivity; empowerment and accountability; delegation of authority; auto-evaluation and effective cost allocation. FAO indeed aims to achieve "efficiency savings and productivity improvements of about US$10 million for the current biennium". The implementation of these principles implies in particular: the elimination of manual processing steps through improved system support; the clarification of rules; the delegation of administrative and financial authority; changes to cost allocation rules and internal pricing strategy for staff. The deployment of the new Human Resources Management System would provide the pre-requisite systems functionality for the Shared Services Centre as regards this area of management.
Reinforcing monitoring, evaluation and oversight	The further Director-General reform proposals approved by Council in November 2006 reinstated nearly US$1 million for the local audit programme, provided a further US$340 000 to the Office of the Inspector-General and US$1.1 million to bolster internal control mechanisms in the Finance Division. Additional funding of US$0.4 million was proposed for auto-evaluations in the main PWB 2006-07 (C2005/3 para 226) and maintained in the revised PWB proposals.

Conclusions

252. FAO has been challenged over the past six decades to respond to ever increasing changes in the context within which it works and to an array of new demands. FAO's original purpose was defined in simple and straightforward terms. It was essentially to work with governments to increase

global food production. At the time, FAO was not only the lead organization; it was, for all practical purposes, *sui generis* - the only organization of its kind.

253. Over the ensuing decades, FAO's terrain expanded to include concerns about international codes and standards, intellectual property, poverty and rural development, and a range of issues related to the environment including conservation, climate change and the sustainability of a variety of natural resources. Moreover, the virtual explosion of international agencies concerned in one way or the other with agriculture that has taken place means that FAO now operates in a very crowded field. Agricultural research as an international public good now resides unquestionably with the CGIAR. The number, size and impact of NGOs working in agriculture, food security and environment have expanded exponentially. The private sector has become a driver of changes in the global food and agricultural system. Figure 2.4 presents an image of the context in which FAO finds itself today. When contrasted with Figures 2.1 and 2.2, presented earlier in this chapter, the vastly increased complexity and uncertainty of FAO's situation today relative to earlier periods is readily apparent.

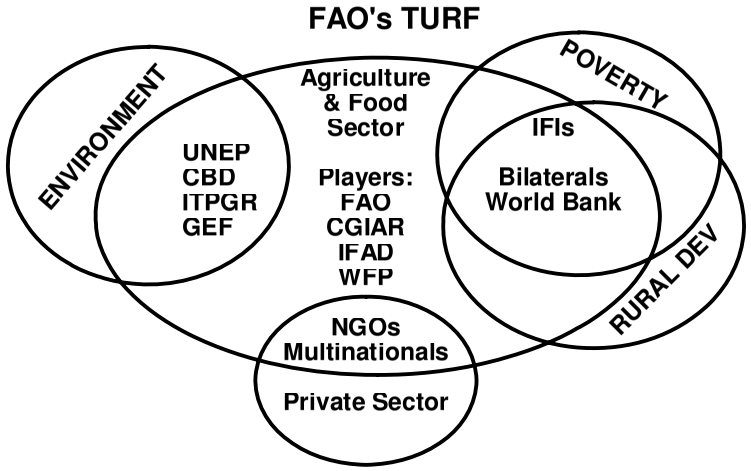
Figure 2.4: FAO Today

CONTEXT: ISSUES AND EVENTS

- Cold war over – succeeded by regional and national conflicts
  - natural and man-made emergencies arise
  - food shortages and increased numbers of refugees occur, putting pressure on many agencies
- Millennium Development Goals (MDGs)
  - target poverty and hunger
- International aid focuses more on environmental and social sectors
- Rise of Civil Society and Non-Governmental Organizations – CSOs and NGOs
- Molecular biological evolution and GMOs in full swing

MORE PLAYERS

- CSO's and NGO's
  - advocacy, implementation and partners
  - international, national, local
- Private Sector: Multinationals, national, local
  - research - GMOs
  - pest management
- International Treaties and Agreements
  - CBD
  - WTO/TRIPS
- World Food Council Disappears



CHANGING PARADIGMS

- Economic development paradigm is now
  - open economy, market driven private sector lead
  - good governance and end of corruption
  - governments create favourable environment
- Agricultural development: agriculture can be a productive sector and lead growth
  - export lead development possible
  - improve productivity of small farms - make all production profit and market driven
- Food security: 3 Parts
  - availability, access, good nutrition
  - trade in food crops acceptable

HOW: APPROACHES AND PROCESSES

- New Approaches
  - democratization, participation, decentralization, client ownership
  - explicit roles for Civil Society (CSOs)
  - partnerships with Private Sector, CSOs and NGOs
- But process more short-term and Crisis Driven
  - support for long term investments fades
  - more players in a decentralized, local model make process much more complicated

254. These changes confront FAO with a range of new challenges while many of the old challenges still remain unresolved. FAO now must address the global issues of food and agriculture, while at the same time helping to build local capacity. FAO is expected to exercise regional and global leadership through unifying international development efforts, while at the same time taking into full account the myriad of differing, if not conflicting, interests, viewpoints, and priorities of its constituents. It is expected to seek out and function effectively in partnership with governments, decentralized authorities, the private sector, bilateral and other multilateral agencies and NGOs, and to do so at grassroots, national and international levels. It is instructed to decentralize and increase operational strength on the ground while demonstrating increased savings in administrative costs while operating with a steadily decreasing budget.

255. Much has changed and continues to change in the environment FAO confronts. Focus has shifted away from production and the central role of the state in situations of market failure – a phenomenon pervasive at early stages of development – to concerns about governance, the environment, human health, globalization, trade, human and animal rights and participatory processes.

256. Many of the basic challenges to FAO, however, have not changed. Extreme poverty remains the daily reality for more than one billion people. Hunger and malnutrition affect over 800 million people, and more than a quarter of all children under the age of five in developing countries are malnourished[41]. Poverty in poor countries is still largely a rural issue, 75 percent of the poor lives in rural areas, where most are dependent in some way on agriculture[42]. Of these, women remain among the most active producers of food for household consumption while also being the most vulnerable and marginalized. Even in poor countries that have achieved rapid economic growth and reduced poverty, the rural areas continue to be zones of relative stagnation and severe deprivation. Globalization and liberalization of local and regional markets have resulted in new market opportunities for some, but have led to new threats and uncertainties for others, particularly the poorest. In parts of sub-Saharan Africa and elsewhere, HIV/AIDS, malaria and tuberculosis are cutting swathes through rural communities and undermining local economies.

257. Taken together, these factors underscore the need for a global organization to provide an authoritative, objective, respected, and politically neutral international platform in which these central issues can be examined and decisions taken for collective action. They also underscore the need for targeted technical cooperation to strengthen the capacities of member countries, develop policies and overcome the impacts of emergencies. No other global organization matches FAO's comprehensive mandate for food, agriculture, forestry and fisheries and, as will be seen in this report, all evidence points to a range of global goods and services that only FAO can provide.

258. As will also be seen in this report, there is, however, no agreed strategy on how to achieve this, on what is priority and what is not, on what to retain and what to shed, on resource needs and how these are to be provided. This undermines confidence in the Organization and reinforces the steady decline in FAO's financial resources. It has reduced FAO to a point where an inappropriately large amount of staff time is spent seeking funding for the very survival of operations. The net result is that the capacity of the Organization is declining and many of its core competencies are now imperilled.

259. Despite various previous change efforts and current proposals for further change, those who know FAO best – its senior management, including the Director-General, its permanent representatives, its staff and its main partnership organizations – know that FAO finds itself today in a crisis with regard to its future. Those who know it best also know that it continues to serve a significant number of essential roles that need to be preserved. By and large, the Organization has

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[41] FAO's *The State of Food Insecurity in the World*, 2005.

[42] IFAD's *Strategic Framework 2007-2010*.

been placed on a form of institutional "life support" - keeping it alive, but unable or unwilling to reinvigorate the patient overall. The hope is for a miracle, but as the years pass that hope fades. If FAO's current trajectory continues, the Organization will be unable to fulfil the expectations of its members, exploit its comparative advantages or preserve its core competencies. Given these realities, what can be done and what should be done? How can FAO best respond?

260. This was the central challenge presented to the IEE in the terms of reference for this evaluation which called for a report that would help the Organization "to chart the way forward…strengthen the sense of unity and purpose among the membership…and make FAO fit for twenty-first century…" .[43] The chapters that follow attempt to meet the enormity of this challenge.

[43] IEE Terms of Reference, pp 9-10.

Chapter 3: Relevance and Effectiveness of the Technical Work of FAO for the 21st Century

INTRODUCTION

261. The purposes and mandate of FAO have been summarized in Box 2.1. These define a global knowledge-based organization tasked to "promote the common welfare" through food and agriculture. The principal components of the mandate require that FAO work to ensure that essential knowledge of food and agriculture is available to those who need it, when they need it and in a form which they can access and use. This places FAO, through its technical work, in multi-faceted roles as facilitator, compiler and producer of knowledge as well as that of disseminator and communicator.

262. In 1999, FAO members reaffirmed that "the purpose of FAO remains relevant, vital and valid"[44] (through) "three interrelated global goals that the Organization is specifically dedicated to helping Members achieve:

a) access of all people at all times to sufficient nutritionally adequate and safe food, ensuring that the number of chronically undernourished people is reduced by half by no later than 2015;
b) the continued contribution of sustainable agriculture and rural development, including fisheries and forestry, to economic and social progress and the well-being of all; and
c) the conservation, improvement and sustainable utilization of natural resources, including land, water, forest, fisheries and genetic resources for food and agriculture."

263. FAO addresses these goals through its technical work. This chapter provides the IEE assessment of that work defined as encompassing:

a) all aspects of technical cooperation, including most of the work of the FAO Representatives, investment development, emergencies and legal services to countries;
b) the work of the technical departments and decentralized offices in development of norms, standards, methods, information, databases, statistics, and so forth; and
c) the work of the Governing Bodies on technical matters.

264. The assessment that follows begins with an examination of the overall priorities established by FAO Members for different types of technical work, followed by an overview of the resources available for the technical work, their distribution and reallocation over the evaluation period. The chapter then turns specifically to the technical programmes grouped under three headings: i) Managing Knowledge and Making it Available to Users; ii) Work in Technical Sectors; and iii) Cross-Cutting Activities and Themes. This is followed by conclusions and recommendations.

OVERALL PRIORITIES OF MEMBERS FOR FAO TECHNICAL WORK

265. While FAO Members agree on FAO's purposes and broad goals, they have been far less successful in translating these into consensus on priorities, choices and decisions on what FAO can be expected to do - and not to do - with the resources at its disposal. This barrier to greater organizational effectiveness is examined more extensively in both Chapters 4 and 7 of this report. In attempting to arrive at its own assessment of Members' overall needs and priorities for FAO's technical work, the IEE has primarily used the following sources:

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[44] FAO, 1999: *The Strategic Framework for FAO 2000-2015*, p. 3

a) a content analysis of statements by delegations to FAO Governing Bodies;
b) analysis of information from country visits by the IEE. In-country checklists were employed during the visits and the findings were subsequently analysed against a matrix. This analysis was undertaken by a team of reviewers and there was a high degree of correlation on scorings;
c) analysis of questionnaire results from countries, in particular from Directors of Agriculture in developing countries. This questionnaire had a limited return rate (39 responses) but rates were high enough from Africa, Asia and Latin America and the Caribbean to provide statistical validity;
d) scorings by FAO Representatives and technical staff of the types of assistance most frequently requested - e.g. policy assistance, capacity-building, piloting;
e) background working papers commissioned by the IEE covering Economic Policy; Special Programme for Food Security; International Agreements and Laws; Technical Cooperation; Nutrition; Forestry; Fisheries; Livestock; Investment Centre; Statistics, Databases, Knowledge and Information Systems (including Early Warning); Emergencies and Rehabilitation Assistance; Agricultural Research and Extension; Agricultural Support Services; Plant Production and Protection; Water Management and Irrigation; Land and Soil Management; Environment; and Gender; and
f) results of previous evaluations, including the Independent Evaluation of FAO's Decentralization (2004) and the Independent Review of the Technical Cooperation Programme (2005).

266. This evidence base produced two main conclusions on which there is a broad and deep consensus among FAO Members. Firstly, in spite of the fact that developed and developing countries and development partners tended to state priorities in terms of normative and operational activities, almost all emphasized that this was a mutually complementary continuum of work. The main differences are not, therefore, matters of one versus the other, but rather of different points of priority emphasis on the continuum. Secondly, all countries considered that FAO has an important role to play in technical cooperation.

267. Beyond this, the picture with regard to Members' priorities becomes highly nuanced. Full consensus is difficult to detect, although there are several areas of solid convergence. The following summarizes some of the main findings and observations.

268. **Policy:** All member countries agree upon the need for FAO's work at policy level. Most referred in this regard to FAO's comparative neutrality in policy work, its role as a forum in developing normative products and its policy knowledge foundations for furnishing country assistance. The types of policy contribution to which highest importance was attached, however, varied from country to country. LDCs frequently looked to FAO for assistance in areas of its normative strength, such as policy on food safety standards for traded products, but they attached less overall importance to further developing the normative underpinning and international agreements. Directors of Agriculture in developing countries consistently scored sector policy assistance as their first priority. Demands for subsector policy help were lower and this was borne out by responses of technical officers on demands for their work. A few middle-income countries did not consider that FAO could produce any macropolicy level support at the level which they required. This was not restricted to economic and trade policy, but also extended to issues of prioritization in national programmes and institutional and technical policy. This finding was reinforced by the IEE country visits, which found that certain middle-income countries of Latin America and Asia looked for policy support only in very specific areas, such as fisheries.

269. **Capacity building:** Both developed and developing countries assigned high importance to FAO's role in capacity building, including training. This was also confirmed in the responses of technical officers and FAORs on the areas they detected as reflecting the highest demand for FAO services. Overall capacity building was also the first priority of Directors of Agriculture

with countries in Africa and Asia giving it slightly higher importance than did those in Latin America and the Near East.

270. **Statistics and basic data:** Content analysis of statements made in Governing Bodies suggests that this role of FAO is taken somewhat for granted. By contrast, IEE visits to developed and middle-income countries revealed that the provision of statistics and basic data had the highest priority. This was supported by the assessment from IEE visits to those countries that the comprehensive data provided by FAO is not available elsewhere. This assessment, and the value accorded to the work, was shared by non-governmental stakeholders in research and, to some extent, the private sector and the media. The visits to least developed countries confirmed that they made the least direct use of this global data, but attached considerable importance to the strengthening of their own capacity to produce such data. They also confirmed their heavy reliance on FAO to maintain surveillance on food shortages, epidemic pests and diseases.

271. **Field level piloting:** Technical officers and FAORs saw relatively low demand for services in this area. There was a similar response from Directors of Agriculture. Reports from the IEE country visits also revealed generally low or limited interest in this, with the exception of Latin America and the Caribbean. In the latter case, the responses seemed to have more to do with what the countries thought FAO could provide than what they would prefer it to provide. For the most part, meetings with senior government officials brought out that they saw little role for FAO in piloting. In most cases, they thought it could be done by NGOs or via stand-alone bilateral projects. Many officials within the UN family and donor community were strongly critical of FAO pilot activities, stating that they have no impact. In this regard, TeleFood was found not to be a priority at country level.

272. **Legislation and international agreements:** Based on country visits and Governing Body statements, many developed and some middle-income countries assign high priority to FAO's role in the development of international policies and legal and regulatory frameworks, both under the aegis of FAO and of other international bodies such as the Convention on Biodiversity and the UN for matters related to the Law of the Sea and Ocean Affairs. The IEE survey found that this was not, however, a priority for most developing country Directors of Agriculture, FAO technical officers and FAORs. Least developed countries tended to see little direct benefit to themselves from such work, emphasizing that agendas for international law were still driven by the developed countries. However, they also underscored that, since new legislation and international agreements were increasing, they wished to see FAO as a preferred forum, being neutral and technical with equal opportunity to all countries to participate in decision-making.

273. **Advocacy:** Although member countries seem to assume that FAO will play an advocacy role in food and agriculture, there appears to be little clarity and even less consensus on exactly what that means and what it should entail. In general, developing countries have been more supportive than developed countries of generalized advocacy on the importance of food and agriculture. This extends to attitudes to World Food Day and the World Food Summit. During country visits, the IEE found that, as with other aspects of FAO's work, the priority to advocacy was influenced by the country's perception of FAO's effectiveness as an advocate - which was often seen as declining. As discussed below in the section examining advocacy and communications, there are also disagreements from many developed countries on the major policy messages for which FAO has advocated.

274. **Emergencies and rehabilitation:** There has been increasing convergence between all countries that FAO has an important role to play in plant pest and livestock disease surveillance and control and that priority should be assigned to coordination and technical support for immediate rehabilitation.

275. **Priorities in other technical areas:**

a) the **crops sector** was accorded the highest priority for development by most Members. This would be expected, given that crops occupy the largest part of agricultural food security, GDP and employment in the majority of countries;

b) based on discussions in-country by IEE teams, Governing Body statements and questionnaire responses, a significant majority of countries assigned priority to **Fisheries, Forestry, Codex and Food Standards, the International Plant Protection Convention (IPPC), the Control and Management of Epidemic Pests and Diseases,** including avian influenza, and, for countries at risk, locusts;

c) **gender**-related issues are emphasized by Governing Bodies, but they were less evident in country-level feedback and were not mentioned at all in many of the IEE country visits;

d) for countries affected by hunger, vulnerability to food insecurity and emergencies (some 68 percent of developing countries[45]) as well as for many major donors, high priority was attached to work in **Food Information and Vulnerability Assessment;**

e) **land management** received a high score from Directors of Agriculture. This reflects the growing pressure on land resources in the majority of developing countries. **Water management** was reflected as a major priority in the growing number of countries where pressure on water resources is a major issue and a production constraint in agriculture. However, missions found that, as in several other areas, countries' priority to FAO work in these areas was low on the grounds that FAO's capacity is weak and other organizations had more capability, flexibility and relevance;

f) Directors of Agriculture assigned a low priority to support in **agricultural trade**. This is at variance with the findings of the evaluation of FAO's Policy Work[46] and the information obtained by the IEE teams during country visits, which included interviews with Finance Ministries and senior advisers on overall national policies. As the Evaluation of FAO's Work in Commodities and Trade noted, Departments of Agriculture are less and less involved with trade and, in at least many cases, less central to national policy-making, which probably explains the divergence found here; and

g) the **Special Programme for Food Security** received high priority from most developing countries in the FAO Governing Bodies, but much more mixed – and largely negative - messages were provided by representatives of national governments at country level and also by other stakeholders.

RESOURCES FOR FAO'S TECHNICAL WORK

Resource availability and distribution

276. This section of the chapter summarizes the trends in resource allocation for FAO's technical work. The extent to which the IEE found this resource allocation supportable and sustainable is discussed at the end of the chapter, together with overall findings on FAO's technical work.

277. As with the resources for the Organization as a whole, the total Regular Programme budget resources for the technical work of FAO declined substantially in real terms - some 15 percent - between 1994-95 and 2004-05. The decline in extra-budgetary resources over the

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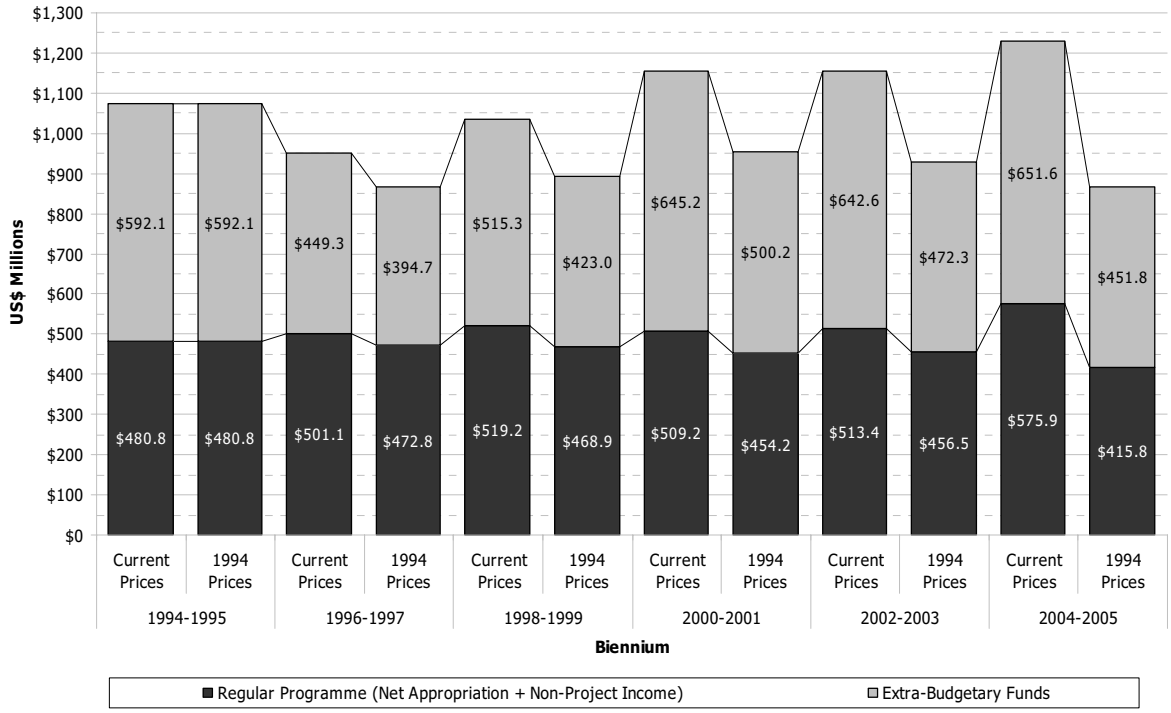
[45] This percentage is a composite of low- and middle-income countries where 20 percent or more of the population is undernourished or experiencing complex emergencies. Source WFP, Relief Web/OCHA and World Bank.

[46] Evaluation of FAO's Policy Assistance (Cooperation with Member Countries in the Development of National Policies (1994-99) with particular attention to FAO-TCP), 2001.

same period was more marked at 22 percent, giving an overall decline of 19 percent (see Figure 3.1). The extent of decline in extra-budgetary resources for technical cooperation for development was masked by the rise in those for emergency and rehabilitation. The latter rose from virtually zero at the start of the period to US$176 million at 1994-95 prices in 2004-05.

Figure 3.1: Summary of resources for FAO's technical work (1994-95 to 2004-05)



278. The proportion of extra-budgetary resources which support the technical work of FAO has grown from around 96 percent in 1994-95 to almost 100 percent in 2004-05. However, extra-budgetary resources have shown no marked trend as a proportion of the total technical resources of the Organization and have remained at slightly over half the resources available. Overall, the percentage of the Regular Programme appropriation for technical work (see Table 3.1) has varied from 71 to 72 percent with no clear trend.

279. Another indicator of resource availability is the change in approved Regular Programme professional staff. From 1994 to 2006, the overall number of Regular Programme professional staff at headquarters declined by just over 15 percent, but by over 31 percent in subject matter technical professional staff. At the same time, overall staffing levels in the regions showed a slight increase of over 7 percent, mainly due to downgrading of posts and reduced staff costs at several decentralized locations. Staff in the regions funded from the Regular Programme budget declined by 17 percent (see Chapter 6 for more details). While the core staff based in headquarters on each subject matter area has gone down, the proportion of staff working exclusively on direct support to member countries has gone up slightly. The effective proportion of resources available for technical work has also declined further due to an increase in back-charging for support services (e.g. computer installations, office moves) and an increase in the handling of administrative tasks by technical officers[47] (see Chapter 8).

[47] The work measurement survey indicates that, overall, the proportion of time technical staff of all types at headquarters spend on administrative and operational tasks has increased as a proportion from 16.2 percent in 2000 to 23.4 percent in 2006. The proportion of time staff in Regional and Subregional Offices report as spending on administration has declined but remains high at 43 percent and staff in the country offices report that around 65 percent of their time is now spent on administration.

Table 3.1: Changes in percentage of Regular Programme resource allocation for technical work between purposes and units (based on nominal net appropriation)

	1994-95	1996-97	1998-99	2000-01	2002-03	2004-05	2006-07
HQ (technical work)	37.7%	36.9%	37.1%	35.1%	34.9%	35.4%	33.3%
Regional and Subregional	7.9%	7.5%	7.8%	8.6%	8.9%	7.3%	7.3%
FAORs	9.0%	9.3%	9.3%	10.2%	10.7%	9.5%	10.2%
TCI	2.5%	2.7%	2.5%	2.2%	2.0%	2.1%	2.1%
TCP including TCP management unit	12.5%	13.5%	12.8%	13.1%	13.6%	13.7%	13.5%
FAOR and field programme management	1.8%	2.2%	5.1%	4.0%	3.5%	4.1%	3.6%
Total	**71.4%**	**72.1%**	**74.6%**	**73.1%**	**73.6%**	**72.2%**	**70.0%**

280. The changes in percentages of overall Regular Programme resource allocation for technical work between purposes and units (see table above) have not been large. There is a slight decline in headquarters technical units, which became more pronounced in the 2006-07 biennium. Regional and Subregional Offices have risen and then declined, although the full impact of the latest re-organization may not be fully evident from the figures. FAORs have increased slightly as a proportion, as has TCP. The biggest rise is in the proportion going to FAOR and Field Programme management, which has doubled from 1.8 in 1994-95 to 3.6 percent in 2006-07.

281. An IEE survey of the time spent by headquarters technical departments in 2005-06 on technical cooperation versus more normative work revealed an average split of roughly 30 (technical) and 70 (more normative). The former Sustainable Development Department, Agriculture Department and the Legal Office devoted greater proportions of their resources to technical cooperation than did the Fisheries Department, whereas the Economic and Social Department devoted much less. No time series data were available. The IEE could not confirm, therefore, the extent to which this is representative, although anecdotal reports suggested that this is the case. In any event, there are issues here, which will be discussed in relation to the various technical areas below.

Changes in resource allocation in technical areas

282. Changes over time in the pattern of Regular Programme resource allocations in the technical areas is an indicator of how FAO has adjusted to overall budget restraints and the extent to which resources were aligned to priorities or reduced uniformly across all programmes (see Table 3.2). At the IEE's request, the FAO Secretariat analysed changes in some key technical areas in terms of the percentage of the budget for technical work which they received. Some of these areas of work are not mutually exclusive (e.g. Fisheries and Basic Statistics) and, because of changes in programme structure, this analysis was of necessity approximate. Over the 14-year period (7 biennia) 1994-05 to 2006-07, there were some significant changes in the percentage allocations of resources between technical areas. The largest change was a doubling of the percentage of resources for migratory plant pests (including locusts) and, at the other extreme, a reduction of some 40 percent in the proportion of resources for livestock production and policy work, excluding animal health. All other changes were less. It is thus clear that definitive shifts in resources were not made rapidly in line with changing priorities.

Table 3.2: Proportion of the Regular Programme technical budget to selected areas and percentage change over the period 1994-95 to 2006-07			
	1994-95	**2006-07**	**Increase/ decrease in share**
Areas which increased as a percentage of the total:			
Transboundary plant pests including locusts	0.77%	1.54%	101.8%
International Plant Protection Convention (IPPC)	0.77%	1.39%	82.1%
Genetic resources	2.45%	4.39%	79.2%
FIVIMS & GIEWS	1.93%	3.20%	66.3%
FAO/IAEA joint division's programme[48]	1.16%	1.66%	43.0%
Codex and food standards	1.30%	1.71%	31.5%
Forestry	7.26%	8.86%	22.0%
Fisheries	10.72%	11.71%	9.2%
Animal health	1.71%	1.75%	2.6%
Areas which decreased as a percentage of the total:			
Water	2.58%	2.48%	-3.9%
Legal assistance	0.98%	0.93%	-4.3%
Agricultural engineering and industries[49]	2.80%	2.51%	-10.3%
Research, education and extension	2.80%	2.49%	-11.1%
Policy and trade	13.18%	11.67%	-11.4%
Nutrition (excluding food standards)	4.87%	3.91%	-19.7%
Land	3.23%	2.37%	-26.8%
Rural finance and marketing	2.90%	2.11%	-27.0%
Basic statistics (agriculture, fisheries and forestry)	6.66%	4.54%	-31.8%
Pesticides and IPM	1.91%	1.18%	-38.4%
Livestock (excluding animal health)	4.26%	2.56%	-39.9%

283. The above table shows that between 1994-95 and 2006-07, the share of the Regular Programme technical budget increased in nine programme areas and declined in eleven. It is difficult to gauge the extent to which these shifts align with indications of Members' priorities, particularly in terms of orders of magnitude. Many of the changes have been clearly in the direction of Members' stated priorities (e.g. transboundary plant pests, IPPC and Codex), but others suggest moves in the opposite direction (e.g. the size of the proportional decline for statistics work).

284. To some extent, the pattern of changes demonstrates that it has been easier to make adjustments within divisions than between divisions; the same is true for departments. The relatively small increase in Fisheries - clearly a priority area for Members - demonstrates this

[48] The Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture is not an area of work as such, but contributes to FAO's work in the areas of livestock, crop production and food safety.

[49] Over the reporting period, work on agricultural engineering reduced almost to zero.

latter point. Increases in Codex and food standards have, to some extent, been at the expense of work on nutrition and increases in animal health at the expense of other livestock work.

285. Another development has been a reduced proportion of technical department resources available to cover expenditures other than staff costs. This includes travel costs for technical assistance or meetings, hiring of consultants, meeting costs including translation and interpretation, and electronic and paper publication. The amount available for non-staff costs dropped from 35 percent in 1994-95 to 26 percent in 2006-07. There were also significant differences between departments, which did not fully follow the pattern of the number of meetings they run. In 2006-07, the Agriculture Department had 33 percent of its budget for non-staff costs, while the Economic and Social Department had only 15 percent. This means that, in the current biennium, the latter department has this very small proportion of its Regular Programme resources to spend on doing work which cannot be done by its own staff sitting behind their desks. It is easier to cut non-staff budgets than posts. This, as with the discussion on resource shifts between divisions and departments, reflects an issue, which is returned to in Chapter 7 on programming and budgeting.

286. Overall, the changes in distribution of resources over the seven biennia discussed above have been small between technical areas and between more normative technical work and field-related activities. There have been changes - the significant rise in work on emergency response and rehabilitation is one - but the Organization has engaged largely in minor adjustments. It is evident that neither the management nor the membership has been able to define major desirable priority shifts and move the necessary resources to respond.

MANAGING KNOWLEDGE AND MAKING IT AVAILABLE TO USERS

287. As the costs of communication and computing power have tumbled, the continuing internet revolution has provided many new opportunities and given rise to totally new ways of creating and distributing knowledge. It has enabled some societies to leapfrog investment barriers. It has also created technological “haves” and “have-nots” and given rise to problems of information overload and difficulties for users in distinguishing the relevant from the masses of irrelevant or less pertinent information. For FAO as a knowledge creator, assembler and disseminator, it has provided opportunities for partnership, which, at individual and institutional levels, did not previously exist.

288. These technological developments often tend to be confused with knowledge management itself. They have not modified FAO’s fundamental roles with respect to knowledge management for food and agriculture. These involve: i) advocacy, communication and public information; ii) knowledge development and dissemination through technical cooperation; iii) knowledge creation through assembly and analysis (discussed later in this chapter in relation to the separate technical programmes); and iv) knowledge assembly and dissemination through the paper and internet publication.

Advocacy and communication

Background

289. This section of the report addresses the technical efforts of FAO that aim specifically at advocacy and communication on major issues. Narrower technical communication, including electronic and print publications and information access, are addressed separately below. For the purpose of the IEE analysis, advocacy has been defined as the use of evidence and processes of persuasion in order to convince a target audience of the desirability or importance of an issue, a policy or course of action. There are interfaces and overlaps between advocacy, on the one hand, and advice, consultative fora, analysis and information on the other. FAO engages in advocacy and public relations primarily to secure progress in achieving its broad goals summarized earlier in this chapter, but also to obtain support for the Organization itself.

290. Advocacy at the global and national levels for policy issues, norms and standards has always been an integral part of FAO's work. Advocacy to non-specialized audiences, including the link to fundraising, dates back to 1963, when the FAO Conference first linked freedom from hunger to the Universal Declaration of Human Rights. Later, the Freedom From Hunger Campaign of the 1960s and 1970s gave rise to several national NGOs which continue today. The Money and Medals programme, which issued medals and coins to publicize food and hunger and raise money, began in 1976 and World Food Day was first celebrated in 1981. The great majority of FAO Members support FAO's role in advocacy and this was clearly endorsed in the Strategic Framework. However, certain components and examples of advocacy, such as the application of biotechnology to agriculture, are more controversial than most other aspects of FAO's work.

291. The Strategic Framework (1999) explicitly linked communication and advocacy and made communicating its messages one of FAO's six cross-organizational strategies[50]. Also in 1999, FAO released a Corporate Communication Policy and Strategy which stated in the Director-General's Foreword that: *"In the past, FAO operated without a corporate communication policy, relying instead on what seemed to be a pragmatic division of labour and responsibilities (...) Communication and information activities frequently lacked focus and coordination .No mechanism existed for defining key corporate messages and for informing and educating staff about them[51]."* Mechanisms were thus proposed to *"create a communication culture"*. A new Corporate Communication Committee was established to coordinate implementation of the policy and to review and monitor departmental communication and publishing plans.

292. FAO advocates to governments, opinion-makers and to the general public. These are linked in that the overall interest of the general public influences the broad political agenda:

a) at the global and regional levels, the Organization works with opinion- and decision-makers in international fora and through flagship publications (such as SOFI and SOFA) to place critical issues on the international agenda and facilitate national and international debate and action. At the national level, it draws attention to emerging transboundary issues and recommends good practice; and

b) both internationally and nationally, FAO reaches out to non-specialized audiences and the general public to raise awareness of the scale and significance of issues, especially hunger and food insecurity. It thereby indirectly aims to influence the actions of governments, aid agencies, NGO and others. In the framework of TeleFood, this has been linked to resource mobilization.

Two existing evaluations have been particularly important for the IEE in its analysis of advocacy and communication: namely, the 2005 Evaluation of the Cross-Organizational Strategy on Communicating FAO's Messages[52] and the 2006 Evaluation of TeleFood[53].

Advocacy work directed at decision-makers

Outputs and their quality

293. The **World Food Summit** (1996) and the follow-up *World Food Summit: five years later* (2002) were major FAO efforts to focus on the importance of tackling hunger. They combined the roles of a neutral forum, setting global goals and policy, with that of advocacy, raising the profile of hunger. They were conducted at substantially less cost than other comparable summits. Participation from developing countries at presidential and prime ministerial levels indicated the major importance the topic had for them, while representation from developed countries was at a

[50] Paras.135 and 136.

[51] PC 94/5 p. 4.

[52] FAO, 2005: *Evaluation of the Cross-Organizational Strategy: Communicating FAO's Messages*.

[53] FAO, 2006: *Evaluation of Telefood*.

less senior level. The summits did create greater consensus than had been the norm. The Summit statements were agreed in advance, obviating the need to negotiate down to the wire. NGO fora were very supportive, rather than protesting, but perhaps as a consequence, the global media coverage was less.

294. **Advocacy and communication in policy to governments and other opinion formers:** There is a growing recognition that advocacy concerns not just issues and analysis, which are important, but it is essential to have a joined-up strategy for identification of the issue and its solutions, the formulation of messages, the definition of the target audiences for these messages and the elaboration of a communication strategy and means of communication to bring about the desired change. There has been a growing realization that, with so many competing voices, the science is not enough. There are many recent examples of FAO combinations of advocacy and communication with basic analytical work and consensus-building at global level. They include plant protection, pesticides, several aspects of sustainable fisheries management, the concept of adequate food as a human right in the Voluntary Guidelines on the Right to Food; the establishment of the Code of Conduct for Responsible Fisheries and the International Treaty on Plant Genetic Resources for Food and Agriculture.

295. FAO's flagship "State of" reports[54] on agriculture, forestry, fisheries, and so on are used to support global knowledge and opinion synthesis. They also serve to present overall argumentation for conclusions which may be controversial. These publications are generally viewed as gathering existing knowledge, subjecting it to rigorous analysis, including scientific scrutiny, and feeding the debate between a wide range of stakeholders from the private commercial sector and civil society organizations as well as governmental and other UN agencies. The State of Food and Agriculture on "Agricultural Biotechnology: Meeting the Needs of the Poor" (2004) contributed to such a debate, as did that on "Agricultural Trade and Poverty: Can Trade Work for the Poor" (2005). Some NGOs, in particular, have protested the overall conclusions of the SOFA on biotechnology, and as a result, there is now a place in SOFA for NGO comment. A similar forum has not, however, been provided to the private sector, which could be viewed as a lack of balance and their organizations invited to comment depending on the subject matter.

296. It is difficult to make meaningful comparisons in the costs of preparing flagship documents between organizations, as the coverage and extent of background research carried out specifically for the publication varies considerably. However, comparisons of total costs in 2006 do indicate that FAO is producing value-for-money products. As calculated by the IEE, SOFA's costs have varied over recent years from US$900 000 to US$1 400 000 and SOFI costs about US$300 000. The World Bank World Development Report (2006) and Global Economic Prospects (2005) cost US$3.6 million and US$931 000 respectively.

297. FAO's role in trade policy and its analysis of implications for certain groups of countries has been particularly sensitive, because its views almost invariably impinge on countries' negotiating positions. Nevertheless, this role is now generally accepted, as was made clear in the evaluation of commodities and trade. This is an area where FAO does need to take some risks on behalf of its poorest members, even when this impinges on the interests of some of its largest contributors, but it must always be grounded in intellectual rigour and in-depth analysis of implications.

Outcomes of work directed at decision-makers

298. The **World Food Summit:** At a time when international development priorities had focused almost exclusively on the social sectors, the World Food Summit is widely considered to have contributed to keeping food and agriculture on the international agenda. The Summit goal of

[54] State of Food and Agriculture (SOFA); State of Food Insecurity in the World (SOFI); State of World Fisheries and Aquaculture (SOFIA); State of the World's Forests (SOFO); State of Agricultural Commodity Markets (SOCO).

halving the number of hungry also allowed FAO to insist on its inclusion in the UN Millennium Development Goals (MDG1)[55]. The monitoring process through the Committee on World Food Security (CFS) and the Flagship publication, the 'State of Food Insecurity in the World', served to maintain some focus on the subject, although the direct monitoring process in the CFS is beginning to lose impetus.

299. **Outcomes of flagship documents:** The evaluation on 'Communicating FAO's Messages' (2005) found that SOFA, SOFI and SOCO were "beginning to emerge as powerful advocates of carefully argued and balanced messages"[56]. The press review concluded that these and the numerous specialized publications contribute to FAO's image as a "serious and credible organization". Moreover, the main conclusion that emerged from examination of FAO's "State of" publications by the technical members of the IEE team was that they demonstrated significant and steady improvement over recent years in quality, thoroughness, readability and policy relevance. Their improved range and depth has led to them becoming important reference and policy documents. In 2003, 70 percent of the citations of SOFA, SOFIA and SOFO were found in scholarly journals[57]. Table 3.3 indicates that the use of the SOFA and SOFI in technical publications reflects FAO's position as a specialized agency, compared to the publications of those agencies with much broader mandates, such as the World Bank, UNDP or those with higher name recognition such as UNICEF. Only SOFI's audience is evenly distributed between scholarly journals, news and magazines.

Table 3.3: Citations of SOFA and SOFI compared with other international flagship publications (2004 -2006)

	Scopus	Google Scholar
State of Food and Agriculture (SOFA) – FAO	132	208
State of Food Insecurity (SOFI) – FAO	122	192
World Development Report – World Bank	2 217	4 730
Global Environment Outlook – UNEP	232	394
State of the World's Children – UNICEF	604	299
Human Development Report – UNDP	2 404	5 270
Trade and Development Report – UNCTAD	105	279
World Investment Report – UNCTAD	613	1 623

300. Numerous FAO programme and thematic evaluations, and the country visits of the IEE, have shown that FAO's flagship publications are not widely read or consulted in developing countries, especially the LDCs. Decision-makers gain policy messages from the "State Of" publications by attending meetings. This further emphasizes the need for FAO to have a more joined-up communication strategy at all levels of its work. An agreed SOFA analysis can form a central plank for communication, not only in the FAO Governing Bodies, but also more widely.

[55] UN Millennium Project, 2005, *Report to the Secretary-General: Investing in Development: a Practical Plan to achieve the Millennium Development Goals* repeatedly refers to FAO as the technical agency for agriculture and rural development, alongside IFAD, and as the "global repository of sector-specific knowledge on agriculture".

[56] Although it goes on to say that advocacy should not be their primary role.

[57] FAO, 2005: *Evaluation of the Cross-Organizational Strategy on Communicating FAO's Messages.*

The policy briefs currently prepared also need wider dissemination, in addition to being an insert with the publication.

301. **High-level advocacy on priorities:** The role of senior FAO officials, in particular the Director-General, is important in advocacy on priorities and policies and at country and regional levels. A very significant example of this is the 'Maputo Declaration' of June 2003, in which African Presidents committed to devoting no less that ten percent of their budgets to agriculture. FAO had advocated this level of commitment when it was against the dominant tide of development thinking and was instrumental in catalysing the commitment. This is now viewed by most analysts of development economics as a policy that is critical to Africa's prospects for poverty reduction. Unfortunately, the Organization's implementation has often been faulty and has even served to discredit the FAO. Box 3.1 furnishes some selective examples of important FAO messages that pushed against dominant trends but where the Organization's implementation modalities were not well aligned with the message.

Box 3.1: Some examples of FAO advocacy pushing against the tide

Message	Development slogan at the time	The implementation modality and its problems
Water control is essential for intensive agriculture and was one of the keys to the green revolution in Asia. This generally means irrigation.	Irrigation equates with big dams and is an environmental threat and threat to rural communities displaced by dams. The environment lobby equated issues in developed country intensification with those of developing countries with very low agricultural input levels.	FAO promoted small-scale irrigation schemes but these still were very conventional in their approach, requiring centralized management by either government or some form of cooperative/association. Higher value crops produced often did not find markets. They thus often proved unsustainable and underlying policy issues of water pricing, government responsibility for infrastructure and the potential role of entrepreneurs were not adequately addressed.
Building on the momentum of the World Food Summit, countries need integrated food security strategies addressing hunger and food security at all levels from the household to the nation. Such strategies should recognize the vicious circle of hunger as a cause and effect of poverty and integrate access to food at all levels, including production and the role of safety nets.	Food security is an issue of poverty and it is poverty which must be addressed.	FAO drafted food security strategies for all food deficit countries for their adoption. These were superficial and had limited ownership from the countries concerned. The same resources devoted very selectively to countries to work with them and, where possible, other development partners in supporting national strategy would have been desirable.
Building on the momentum of the Maputo Declaration of African Presidents, greater investment is needed in African agriculture.	Although the tide was beginning to turn, the international community was still sceptical of the role of agriculture in development and considerable debate continues as to how public sector investment can be effective.	As part of the response to the NEPAD Comprehensive Africa Agricultural Development Programme (CAADP), FAO prepared with short-term missions what were intend to be bankable investment proposals. These were inadequately documented and the proposals generally had little buy-in from either countries or the IFIs and bilaterals.

302. The IEE country visits underscored the importance many governments attach to FAO's global perspective that enables it to see transboundary issues and bring these to governments' attention, often before it is possible for an individual country to recognize their national and international significance. This 'upstream' work is crucial. FAO's advocacy in this regard was highly valued, particularly by those governments with the most severe capacity constraints. Six of the eight LDCs visited by the IEE explicitly mentioned in-country advocacy as a key contribution of FAO. This is also reflected in the evaluations of FAO's country programmes in Mozambique and Sierra Leone. In Mozambique, FAO advocacy resulted in donor-funded projects on development-oriented approaches to humanitarian crises, community participation in natural resource management, potentials for conservation agriculture and to an important inter-ministerial dialogue on genetically-modified organisms. UN country team members credited FAO with ensuring that the UNDAF included objectives related to rural development and agriculture and food security.

303. **Communication strategy:** The evaluation on 'Communicating FAO's Messages' found that, while there were many examples of successful FAO advocacy, the Organization could not expect to realize its full potential as an advocate without a new communications culture, established in a more open and less hierarchical organization. The "disconnect between top-down and bottom-up" would need to be resolved, according to the evaluation. The IEE findings concur entirely with this, as will be seen in Chapters 6, 7 and 8. Ideally, the corporate communication plan should draw on the plans of the departments and regions, while the plans of the latter should reflect corporate messages as well as their own specific priority messages.

304. The evaluation also found that the FAO website is among the most frequently visited sites across the UN system. It recommended further efforts to explore the potential for delivering punchy messages on the home page and through cautious use of advertising pop-ups on FAO's messages throughout the website. This recommendation has not yet been implemented.

305. The IEE found that few staff were aware of the Corporate Communication Plan. Also, and as noted in the Programme Committee at its May 2005 session, FAO continues to lack an overall communication strategy and policy endorsed by the Governing Bodies.

Communicating and advocating to the public

Outputs and their quality

306. Following the evaluation of 'Communicating FAO's Messages', FAO united all public information and advocacy in the Communication Division (KCI). This brought together in one place the units concerned with media relations, World Food Day, FAO Ambassadors and TeleFood. This provides the basis for a much more integrated approach. The division is also placing its media relations officers in key global media centres such as London and Paris. While an overall policy is still lacking, a more joined-up strategy is starting to emerge. The 2005 evaluation found that:

a) communication through the media is well developed in FAO (by the then Information Division), through the issue of press releases, the production of print articles, radio and video material and the organization of press interviews, as well as releases for flagship publications and press briefings around major meetings;
b) with respect to TV and radio features, the Organization was found to have been too conservative in insisting on control and producing its own material. The evaluation recommended a "quantum jump" for television through a relaxation of FAO approaches to partnerships with TV broadcasters and sponsors. This has, to some extent, now occurred with the virtual suspension of in-house production, but has not gone far enough, illustrating once again that FAO is an overly risk averse Organization;
c) Goodwill Ambassadors were found to have played the role of promoting FAO and its work, while enhancing public awareness about hunger in the world. Limited human and financial resources and the busy work schedules of most of the

Ambassadors have, however, limited their involvement. The recommendation to concentrate on fewer Ambassadors drawn from the most active among them, and to develop contractual agreements for their duties and responsibilities, was accepted. Some action was also taken with respect to the subsequent recommendation of the TeleFood evaluation (2006) that there should be a closer integration; and

d) it was found that World Food Day represented a major opportunity for FAO to communicate its messages and was especially popular in developing countries. In response to questionnaires, FAORs stated that World Food Day was celebrated in all their countries of accreditation with a high degree of involvement of the national authorities. The evaluation recommended that it would be most desirable if the World Food Day theme could be developed with the other UN food agencies and partners. Such planning should be rolling and begin at least two years in advance. This also implies a close relationship of World Food Day to the Alliance against Hunger. At the same time, a stronger link between World Food Day themes and FAO's integrated communication strategy should be achieved. Although this recommendation was largely accepted, no actions have followed.

307. The 2006 evaluation of TeleFood found that, during the early years of TeleFood, there had been major hidden costs to FAO in staff time and, to some extent, travel. More recently, given the very limited resources FAO itself deployed, the events were of relatively good quality. They had, however, suffered from not always having an adequately clear and appropriate message for the general public and from not ensuring enough focus on that message during events. Global events received limited international coverage. National events, generally, were better targeted to their audiences and more cost effective. TeleFood projects were not a good basis on which to raise funds or awareness about FAO, because (as one FAOR quoted in the evaluation of Communicating FAO's Messages put it) "the problems and issues dealt with by TeleFood projects ... do not represent the major part of FAO's mission". The 2006 TeleFood evaluation, confirmed again by the 2007 Sierra Leone evaluation, showed the very limited results of TeleFood projects and their lack of targeting on the poor. While the IEE found that TeleFood projects are not designed to influence resource flows and policy implementation, TeleFood has continued to mobilize significant resources (US$3.3 million in 2005, continued in 2006), albeit with increasing reliance on one country, Spain.

Outcomes of communicating and advocating to the public

308. The 2005 evaluation assessed the results of FAO's communication efforts in terms of visibility and image. While the FAO website is the most visited in the UN system, some NGOs/CSOs have a better exposure in relation to hunger issues on the most important search engine on the Internet. FAO's visibility is still low in relation to the Millennium Development Goals. When FAORs were asked to compare FAO communication with other UN agencies, FAO was given a relatively high score in relation to UN specialized agencies, but a lower score in relation to UN funds and programmes. These have invested considerably more in communication, at least partly to raise funds.

309. In the evaluation of 'Communicating FAO's Messages', FAORs assessed the usefulness of various media in their countries for delivering FAO messages. Their aggregate responses indicated that locally-based media are the most important, while the international outlets are ranked at the bottom. This has significant implications for FAO, if it is to increase efforts to deliver its message locally. It would include a requirement to tailor and adapt messages in each country. This is more costly and requires inputs from FAORs, who are, in many cases, badly overloaded or ill-suited to the task. FAO's current communication strategy tends to target the international media, rather than individual countries.

310. The lack of a systematic review of the press coverage of FAO prompted the evaluation to commission a rapid survey for 2004 to find out how the image of FAO is projected in some selected dailies and weeklies. Newspapers were selected according to their audience in decision-

making circles. Twelve developed countries and 24 developing countries were covered in 12 languages; 932 articles were identified, of which 26 percent were mainly about FAO and in just over half the cases, FAO was mentioned only as a statistical source. Articles related to crisis situations made up one-third of the total for developing countries and half for the developed countries. The survey agency underlined in its comments the general impression given of FAO as a reliable and credible organization, which could speak with authority on food and agriculture.

311. The events and campaigns reviewed in the TeleFood evaluation showed at best mixed results. The limited extent of this impact was shown by a survey in Spain, conducted for the evaluation. The survey occurred before and after a 'gala' TeleFood campaign. Clearly, the message did not get through: the percentage of the public understanding that FAO's mission was to "stop world hunger" went down from 13.3 to 7.7 percent, while those who understood FAO was aid to children went up from 4.7 percent to 10.4 percent (a result which may be explained by the images of children broadcast during the Gala).

312. Fundraising and advocacy are regarded as mutually reinforcing by specialists in the field. The act of giving increases commitment, and repeat events and additional giving increase that commitment. Fund mobilization from the general public and the private sector is dealt with in the section of this report dealing with fundraising.

Knowledge management and dissemination: FAO information systems and publications

313. FAO is mandated to produce basic data on all aspects of food, agriculture, forestry, fisheries and the related natural resource bases. Global data have the characteristics of a pure Global Public Good: access is non-excludable and its use is non-rivalrous.

314. In examining FAO's information dissemination, the IEE drew on its own analysis and direct feedback from countries as well as the auto-evaluation completed in 2005, which concentrated on the World Agricultural Information Centre (WAICENT) portal, but which addressed issues of the whole website. The 2004 WAICENT auto-evaluation included a survey of website users, from which the IEE also drew. However, it should be taken into account that: a) the respondents were those who chose to respond to a web-based questionnaire, and b) respondents were principally people who accessed the home page of WAICENT portal to start their search and not more frequent users who would go directly to individual pages or particular databases.

From paper to web

315. In the last ten years, FAO has been changing from a paper to an electronic publisher. The evaluation of the Publication Activities of FAO in 1997[58] found that the technical department produced 5 516 publications, including translations and reprints. In 2004-05, the equivalent figure was 3 228 (a 41 percent reduction).

316. At the same time, FAO website publication expanded dramatically. It is now the largest in the UN system and among the most widely visited. The size of the site has been growing steadily in content and numbers accessing it, which rose from 0.8 million visits in 1997 to 45 million in 2006. Reliable recent comparable information was not available for many organizations, but a scale of the difference can be seen from the chart below.

[58] The Publication Activities of FAO Programme Evaluation Report 1996-97 – Chapter Five.

Figure 3.2: Visits to the FAO Web site, 1997-2006

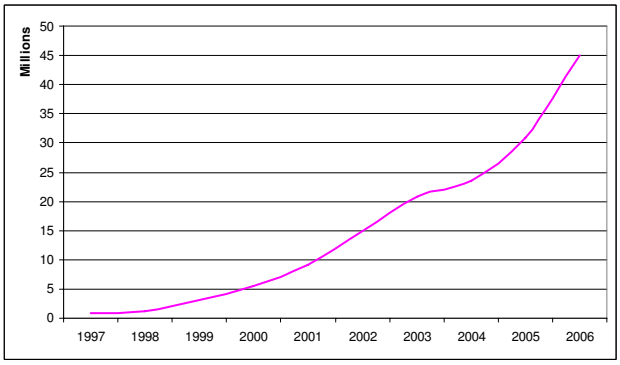
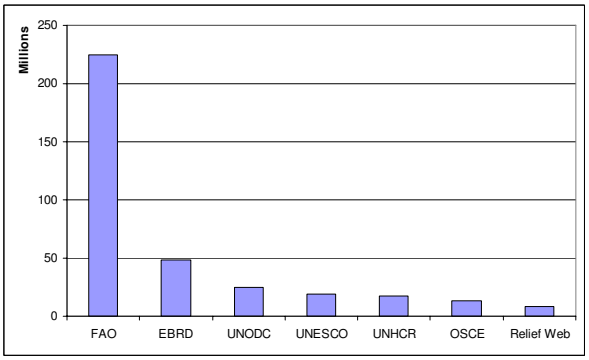


Figure 3.3: Page views by Organization, 2006



317. FAO's website is operated on the basis of a decentralized system with central standards and support provided by KC Department (see Chapter 8 for a review of the administrative support arrangements for the system). From the start of 2007, this department, through two divisions (KCT and KCE), combined both computer and communications software and hardware support with development and standards and guidelines support in order to assist units to develop their own work on the FAO website. Each unit decides what content it will place on the web.

Quality of the FAO website

318. As would be expected with a website of this size, there are great differences in both the quality of the information on it and of the web pages themselves in terms of ease of access and use. The users who responded to the 2005 auto-evaluation questionnaire confirmed difficulties in searching the site. One of the biggest problems is the size of the website, which produces navigation problems. The excessive diversification of access tools provided with the main search tool in use in 2005 has since been much improved with the addition of Google as a search engine.

319. Apart from bookmarked users returning frequently to the same site, the auto-evaluation found that some 70 percent of searches of the FAO website are by users making an enquiry via a search engine (i.e. users looking for a topic rather than looking directly on the FAO website). Links provided by other websites were also very important, which is a positive sign of FAO knowledge being used by others as a reference. In 2004, 70 percent of webpage records were complete with abstracts and key words, a considerable accomplishment.

320. The site is primarily designed on the basis of organizational units and these, rather than subject matter, are listed on the entry page. A few entry points allow for searches by cross-cutting themes (e.g. gender, trade and biotechnology), but, for the most part, navigating the sites requires following FAO's organizational structure. Current budgeting and managerial arrangements give little incentive for developing sites that address interdisciplinary themes.

321. Initially, the launch of the WAICENT in 1996 aimed to put in place a fully centralized system. This reflected FAO's strong overall tendency to centralization, but was at variance with good practice. Following significant resistance from all technical departments, full central management was rejected. Guidelines and procedures were put in place in 2004 to encourage compliance with minimum standards. The auto-evaluation survey of internal users found that there was general satisfaction with the corporate document repository and the document management system as well as with the central technical support provided, although some considered that there should be greater transparency on the availability and pricing of services. The auto-evaluation also found a need for more investment in inter-operability standards for web publishing and management. The IEE found that divergent views remain within FAO as to the extent to which the FAO website should have a uniform, corporate look and feel. In the view of

the IEE, gains can be made from greater harmonization of standards, but significant diversity is essential to encourage innovation and ownership.

Quality of publications (web and hard copy)

322. The 1997 evaluation of web and hard copy publications referred to above assessed quality through questionnaire surveys, the work of an independent assessor and ratings by consultants against a number of indicators. The overall results found publication quality (including technical quality) and usefulness somewhat above average in comparison with other sources of supply. The major weaknesses noted were: i) lack of clarity with regard to target audiences; ii) inadequate inclusion of edge knowledge; and iii) particularly weak layout and presentation.

323. Of the materials covered in the 1997 evaluation, 34 percent were categorized as technical reviews, 24 percent as technical guidelines and 9 percent as case studies. In these categories, 12 percent had some training intent. Quality ratings are summarized for the main categories in Figure 3.4. Comments on case studies included that they were not always linked to a defined problem or analysed for lessons. Although training materials were well-rated, it was observed that they often did not benefit from current advances in training approach, material layout and design.

Figure 3.4

Comparative Quality of Technical Publications by Type

Standards	* * *
Training Materials	* * *
Guidelines/Manuals	* *
Technical Reviews	* *
Compendia	* *
Statistics	*
Case Studies	*

324. Since the 1997 evaluation, budget restrictions and new policy have combined to make publications more directed, to give greater emphasis to quality over quantity and to reduce the length of publications. There have been fewer publications of general technical reviews, case studies and guidelines. The flagship publications, in particular the "State of" documents, have become more important. In terms of overall quality, the IEE concludes that there has been significant improvement.

Use of the website and publications

325. Language coverage has been a particular issue for FAO. The FAO website at point of entry now has high coverage in French and Spanish, and Arabic continues to grow. The actual availability of documents in all the languages of the Organization, however, is in general limited to official meeting documentation and major publications. Overall, the pattern of downloads for the top 50 publications by language is summarized in Table 3.4. The percentage for Spanish is very high, not markedly lower than English, probably reflecting the fact that most websites do not provide extensive materials in Spanish and the FAO website does. It may also reflect the fact that Latin America comprises mostly middle-income countries with greater absorption capacity for web-based material. The interest expressed by the Chinese and Japanese governments on mirroring FAO systems at country level has not yet led to actions on their part, except for use of DAD-IS in China for their national genetic resources web-based data.

Table 3.4: Technical departments Downloaded documents by language*	
Language	**Share of the total**
English	47.2%
Spanish	39.9%
French	12.0%
Arabic	0.6%
Chinese	0.3%

*Documents from non-FAO official languages and documents in multiple languages not considered

326. In developing countries, particularly in Africa, it appears that users prefer to obtain FAO documents as e-mail attachments than to download them from the web. The auto-evaluation on communications and the one on fisheries confirmed that this is generally due to limited computer and infrastructure capacity. The survey conducted in the auto-evaluation also found, in general, a preference in developing countries for hard copies of publications, but only as public goods (i.e. an unwillingness to pay for them). All examinations of FAO publications going back to 1997 have found that in the poorest of developing countries, FAO hard copy publications tend not to be sent to libraries or documentation centres but to sit in government offices with no distribution at all.

327. It was not possible to compare database usage as the databases themselves are structured differently, vary greatly in size and many users pass directly to bookmarked sections of the database. Nevertheless, it was clear that the interagency World Atlas of the Oceans, hosted by FAO and FAOSTAT, were the two most visited and used sites, followed by FIGIS (the fisheries database). The water and irrigation databases came next, but the order of magnitude of visits and downloads was less than a fifth of the more visited sites. An analysis of the top 20 publication downloads showed crops were highest, followed by forestry and fisheries. Livestock, agricultural policy and trade, food and nutrition, Codex and water also all featured in the list. The State of Agriculture, Fisheries and Aquaculture, and Forestry all appeared on the list. Types of publications most downloaded from analysis of the top 50 are provided in Table 3.5.

Table 3.5: Technical departments Downloaded documents by typology	
Type	**Share**
Training materials, manuals and guidelines	46%
“State of”	18%
Statistics and projections	6%
Maps	6%
Other	24%

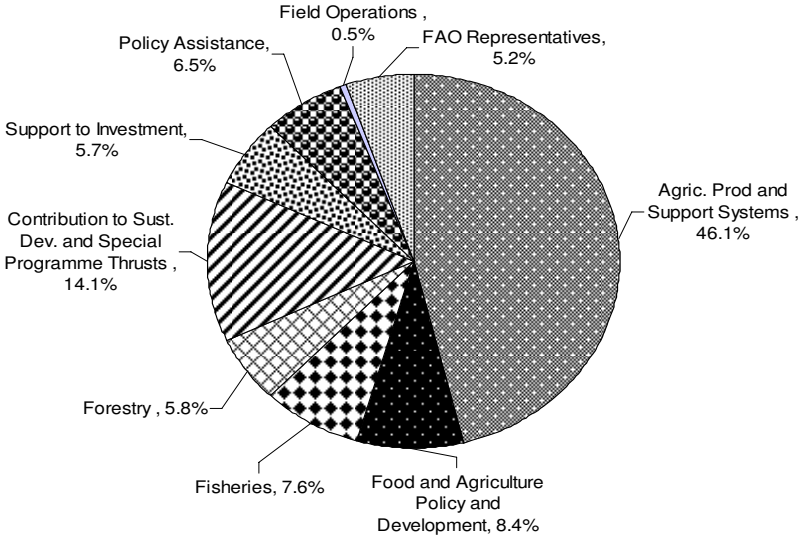
Technical cooperation for development[59]: Making knowledge available to users

328. The IEE reviewed its own findings at country level against those of the Evaluation of FAO's Decentralization and the Independent Review of TCP. The team was also fortunate to have access to the country working notes of the teams for those two evaluations. Extensive reference was made to the other country and programme evaluation work carried out by the FAO Evaluation Service.

Resources

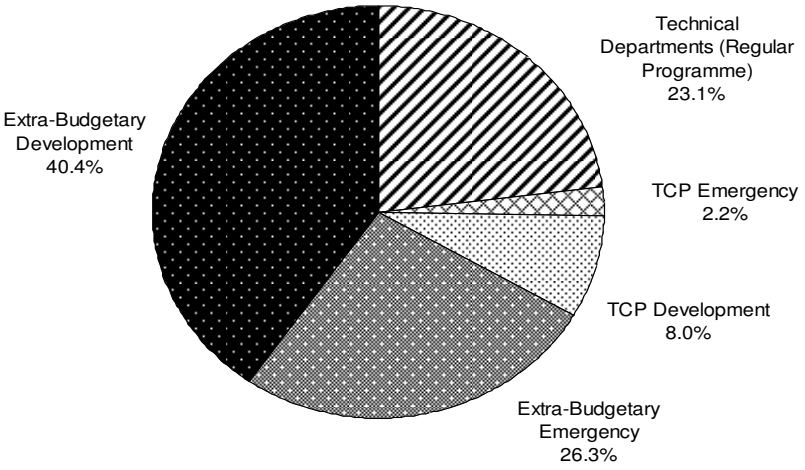
329. Some 70 percent of the Organization's Regular Programme budget is devoted to some form of technical work, including FAORs and TCP. In the biennium 2004-05, around US$321 million of these resources were spent on technical cooperation, which represented 33 percent of total FAO technical cooperation resources. Extra-budgetary expenditures accounted for about US$644 million (77 percent).

Figure 3.5: FAO resources for technical cooperation by major programme (2004-05)



[59] As defined here, technical cooperation for development includes FAO's own TCP and extra-budgetary projects. The resource data is derived from project expenditures as reported in the FAO Field Programme Management Information System (FPMIS) and figures quoted for Regular Programme staff time are derived from FAO's annual work measurement survey.

Figure 3.6: FAO resources for technical cooperation by funding source (2004-05)



330. Figures 3.5 and 3.6 show that in 2004-05, FAO's technical cooperation comprised some 23 percent from the Regular Budget (technical departments), 67 percent from trust funds and the remaining ten percent from FAO-TCP. Forty-six percent of the assistance was in agriculture, including livestock, and only eight percent in various forms of economic policy, statistics and nutrition and food safety. Fisheries and forestry accounted for eight and six percent respectively. This pattern of expenditure is to some extent explained by the pattern of extra-budgetary funding for emergencies, which emphasized crop production. Nevertheless, it was not fully in line with priorities, as stated by members in the Governing Bodies or the findings of the IEE country visits.

331. Technical cooperation relies predominantly on donor funds channelled through FAO (74 percent in 2004-05). Unilateral Trust Funds, paid by the country of cooperation itself, have been increasing in proportion, but only a very few countries are involved. In 2004-05, this source accounted for 11 percent of the total, while FAO's own funds (TCP, SPFS and TeleFood) represented 12 percent.

332. Almost half FAO's total expenditure on cooperation is in Africa, with Asia and the Pacific receiving 25 percent. The Caribbean receives about two percent and the Pacific one percent. When examined in per capita terms for rural population, however, the Caribbean receives the largest percentage support, followed by Africa and then the Pacific. Among the developing regions, Asia receives the least per capita, even when China and India are excluded from the calculation.

Table 3.6: Geographical distribution of total FAO country-level cooperation (excluding regional projects and Iraq's Oil-for-Food Programme), 2004-2005

Region	US$ (million)	Share (percent)	US$ cents per capita
Africa	470	46%	34
Asia	260	24%	9
Pacific Islands	8	1%	32
Latin America	130	13%	29
Caribbean	26	2%	41
Near East	92	9%	14
Eastern Europe	32	3%	7
Central Asia	12	1%	5

333. For 2004-05, 62 percent of FAO technical cooperation was with low-income countries. There was no significant difference in per capita expenditures on the rural population for different income groups. Correlation analysis of FAO levels of cooperation per country with rural population numbers in those countries shows little correlation overall, little for low-income countries and a slightly better level of correlation for middle-income countries. TCP funds, over which FAO has discretion, show no correlation at all overall, but weak correlations in Asia (excluding China and India) and in Latin America and the Caribbean.

Table 3.7: Correlation of FAO cooperation 2006 vis-à-vis:		
Rural population at country level by income		
Income level	FAO Cooperation (excl. FAO Representation, Iraq Oil-for-Food Programme and UTF expenditures)	TCP expenditures only
Low-income countries rural population (excl. India)	0.325	0.159
Middle-income countries rural population (excl. China and Iraq)	0.619	0.306
High-income countries rural population	0.528	-0.325
Overall	**0.465**	**0.272**
Rural population at country level by region		
Region	FAO Cooperation (excl. FAO Representation, Iraq Oil-for-Food Programme and UTF expenditures)	TCP expenditures only
Africa rural population	0.425	0.031
Asia and the Pacific rural population (excl. India and China)	0.526	0.513
Latin American and the Caribbean rural population	0.322	0.502
Europe and Central Asia rural population	0.217	0.1
Near East rural population (excl. Iraq)	0.001	0.245
Overall	**0.47**	**0.25**

The quality of FAO's technical cooperation

334. **Programme and project design:** Although FAO is now attempting to address the issue of programme coherence and focus through national medium-term priority frameworks, country or regional strategies have largely been absent from FAO's work. This is partly a result of the voluntary (extra-budgetary) nature of funding, which is not driven by strategy or even programme framework. The absence of significant core funding for technical cooperation is a serious constraint to FAO providing strategy-based responses to countries' needs. There is, nevertheless, scope for much greater focus than exists at present. The TCP is often also used in a fragmented way – e.g. a senior civil servant informed the IEE that it was his policy that TCP funds should be rotated between departments. Hopefully, the medium-term priority frameworks will reduce this. Interventions tend to be more strategic in countries where the Organization has larger programmes. This may be a mixture of cause and effect, and it is also very evident that the capacities of the FAO Representative have an important role to play. The Sierra Leone evaluation showed that there had been a sharp deterioration in the focus of FAO's work following a lengthy period without an FAOR.

335. There is a danger of spending excessive resources on project design where projects are small. This is the case for most of FAO's technical cooperation. For 2001-06, for example, the

average size of TCP was US$228 000.[60] Country programmes also tend to be quite small. For the period 2004-05, there was a high standard deviation about the mean of US$2.7 million per country. More than half the countries received under US$1 million, while a quarter received funding of over US$3 million. Those with larger programmes were usually dominated by emergencies or, in a few cases, by national funding (UTF). Prior evaluations have shown that the most significant single determinant of technical assistance effectiveness is clarity on immediate objectives and expected outcomes. This has also been found to be an area of particular FAO weakness. This extends beyond whether or not a formal and functioning Results-based Management (RBM) system is in place. The main problem in much of FAO technical cooperation is that those designing and executing the interventions have not always established clearly what they expect to leave behind at the end (see also Chapter 7 for a discussion of results-based frameworks).

336. The IEE has analysed the extent of FAO programme coherence at country level. The country evaluations of Mozambique and Sierra Leone (the only two country evaluations done thus far by FAO) reported reasonable coherence, but these countries are quite unrepresentative in that both have large programmes by FAO standards. The IEE field missions found the general situation to be quite different. Also, in spite of the very small amounts of financing for most countries, almost all reported that in 2004-05 they received some assistance in forestry, 98 percent in fisheries, 75 percent in crops, 45 percent in livestock and 42 percent in natural resources. As the sums involved for much of this were invariably very small, there was clearly a lack of concentration by sector as well as by country.

337. **The TCP modality:** The TCP is the only technical cooperation fund that FAO has at its disposal. As previously indicated, it amounts to US$103.55 million for the 2006-07 biennium.

Table 3.8: Geographical distribution of FAO Regular Programme TCP - 2004-05 (US$ 000)

Region	Total net delivery	Percentage	Average net delivery per	
			project	country
Africa	44 452	40%	$101	$945.8
Asia	22 529	16%	$129	$1 126.5
Caribbean	4 931	6%	$74	$308.2
Central Asia	3 265	3%	$105	$466.4
Europe	6 308	6%	$91	$286.7
Interregional	4 118	2%	$242	n.a.
Latin America	15 389	14%	$103	$905.2
Near East	11 075	10%	$96	$738.3
Pacific	3 237	4%	$75	$231.2
Total	**115 304**	**100%**	**$104**	**n.a.**

338. TCP is currently the only source of funding with which the Organization is in a position to act quickly and decisively. This includes being able to act as a partner with other sources of external support and to commit funds in the UN system and with donor coordination bodies. However, the flexible and rapid use of the TCP has frequently been constrained by lengthy delays in approvals between the TCP unit and technical divisions. TCP has also been used as a buffer for

[60] Excluding FAOR Facility and Phase II projects.

late payments of assessed contributions by Members, as it is the only funding in FAO's Regular Programme which is not fully committed. The issue of late payments and funding the ongoing work of the Organization is addressed in Chapter 8. This practice is understandable as the Organization struggles to address cash shortfalls, but it is clearly unsatisfactory that a priority area of FAO's work should be used as a reserve fund and thus given less priority than other programmes of the Organization.

339. There is a high degree of frustration in member countries with the delays and extended pipelines for TCP projects. For the TCP to work, the FAO Representative must have the authority to commit the Organization to support funding within much broader limits than those set at present[61], and also to take final responsibility for operational management of projects.

340. As can be seen from Table 3.9, and as found by the Independent Review of TCP, the spread of allocations between regions has, broadly speaking, reflected relative needs, in terms of generally accepted criteria to measure and compare food security, poverty and dependence on agriculture. However, when comparing TCP allocations between individual countries, the rationale for distribution is not clear, taking into account factors such as the absolute number of people suffering from hunger and poverty, as well as the number of persons dependent on the agricultural sector. The review concluded that the rationale for country resource allocation needed to be transparent. The IEE found that little progress had been made on this. In addition, the IEE found that it was essential for accountability to Members, and to build trust on use of FAO funds, that transparent criteria and methodology be established. This is also essential for planning by countries and FAORs and for effective working of the national medium-term priority frameworks.

Table 3.9: Geographical distribution of TCP Facility, June 2005-May 2007 (US$ 000)

Region	Number of countries	Number of TCPF recipients as percent of developing countries	Budget	Average budget per country
Africa	33	75.0	$2 430.3	$73.7
Asia	14	70	$1 056.1	$75.4
Caribbean	11	100.0	$510.5	$46.4
Central Asia	2	28.6	$50.8	$25.4
Europe	9	90.0	$576.6	$64.1
Latin America	17	85.0	$1 525.0	$89.7
Near East	6	33.3	$323.8	$54.0
Pacific	4	28.6	$181.9	$45.5
Total	**96**	**66.7**	**$6 655.1**	**$69.3**

341. The Independent Review of the TCP also found that the process of selecting, designing, approving and implementing TCPs needed improvement. Many delays were caused by protracted and ultimately unfruitful dialogue about the initial project document between headquarters and the FAORs. As TCPs are too small to justify separate formulation missions, the TCP Review recommended that projects should be approved in principle much more frequently and the formulation take place subsequently in a first mission to start up the project. The IEE found that this was still not a very common practice.

[61] The level of delegated authority to FAORs was increased significantly in 2006, but difficulties remain (for discussion, see Chapter 6).

342. The Independent Review also found that regional TCP projects generally did not have strong support in countries, as the idea for many of them originated in FAO. Some regional projects were considered to be justified, if they addressed a genuine, perceived problem where regional action was the most effective course. But countries needed to be convinced of this.

343. The question has been raised of whether TCP resources should be used for co-financing in the interests of partnership at country level. The IEE has concluded that the resources are too small for this purpose.

344. The IEE shares the conclusion of the Independent Review that the TCP should be maintained at the present share of FAO's Regular Budget. It also agrees that the TCP should continue to be used for demand-driven assistance, but the IEE believes that criteria need to more specifically define FAO's areas of priority for its use, in line with the Organization's priorities and comparative strengths. The IEE also considers, in line with the overall thrust of the recommendations of the Independent Review of TCP, that TCP funds should very largely be made available in the form of regional allocations, based on clear and transparent criteria. The designated officer for the country (generally an FAOR) should have full authority to agree on the use of TCP resources with the government, in line with the indicative country figure, the evolving criteria on priorities and agreed national medium-term priority framework.

Relevance and effectiveness of FAO's technical cooperation for development

345. FAO evaluations have only recently begun to look at the overall effectiveness of FAO work at country level. Previous work evaluated the effectiveness of individual headquarters-based technical programmes, on the one hand, and projects on the other. In common with the evaluations of decentralization and of the TCP, the IEE country visits in Africa found that governments and donors often looked on FAO as among the better of the UN specialized agencies (as distinct from Funds and Programmes). This did not appear to be the case in the countries of Asia, where planning and finance ministries and donor representatives suggested that FAO was not as efficient or effective as other UN specialized agencies. In Latin America, FAO was often compared unfavourably with IICA.

346. In addition to preparing a background working paper[62], the IEE reviewed recent examples of FAO making a very significant contribution as documented in prior evaluations. These included the widespread replication of Farmers' Field Schools in Sierra Leone, beneficial policy changes on sugar and grain marketing in Mozambique and national policies on avian influenza in several countries. The evaluation of Codex and food safety activities demonstrated the contribution FAO had made in several countries to the development of export capacity. Evaluations of several food information and early warning systems in Africa have demonstrated their immense value, but also that they cannot be sustained without continued donor assistance in countries with limited capacities and fragile economies. The Mozambique and Sierra Leone evaluations drew attention to FAO impact at the policy level. In India, thanks to a unique situation of FAO disposing of residual funds from the former Netherlands assistance programme, FAO was able to leverage and facilitate policy dialogue in key areas such as biotechnology and supermarkets (integrated value added chains, "farm-to-fork").

347. This generally positive picture is borne out by assessments of project evaluation missions, although project evaluations vary widely in quality and methodological rigour[63] and results from these must be interpreted cautiously. Allowing for this, the table below shows the scores assigned to FAO trust fund projects for their effects and impact by evaluation missions in the period 2000-05. The Independent Review of the TCP found a generally encouraging picture with respect to the relevance of FAO interventions through TCP at country level, but found both the quality of outputs and the overall impact and sustainability to be considerably lower.

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[62] Eric Tollens.

[63] See Chapter 7.

Table 3.10: Assessment by project evaluation missions of the sustainable effects and impacts of individual Trust Fund Projects assessed in the period 2000-05									
Project Effects and Impact	**Global**		**Africa**	**Asia**	**Latin America and the Caribbean**	**Near East**	**Europe**	**Pacific**	**Inter-regional**
	N.	%	%	%	%	%	%	%	%
None or slight	8	9	4	11	0	67	40	0	0
Some	35	41	42	32	56	33	40	0	50
Considerable	42	50	54	57	44	0	20	100	50

348. The overall picture that emerges is that FAO has shown that its technical cooperation efforts can be highly effective and have important impact. The IEE gained the impression that FAO is often judged by a more critical yardstick than other organizations. This seems to derive from an image problem. At country level, the image problem seems to have a number of contributing causes, four of which stand out. When asking questions on the effectiveness of the Organization's technical work, time and again the IEE heard reference to these four factors, rather than the answer to its questions on FAO impacts. The four are: the Organization's administrative bureaucracy; low capacity of its Country Offices; lack of resources needed to be a significant player; and what many regard as an inordinate emphasis on the Special Programme for Food Security (SPFS). The first of these can be solved by the Organization. The second is in part a resource issue and in part a result of internal policies. The third is to some extent a function of the first two. The question of the SPFS is addressed in more detail below.

349. The IEE also found that FAO is not maximizing its potential for relevance or its comparative advantages through its technical cooperation. FAO's programme is not sufficiently focused, given its very limited resources. Development impact is often weak because it is working on relatively small projects that can hope to make at best a very limited contribution to the main issues facing a country.

350. The lead ministry for FAO is generally agriculture, but the IEE country visits furnished compelling evidence that this in itself can have a distorting effect on the demand for services in FAO's areas of mandate. Agribusiness and trade, fisheries, forestry, food safety and sometimes livestock are not necessarily responsibilities of the Ministry of Agriculture. Moreover, Ministries of Agriculture in many countries are quite marginal to the main economic debates that determine national policies and priorities. The introduction in 2005 of the National Medium-Term Priority Framework, in line with the recommendations of the Decentralization Evaluation and the TCP Review, may prove to be a major step forward. The evidence to date indicates a tendency to produce shopping lists of projects, rather than identifying those areas where for the medium term, FAO's comparative strengths and the needs of the country converge. The development of realistic frameworks cannot result from a quick mission, but requires rather a sustained dialogue with multiple national partners and not only the Ministry of Agriculture.

351. The TCP evaluation documented that TCP resource allocation was not linked to a series of indicators, such as the numbers of hungry or those dependent upon agriculture, or upon the income level of the country. A more systematic and transparent framework for the allocation of TCP resources is needed. Free use of the TCP by middle-income countries should be more clearly linked to FAO's own priorities. FAO should flexibly pursue various arrangements, including the establishment of national technical cooperation funds where countries can pay for all or a part of their technical cooperation from FAO, aiding prioritization. Both because of the transaction costs involved and to encourage serious efforts at priority-setting, arrangements should be institutional rather than ad hoc, to the greatest extent possible.

352. Government senior planners and academics frequently stressed that, in addition to FAO's normative areas of excellence (discussed in the context of technical programmes later in this chapter), a key FAO comparative advantage is the respect accorded to it for its neutrality and also its membership of the UN system. This gives the Organization an opportunity to facilitate policy and strategy work in economic, technical and institutional areas, rather than in the provision of direct technical assistance for production activities. International development partners (UN system, donors, IFIs) were also consulted at country level on their priorities for FAO, and thus the areas in which they might be expected to finance FAO's work. Their almost universal emphasis was on FAO's strengths in policy and institutional development for its areas of mandate, where the Organization's neutrality, knowledge of global trends and the implications of technology are important. They also stressed FAO's normative function and its role in making countries aware of comparable experience elsewhere. Neither senior government officials nor donors viewed FAO as being a major mobilizer of funds or implementer of large-scale assistance.

353. A further conclusion from the IEE examination of technical cooperation is that, as national capacities increase, the demand for FAO support in the development of sector and macro-policy also grows. It is notable that this is now occurring in much of Africa. As countries further increase their own overall capacities, requirements for external technical assistance tend to move in the direction of specialist policy and institutional support in areas where FAO has a distinct advantage in terms of its normative under-pinning. This includes, for example, standards for trade, aspects of fisheries and forestry and possibly such areas as natural resource database development, biodiversity and transboundary pest and disease management.

354. FAO's role as a knowledge organization is central to the point of departure of this evaluation. The Director-General's reform proposals (2005) correctly highlighted support to capacity building as a major area of concentration. This corresponds with the priorities identified by countries, as does the reform proposals' emphasis on policy assistance. FAO's overall effectiveness both at country level and globally with respect to major cross-cutting areas will be addressed later in this chapter, immediately prior to Overall Conclusions and Recommendations. Cross-cutting areas addressed include: treaties and agreements; policy and strategy development; capacity building; technology transfer and piloting; gender mainstreaming and women's empowerment; and environment and natural resources management.

FAO support for investment in agriculture

355. FAO's main support for investment in agriculture comes through the Investment Centre (TCI). TCI was established in 1964 to support member country governments in the preparation of agricultural investment projects for funding by external funding institutions, principally at that time the World Bank[64]. It was intended that: a) member countries would have increased access to agricultural development funding; b) the international funding agencies would have access to high-quality expertise, and thus be presented by its clients with sound investment proposals; and c) FAO would be able, through TCI, to scale up its knowledge and experience.

356. Since its formation, TCI has been funded partly through the FAO Regular Programme and partly through payment for its services. In the case of the World Bank, these services are paid for with a guaranteed annual fee for an agreed number of weeks of service[65]. In the case of the other International Finance Institutions (IFIs), each service is paid for at agreed rates[66]. The overall income of TCI has steadily declined in real terms. In 2006, of the total resources of some US$24 million, 47 percent came from the World Bank, 40 percent from the FAO Regular Programme and the remaining 13 percent from other IFIs, of which IFAD was the most

[64] Background working papers were prepared by Cornelius de Haan.

[65] Approximating to 75 percent of costs covered by the World Bank.

[66] Approximating generally to 66 percent of costs covered by the IFI.

important. The number of professional staff in post in TCI has declined from 85 in 1996 to 57 in 2006.

Table 3.11: Income sources to TCI Investment Support Programme				
Percentage distribution between sources	**2000-01**	**2002-03**	**2004-05**	**2006**
World Bank Cooperative Programme	44%	51%	42%	47%
African Development Bank	4%	3%	4%	3%
Asian Development Bank	2%	2%	1%	1%
European Bank for Reconstruction and Development	1%	1%	1%	1%
IFAD	7%	5%	4%	5%
Others	4%	1%	2%	4%
FAO Regular Programme support to TCI	36%	35%	41%	40%
FAO Technical Cooperation Programme	2%	3%	5%	1%
Total $000 at 1994 prices	**39 926**	**37 200**	**35 751**	**n.a.**

Source: TCI data and base tables for FAO resources

357. While TCI's original mandate was to formulate projects, its adherence to this mandate has been lessening. This is especially true for the World Bank, where only some 50 percent of the work is project preparation. Table 3.12 shows the average percentage of time spent on different tasks in recent years. Sector work has been important, but the involvement in supervision and appraisal is more recent. The nature of TCI's role has also been changing, from undertaking a total project preparation task to the provision of individual members for missions. Thus, over the last eight years, in only nine percent of the average 56 tasks per year performed for the World Bank, did TCI provide more than half the input.

Table 3.12: TCI average percentage of time spent on:				
Project Supervision	**Sector Work**	**Project Appraisal**	**Project Preparation**	**Total**
19%	17%	6%	58%	100%

Quality of FAO expertise

358. Staff in TCI were found to be well qualified, with about half having an economics background. There is also adequate staffing in agronomy, engineering, and environment. However, TCI now lacks critical mass in some areas (e.g. livestock, one staff). There are no specialist staff in fisheries or in the potential growth areas of agribusiness, including marketing, supply chain management and processing. It was reported to the IEE by some of the IFIs that FAO's emphasis on geographical distribution criteria in staff recruitment, rather than those of competence, had led to a lessening in the quality of TCI staff. There is an incentive for the Investment Centre to provide consultants as cheaply as possible, because its charging method is based on input weeks, regardless of the actual cost of the input. The FAO fee rates in general are also considered to be non-competitive with those of international consultancy firms, donors and even other UN agencies. Over the past five years, only 45 percent of the TCI input was provided by FAO staff and 55 percent by consultants - an increase from 40 percent in 1992. There was no significant difference in the use of staff and consultants between different types of work.

Quality of FAO products

359. Now that TCI undertakes less complete pieces of work in project preparation and provides more inputs to missions where the leadership lies elsewhere, it has become less easy to examine the quality of its products and more difficult for TCI itself to exercise quality assurance. In those cases where FAO made more than a 40 percent contribution to the World Bank projects' preparation, the quality at entry assessment was four percent better and quality at supervision seven percent better than for other projects. However, the rating for Implementation Completion Reports with a TCI input of 40 percent or more was slightly worse than the others. The only lesson which can be drawn from this is that TCI work is of more or less the same average quality as that of other consultancies working for the World Bank. As regards timeliness, there was general, but not complete, satisfaction expressed by the IFIs.

Overall client satisfaction

360. FAO has two main clients for its investment support services: the member countries and the IFIs. The overall feedback on FAO services is that they are satisfactory, but the demand for TCI services and the role of FAO in providing team leaders are stagnant. Substantial demand from new clients - such as the bilaterals or the new global funds and foundations – is not appearing. The reasons for this are a mix of the internal and external. Even those IFIs, such as the Asian Development Bank, which had reduced their internal capacity in agriculture to a very low base, have not turned significantly to TCI when they resumed lending. With the decline in official development assistance to agriculture from US$6.6 billion in 1995 to US$2.3 billion in 2002, there was an evident decline in demand for investment support services and TCI's capacity and critical mass in various disciplines dropped. There has now been a turn-around with World Bank lending increasing from US$1.4 billion in 2000-2001 to US$1.9 billion in 2006. Bilateral assistance has nearly doubled since 2002. Some of this has been in the form of budget support and Sector Wide Approaches (SWAps), but this shift should not be exaggerated. Seventy-five percent of World Bank lending is still in the form of traditional projects. Countries' own capacity to contribute to project preparation has grown and the nature of the preparation process has changed with a more continuous process from identification through to appraisal managed by country offices. Thus, although the general feedback from clients is favourable on FAO performance, their level of satisfaction is apparently not great enough for them to seek an increasing level of services from FAO.

361. Clients seek those services from FAO which they are confident FAO can provide. FAO has not traditionally provided services in value-added, development of agribusiness, trade development and private sector finance, so these services are not being sought. Also, examination of TCI's staffing shows no evident expertise in these areas. Similarly, TCI has very few economists who can deal with issues at the macro-sector interface, which would underpin work on budget support, Poverty Reduction Strategies and so forth. Some expertise does exist in ES Department, but the number of FAO staff able to work at this level is very limited. These are at the expanding areas of the investment agenda, whereas more conventional agricultural investments in road and irrigation infrastructure and area development have a shrinking requirement for external expertise.

Relevance and effectiveness of FAO's investment support work

362. **Mobilizing more investment for agriculture:** The IEE could find no evidence that TCI work has mobilized more investment than would otherwise have been made in the sector by the IFIs using alternative sources or consultancies. Where FAO has set out to mobilize investment - for example in follow-up to the Maputo Declaration and in support of NEPAD - the modality of missions identifying potential projects for funding was insufficiently coordinated with both donors and countries to produce substantial results.

363. **Protecting the interests of developing countries:** Most developing countries perceive FAO-TCI as more neutral than the IFIs in general and the World Bank in particular. However,

TCI has often also been seen as an extension of the IFIs. Examples were found of countries referring to an IFI mission, almost unaware that it was an FAO-TCI mission. The increasing use of TCI specialists in work led by others, means that these specialists function, and are perceived as, consultants to the IFI. The opportunity to influence the overall approach of the project is also reduced.

364. **Making FAO knowledge available for investment, influencing the investment agenda and learning from the IFIs.** An expectation of the IFIs, particularly the World Bank, IFAD and the African Development Bank, has been that their relationship with FAO through TCI will make FAO investment knowledge available to the IFIs and member countries. Similarly, FAO expects to learn from the experience of the IFIs. TCI staff has more contact with the rest of FAO than in the past, but this contact is still limited. The heavy use of individual consultants also makes it less likely that knowledge gained from missions will be learned in FAO, unless they are networked in some way to the institution. About five percent of the work through TCI is undertaken by staff from other divisions of FAO. TCI reports that it has been difficult to get staff released for the extended periods required by the investment missions and that those staff often do not understand investment. On the other hand, there has been quite heavy involvement of FAO technical services in a few areas, such as land tenure. TCI itself has a disincentive to supply staff for missions from other divisions, because this does not pay its own staff weeks. Engaging consultants is a more attractive alternative.

365. There is some limited evidence of FAO experience and knowledge having being scaled up through the IFIs. Staff from TCI and other divisions worked on the World Bank's Rural Development Strategy "Reaching the Rural Poor", and FAO is currently working on the lead chapter for the 2008 World Bank World Development Report and a toolkit for transforming African grain markets. IFAD in particular has pursued Farmers' Field Schools. At the policy level, in the World Bank at least, the work on the rural development strategy and the World Development Report can be expected to have some influence on the investment agenda. In the Bank's 2006 "Renewed Strategy for Rural Development", FAO is named, alongside IFAD, as the "key UN agency" with which the Bank works in partnership to deepen its knowledge and experience in rural development (generally) and more specifically, to deal with rural poverty beyond agriculture, including land reform[67] and nutrition. The Bank also refers to partnership with FAO for statistics. The entrée which TCI provides to the World Bank may also have assisted FAO to influence policies, such as that of the World Bank on pesticides.

366. There is more opportunity to influence overall national policies through work at the sector level than in projects. TCI resources devoted to this have fluctuated greatly, rising to 801 weeks in 2004 and then falling to 691weeks in 2005. Overall, it has constituted 17 percent of TCI's inputs in the period 2004-2007. However, as with other aspects, TCI seldom has the leadership and thus the overall analysis is not provided by FAO. This contrasts with the situation in the 1980s. Work on SWAps and Poverty Reduction Strategies has been small.

Technical support for emergencies

367. To examine this area, in addition to country visit reviews and a background working paper[68], the IEE undertook a questionnaire survey of UN agencies, NGOs and donor agencies active in emergencies, and followed up by interviews of 97 professionals and government representatives. The IEE also drew on a number of evaluation reports of FAO's work in emergencies[69].

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[67] http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD

[68] Patrick Webb.

[69] Evaluation of Strategy D.2: Conservation, Rehabilitation and Development of Environments at the Greatest Risk (2006); FAO Response to the Continuing Crisis in Southern Africa (2003); FAO's Post-Conflict Programme in Afghanistan and FAO's Coordination Arrangement for Leading Transition (2004); Real-Time Evaluation of the FAO

Background and context

368. FAO involvement in emergency and rehabilitation work rose from US$45 million in 1994-95 to US$176 million at 1994-95 prices in 2004-05. Emergencies have absorbed from 40 to 50 percent of extra-budgetary resources in recent biennia. As funding has increased, so have the scale and complexity of operations. Between 1996 and 2001, most of FAO's emergency programming involved multiple interventions in the aftermath of armed conflict, including Kosovo, Burundi and Bosnia, as well as significant interventions following natural disasters. Since then, large-scale interventions across many regions have included locust control across the Sahel and North Africa, the Asian tsunami response, Avian Influenza, drought and HIV programming in southern Africa, the Great Lakes Region—as well as operations in Sudan, the Democratic Republic of Congo, Uganda, Afghanistan, Pakistan and Somalia.

369. This explosive growth of FAO work in emergencies mirrors the growth in the number of disasters in the world[70]. Moreover, the frequency of crises seems certain to increase, given political tensions in many already food-insecure countries, the growing HIV/AIDS pandemic, acute food insecurity in many drought-prone regions of Africa and predictions of more frequent and larger-scale natural disasters at least partly associated with climate change.

FAO activities in emergencies and rehabilitation

370. In general, FAO performs two very different roles with respect to emergencies:

a) monitoring, coordinating and implementing measures to counter transboundary epidemics in livestock diseases such as avian influenza and plant pests, in particular locusts; and

b) a role with respect to immediate disaster recovery in agriculture, fisheries and forestry, which includes the assessment of needs, coordination and technical support to other agencies and direct implementation of recovery programmes.

371. FAO has almost since its inception been engaged in addressing transboundary plant pest and livestock diseases. Coordination of activities to counter locust emergencies has been a feature of FAO's work as far back as 1951 when the Desert Locust Control Committee was established. Operations categorized as "agricultural relief" began in Africa in 1973 and consisted of the provision of seeds and tools; this type of operation was extended worldwide in 1975. In 1975, the Global Information and Early Warning System on Food and Agriculture (GIEWS) was established to monitor food supply and provide warning of serious food shortages globally.

Operational capacity and efficiency of delivery

372. In 2006, FAO was engaged in some 350 emergency projects in at least 60 countries or regions, more than half of which were in Africa. Because emergency work is almost entirely funded from short-term extra-budgetary funds - and in spite of this growing involvement in emergency activities - only two Regular Programme posts have been established in the division responsible for emergencies. There are a further 59 professionals with staff positions funded under extra-budgetary resources and varying number of staff on short-term contracts. As there is some predictability of income for emergencies, this reliance on short-term contracting appears excessive, leading to consultants being fielded with limited knowledge of FAO and its technical capacities and operational procedures. Initiatives are underway to train FAOR's, as well as other FAO staff, on roles and responsibilities in emergency response. This should help, but the Organization's much-expanded role in responding to emergencies, and the near-certainty that this will continue or increase, require a more fundamental examination of the human resource issue.

Emergency and Rehabilitation Operations in Response to the Indian Ocean Earthquake and Tsunami (2007); Multilateral Evaluation of the 2003–05 Desert Locust Campaign (2006); Emergency Assistance for the Control and Prevention of Avian Influenza (2007).

[70] According to the World Bank, disasters increased from fewer than 100 in 1975, to more than 400 in 2005 with the sharpest rise from the 1990s (World Bank 2006).

373. In line with evaluation recommendations, the Special Fund for Emergency and Rehabilitation Activities (SFERA) was introduced to provide FAO with the capacity to react promptly to crises before donor funding has been secured. In practice, the SFERA has provided FAO with a mechanism to manage un-earmarked funds, but has very limited funds not linked to particular emergencies or donors. Serious limitations continue to be imposed on FAO response in the absence of specific donor commitments, as documented in the recent evaluation of the Desert Locust emergency.

374. FAO's emergency response efficiency has also been impeded by internal organizational problems involving dual lines of command between technical divisions. This split line of command was a major difficulty in the 2003-05 Desert Locust Campaign and previously in responses to livestock diseases and plant pests. The more recent avian influenza campaign attempted to learn from this and established a single line of command in the technical division with the technical cooperation for emergencies division (TCE) in an operations support capacity. However, the draft report of the avian influenza real-time evaluation has identified continuing difficulties, pointing especially to the fact that technical managers are not necessarily good operations managers. Responsibility for management of major disease and pest campaigns should be assigned on the basis of selecting a dedicated operations manager with proven managerial capability. There cannot be one institutional formula for all situations.

375. At field level, FAORs generally have little training for handling emergency work. Recent evaluations indicate that relationships between FAORs and emergency coordinators in country have much improved, but also reflect continuing line of authority difficulties. TCE should be prepared to delegate operational budget holder authority to the country level more frequently than it now does.

376. Other factors reflected throughout this report as consistent causes of under-performance and, in particular, of late delivery, are the lack of flexibility of FAO procedures, unwieldy contractual instruments, insufficient delegation of authority and overly complex approval chains. As noted elsewhere in this report, the recent (2006) efforts to streamline procedures and increase delegations are welcome, but the changes actually implemented to date have been limited. It is especially clear in the case of emergencies that the Organization has to be prepared to take greater levels of fiduciary risk to minimize the much greater levels of risk involved in late delivery and high costs due to lengthy and inefficient processes. At its session in June 2007, the FAO Council requested that a process evaluation be undertaken by the FAO Evaluation Service to examine these issues. The IEE considers this a most welcome development.

Relevance and effectiveness of FAO's role in immediate rehabilitation from war and natural disasters

377. Until quite recently, the main feature of FAO's work in emergency situations was provision of agricultural inputs ("seeds and tools") with the aim of enabling farmers to resume production immediately and thus produce food and incomes, rather than extending reliance on food aid. While this continues to feature in FAO's work, an increasing number of NGOs now provide the same services, usually working more quickly than FAO. Appropriately, FAO now increasingly commissions NGOs to undertake actual delivery of inputs to farmers.

378. Evaluations of Sierra Leone, the Tsunami and the Horn of Africa have all found that FAO assistance with replacement assets is poorly targeted on individuals or even communities and that assets like seeds not infrequently arrive too late to plant for the next cropping season. It needs to be emphasized, however, that FAO is certainly no worse on targeting than most other organizations and precise targeting is often resisted by communities, which value equality in distribution of free goods. The main question is whether there continues to be too much emphasis by the international community in general on "seeds and tools", rather than more differentiated analysis of what is needed to "build back better". FAO deserves to be congratulated for recognizing this issue and developing policies to address it, even if these have not yet fully fed through into practice.

379. FAO has now extended its role into rapid assessments of requirements to rebuild agriculturally based livelihoods, the provision of technical support and coordination services to others and more differentiated supplies of inputs than purely seeds and tools. This has especially been seen in the Tsunami and the African droughts and post-conflict situations, where FAO has been able to use rehabilitation funds for the first stage of development initiatives. In the Tsunami, FAO assistance helped ensure repaired and new fishing boats were safer and more efficient. Monitoring of fishing efforts for sustainability of the resource was part of the package. In Africa, development of seed supply systems, small-scale irrigation, improved cassava, conservation agriculture, and livestock markets have been important. There have not yet been follow-up evaluations to determine the extent and sustainability of impact, but these new institutional capabilities and approaches are promising and should be welcomed. In addition, and especially in Africa where disasters are recurrent, FAO has begun to develop sustainability frameworks, although this is not yet adequately reflected in requests for donor funding.

380. In just under half the IEE country reports where emergency work was explicitly mentioned, "rehabilitation and reconstruction" during the early recovery phase and beyond was described as an area where FAO has played and should continue to play a major role. The IEE found that partners of all types, national governments and donors recognized an important role for FAO in needs assessment for agricultural rehabilitation, planning, technical guidance and overall coordination to those engaged in agricultural interventions. Providing more strategic policy and technical advice to government was also considered important. In those countries prone to recurrent and continuing crises, this extended from provision of a neutral forum and coordination for disaster preparedness to securing seed supplies to identification of the most vulnerable households and communities. However, there was less agreement on FAO as an actual provider of inputs. Once again, the biggest criticism of FAO was its inefficiency and slowness. A widely expressed view was that FAO's proper role is to support the process of delivering assistance, not delivery itself.

Relevance and effectiveness of FAO's role in combating animal diseases and plant pests

381. In 57 percent of the IEE country visits where emergency work was mentioned, FAO's pre-eminence on transboundary plant pests and animal diseases was emphasized. The IEE teams were repeatedly told that there were simply no credible alternative sources of supply for the services FAO provides.

382. For desert locusts, FAO coordinates global monitoring and, in the case of an outbreak, provides coordination of the international response. The 2007 evaluation of the 2003-05 Desert Locust Campaign pointed to significant operational problems and found that FAO needed to much better integrate an overall livelihoods approach into dealing with locusts and continue to consider the environment and human health aspects. This having been said, the evaluation concluded very positively that FAO monitoring and early control measures had increased the intervals between locust upsurges. When these do occur, the world has been able to bring upsurges to an end more quickly with less damage to livelihoods as a result of FAO alerts, coordination and operational inputs. In other words, FAO has had very significant impact on this pest and its damage to people's livelihoods.

383. Further examples of FAO's work on animal and plant pest emergencies include:

a) rice plant hoppers and the larger grain borer in Africa - FAO succeeded in slowing the spread of these problems and assisted in developing coping strategies from control measures to resistant varieties;
b) livestock work on elimination of Rinderpest - this will be discussed later in this chapter in connection with technical programmes; and
c) the current work on Avian Influenza - the first report of the real-time evaluation (2007), which is still in draft, found once again significant operational difficulties, but that FAO had made a very major contribution to disease monitoring, management and control.

384. The IEE thus found that FAO's strength in plant pest and animal disease management has been that it can provide a joined-up global response, linking global monitoring, international legislative instruments and fora for discussion, resource mobilization and coordination with disease and pest management. There is room for improvement, particularly in bringing in economic management and attention to livelihoods, but FAO has an absolute comparative advantage. This comparative advantage could, nevertheless, be endangered by the continuing erosion of technical capacity.

Databases and statistics

385. In addition to interviews during country visits, the IEE undertook a survey of all national statistical offices and also of 22 senior African statisticians. The response rate was disappointing (only 20 percent response to 215 questionnaires sent out). So, in addition to interviews and a commissioned background working paper[71], the IEE drew on completed evaluations[72].

Background and context

386. FAO has given high priority to statistics since its founding in 1945. The Organization now maintains by far the largest and most comprehensive set of basic data in the areas of its mandate, with the possible exception of some areas of trade. FAOSTAT alone covers 800 agricultural commodities and 250 fishery and forestry products (it contains one billion data points, 40 million of which are updated annually; the FAOSTAT site receives over 10 000 daily hits and 10 million records are downloaded every day). Access to the site has increased since FAOSTAT2 came on line. There is simply no other source of most global agricultural data and no other organization has emerged to compete with FAO in the production of a broad range of global agricultural information on a continuing basis.

387. FAOSTAT2 promises significant improvements and includes the documentation of metadata, quality assessment codes on the data and improved linkages between sub-sectors. New features of FAOSTAT2 include a more complete set of metadata[73] and documentation to complement the data themselves.

388. The organizational arrangements for FAO statistics are essentially as follows:

a) basic statistics are produced in FAOSTAT, which is managed by the Statistics Division (ESS) and which brings together the statistics for crops and livestock produced by ESS and data from the Fisheries and Forestry Departments with respect to their sectors. The ten-yearly census of agriculture coordinates national sample surveys on a basic common framework. The mapping of global food insecurity is a compound index calculated from other base data, especially on poverty;

b) the Global Information and Early Warning System is managed separately in the Trade and Markets Division (EST) and provides information on food supply and demand primarily at national, but in some cases also at sub-national, level. EST also maintains short-term commodity balance sheets that include production consumption, trade and stocks; and

c) other important databases are compiled and managed directly by technical units. These are selectively discussed under the various technical programme sections

[71] Michael Ward and Tim Marchant.

[72] An evaluation (2003) of Activities Related to Agricultural Statistics in the Context of FAOSTAT (FAO's comprehensive datebase covering agriculture, water, forestry and fisheries), which also included responses to a questionnaire; and an auto-evaluation carried out by the concerned technical units with external inputs of technical support to member countries in statistical development and the FAO/World Bank/USDA initiative for agricultural statistics in Africa (2006).

[73] Metadata includes: concepts and definitions, classifications, symbols, units and conversion factors, statistical methodology, data releases and data quality indicators.

below and provide information on: soils, agro-ecological zones and land use; fresh water; integrated atlas of the Oceans; forest cover; plant genetic resources for food and agriculture; plant pest distribution; development assistance for agriculture; national food and agricultural legislation; and food standards and phytosanitary standards.

389. FAO has substantially cut the share of Regular Programme resources for technical work devoted to statistics (a decline of 32 percent in the proportionate share between 1994-05 and 2006-07). On the other hand, a one time special allocation of US$2.8 million was made for a project to upgrade FAOSTAT to FAOSTAT2 (just been completed). In addition, extra-budgetary resources of some US$2.5 million were expended for normative work in this area in 2004-05 and resources, most notably from the European Commission, have been provided for establishing early warning and food surveillance systems at country and subregional levels in Africa. In the case of Somalia, this has also extended to natural resource mapping.

390. The generalized fiscal tightening that occurred across much of the world in the 1990s fell especially heavily on national capacities in statistics. An increasing amount of data is now with the private sector, to which the public sector has no privileged access and may be charged for information. Thus, at the same time as FAO cut back on resources for basic statistics, so did national governments. Agricultural statistics themselves have received less emphasis due to the declining importance of agriculture in economies and competing demands and priorities.

391. For developing countries, statistics in general and agricultural statistics in particular have received low priority from donors, although there are at least some indications that this may be changing with the growing realization that sound policy, planning and monitoring all require consistent data on key indicators. The Marrakech Action Plan for Statistics (2004)[74] which promotes donor support for statistics capacity building follows the establishment of PARIS 21, an initiative which has as its objective that every low-income country should have a National Strategy for the Development of Statistics (NSDS) for nationally-owned and produced data for all MDG indicators by 2010.

Quality of basic statistical outputs and services

392. **Crops and livestock data series**: Questionnaire responses to the 2003 evaluation found that with some exceptions regarding trade and demographic data, governments almost invariably rated FAO as being a better source for agricultural statistics than other organizations. The IEE survey found a very high level of appreciation of the resource, but dissatisfaction with the quality of FAO basic data on crops and livestock. Much of this dissatisfaction with data quality lies in areas outside FAO's direct control. Data reported by countries has declined in quality as the resources allocated to agricultural statistics diminished. Where incomplete or questionable data are provided, FAO lacks the resources needed to correct this or to generate new data. The IEE confirmed the seriousness of this situation. Provision of annual data for FAOSTAT from Asia and the Pacific (which has the highest level of reporting of the developing regions) has declined to only 50 percent on crop production and 20 percent on livestock. The corresponding figures for Africa were reported at 30 percent and 10 percent respectively in the late 1990s. These have now improved to at least 50 percent of all countries reporting in all subject areas, including production, trade and prices. Coverage of global totals has risen to 90 percent. The problem appears somewhat less critical in fisheries and forestry, but even here, capture fishery data only covers 75 percent of the total. Moreover, 15 percent of reported catch quantities were not identified at the species or even the family level, reducing the utility of the statistics.

393. **Fisheries**: In the 1990s, FAO completely revised the available fishery production statistics time series, separating those for aquaculture and capture production and extending them

[74] Marrakech Action Plan for Statistics – Second International Roundtable on Managing for Development Results, Marrakech, Morocco, February 2004.

back to 1950. Another database, FISHERS, contains the numbers of people engaged in fishing, as national annual averages for 1961 onwards. From 1990 onwards they include employment in aquaculture and gender-disaggregation.

394. **Forestry:** FAO global forest resource assessments have profited from agreement on using a common format in collaboration with member countries and partner institutions, such as the United Nations Environment Programme (UNEP) and the International Tropical Timber Organization (ITTO). The department is currently executing a second Joint Forest Sector Questionnaire with Eurostat, the UN Economic Commission for Europe (ECE) and ITTO. This builds on more than ten years of joint forest products questionnaires by FAO, ECE and Eurostat.

395. **The ten yearly census of agriculture programme:** This is intended to provide comparable benchmarks for data, applying a common methodology and definitions. Respondents to the questionnaire and interviewees noted that past censuses had been implemented as stand-alone operations, not linked to continuing data production series or necessarily compatible with them. They pointed to the need to integrate census and follow-up surveys for annual data generation. They hoped that the new Census of Agriculture 2010 would help correct this.

396. Some countries have replaced the agricultural census with a module in a wider census and others have reduced the scale and sampling intensity of the agricultural census. Given the high cost of household surveys, the move towards integrated surveys to meet multiple objectives should provide the best value for money, but there are disadvantages. The surveys become overloaded and more difficult to administer and analyse. They also can less easily satisfy the needs of any one user. The complexity of the analysis also means that they take longer to generate their results. With the overall decline of interest in, and in many countries the economic importance of, agriculture, agricultural information has been accorded less coverage in such surveys.

397. For the 2010 census, FAO is trying to place the agricultural census on the same household frame as the global population census. The UN Population Division and UNFPA, which support the population census, have lent their support to this approach.

398. **Commodity and trade database**: The Commodity and Trade evaluation (2007) found that: “the commodity analysis is going on much as before, with divisional databases different from the FAOSTAT data series that are supposed to reflect the same market features. As FAOSTAT transitions to its new data system, there should be less need for the Trade and Market Division to maintain independent data sets. At least one of the reasons for the maintenance of independent databases will be eliminated - if all goes according to plan, the FAOSTAT data should become more current in terms of reports from countries.” The report goes on to recommend less of a focus on short-term commodity analysis and the discontinuation of many of the separate commodity databases.

399. **The Global Information and Early Warning System (GIEWS)** was established in 1975 and is a leading source of information on national and regional food supply and demand, with particular emphasis on countries at risk of food insecurity. The system relies heavily on a computerized geo-base for its assessment. It includes mapping informed by satellite images of cloud cover, vegetation and estimated rains. From the satellite imagery, the system copes reasonably well with drought assessment, but it cannot deal with sudden onset natural disasters such as floods or emergencies due to civil strife. This base is thus heavily supplemented by an open forum data exchange, which compiles data from governments, international agencies, NGOs, local communities and international commodity bodies. While on the ground NGOs, and in some countries the local press, often identify local food shortages more quickly than others, they are not necessarily good at defining the scale of the shortage. GIEWS can sometimes make estimates quite accurately to subnational level. The system outputs are supplemented by joint FAO/WFP Crop and Food Supply Assessment missions to countries identified as being in particular danger and likely to require major food aid, although resources for these missions have

been declining. In Ethiopia, trials have been taking place with more precise imaging and ground validation to see if the precision and reliability of data can be further enhanced.

400. **The Food Insecurity and Vulnerability Information and Mapping Systems (FIVIMS):** These furnish a set of tools, guidance and support for countries to develop information systems appropriate to their own needs at community, local and national levels. Resources have not been forthcoming as yet for widespread application at country level, but it is included in a European Commission core funding package to FAO.

401. Nine evaluations of seven field projects (five in Africa, two in Asia) supporting food security and nutrition information systems were reviewed. FAO was regarded by donors as a strong organization to support these projects, both because of the normative underpinning in methodology from GIEWS and FIVIMS, but also because of its neutrality. It was also found to be generally participative in its approach with partners inside governments and with donors, civil society and international NGOs in designing both systems and information outputs. One donor switched a project from execution by WFP to FAO, at least in part, to avoid a bias towards food aid requirements.

402. **Capacity strengthening in statistics:** FAO was once the leader in the provision of capacity building assistance to countries for agricultural statistics, but this is no longer the case. This partly reflects the fact that statistics are now viewed more as an integrated whole than as sector preserves. Also, FAO's main technical assistance instrument, TCP, is poorly suited to capacity building support in statistics given its two-year limit.

403. FAO has worked to develop and pilot countrySTAT, which is a country-level version of FAOSTAT, with the aim of encouraging greater harmonization of agricultural statistics with the FAO standard and facilitating uploading to FAOSTAT2. However, there are reasons for caution. FAO is promoting a package to countries which is not integrated for all types of statistics, but a sector package. It is competing with more generalized packages developed by other agencies, including the World Bank. If FAO rolls out such a package, it will need to provide training in it not just now but in the future and provide resources to maintain the package. To date, there are no indications of provision being made for this.

Relevance and outcomes

404. Heavy use is made of FAO databases internally within FAO itself to produce analysis, "state of" publications and projections. Major external users for FAOSTAT include the UN Statistics Division, World Bank, OECD and EUROSTAT. FAO's global statistics are quoted continuously and used extensively in global analysis by academics, research institutions and governments. They are also used extensively by the private sector. The statistics are picked up, compiled and re-released by other agencies and producers of global compendiums. As confirmed in the 2003 evaluation, there is no other source of similar data. Interaction between FAO and national statistical units was generally seen as satisfactory.

405. GIEWS is a major source of reference for food and other emergency assistance needs. The main users of the system are the donors, but some countries also make heavy use of data. IEE country visits found that the tools and guidance provided under FIVIMS had been very helpful in countries and that this approach was widely appreciated for its linking of normative system development with country application.

406. FAO's influence on policy for statistics is much diminished. Particularly in the 1970s, FAO statisticians made important contributions to statistical science. At that time, FAO was an acknowledged leader in the development of survey methodology for agricultural production measurement and made important contributions to the development of indexes, international price level comparisons and farm economic accounts. The IEE found that, although many of the methodologies that were developed 20-30 years ago are known to be error prone and expensive to administer, FAO continues to advocate their application. In 2001, a workshop of the African

Commission on Agricultural Statistics recommended that FAO should carry out methodological studies on alternative methods for data collection on crop area and production.

407. IEE interviews indicated the Organization had little or no influence on the Marrakech agenda and that intellectual outputs for basic statistics were no longer being produced by the Organization. At least since 2000, FAO has tabled no issues for discussion or endorsement to the annual UN Statistical Commission. This is not the case for food and food insecurity information systems, where the Organization is breaking new ground. There does appear to be some duplication with WFP and a need for greater synergy on nutrition assessments, in particular with UNICEF.

408. In Chapter 6, the IEE recommends criteria for institutional streamlining and some of the areas where consolidation is possible. One of the possible areas it suggests should be examined is in the Economic and Social Department. Here, there may be potential to bring together all work for agriculture and food data and projections in one division (although fisheries and forestry data should remain with their respective departments where there are both major synergies and cost efficiencies of integration). The IEE considers that such a consolidation could introduce a new dynamism into FAO's data and statistics work.

WORK IN TECHNICAL SECTORS

Crop production, agro-engineering, plant protection and pesticides[75]

Plant genetic resources

409. Over several decades, FAO has led and facilitated a global process with respect to Plant Genetic Resources for Food and Agriculture (PGRFA). A Global Plan of Action for the Conservation and Sustainable Utilization of Plant Genetic Resources for Food and Agriculture (PGRFA) was agreed in 1996 by 150 countries as a basis for food security, sustainable utilization and capacity building at national and international levels. In 2001, the FAO Conference adopted the International Treaty on PGRFA. Following ratification, its first meeting took place in 2006 (one of the fastest treaty ratifications in the history of the UN). The objectives of the treaty are the conservation and sustainable use of plant genetic resources for food and agriculture and the equitable sharing of the benefits from their use, in harmony with the Convention on Biological Diversity. The treaty provides for a funding mechanism.

410. **Outcomes:** Activities are undertaken in close collaboration with various institutions such as Bioversity International (formerly IPGRI) and other CGIAR Centres. The work of FAO and its Commission on PGFRA have contributed to the rationalization of gene-banks and improved collaboration between gene-banks and breeders. Under separate agreements, FAO holds the gene banks of the CGIAR Centres in trust for the international community. The adoption of the treaty gave impulse to the development of the Global Crop Diversity Trust, an independent trust with offices in FAO that aims to become a significant source for the strengthening of worldwide conservation efforts. Progress has been made since to improve the availability of PGRFA information through national and international systems such as World Information and Early Warning System on PGRFA (WIEWS), the Systemwide Information Network for Genetic Resources (SINGER), and a range of regional and national systems. Progress to date has been considerable and is contributing to the development of global and national public goods which yield tangible benefits in terms of agro-biodiversity and crop genetic resources.

Crop production

411. As a proportion of FAO's total resources, there has been a shift from crop production (228 projects in 1989 to 71 non-emergency projects in 2006) to the areas supporting the

[75] A background working paper for the IEE was prepared by Lukas Brader.

development of global instruments in plant protection, pesticides, food safety and plant genetic resources. In addition, FAO's remaining work in crop production technology has moved towards a systems (rather than single crop) approach, except in the area of horticultural crops and rice which continue to be handled largely separately. The systems themes include: urban and peri-urban agriculture; integration of crop-pasture-livestock systems; production and biodiversity in crop and grassland systems; good agricultural practices (GAP) and organic agriculture; conservation agriculture (no tillage); alternative crops; and plant nutrition. This also involves emphasis on support to various global and regional networks including horticulture, pastures in different agro-ecological zones, a biotechnology network for Latin America and the Caribbean, and plant breeding and biotechnology in Africa. As discussed in the context of technical cooperation, crop production technology is the area of FAO's work where there is probably most supply from other sources of assistance and where developing countries themselves have now developed greatest national capacity. It is in this context that the work needs to be examined.

412. The **International Rice Commission** was established shortly after FAO itself in 1948. Sessions of the commission have now been reduced to once every four years. An auto-evaluation of the commission took place in 2006 and a questionnaire was sent to all 61 members, of which only 15 replied. This is in itself an indication of the limited importance attached to the commission's work. The 15 which did reply commented that the commission was dominated by technology considerations, which were well dealt with elsewhere, and had failed to address policy issues.

413. **Databases** have been developed, including EcoCrop, which is a decision support tool to assist in the identification of alternative crops adapted to specific agro-ecological conditions, and HORTIVAR, which provides performance data on fruit and vegetable cultivars in different agro-ecological zones. The Grassland Index lists 701 species as well as 84 country profiles, which are in high demand. It is now planned to link the crop production recommendations from the various databases, but it seems unlikely that a global database will emerge as an important source of information for local level decision-making.

414. **Seeds**: FAO was prominent in public sector seed industry development in the 1970s and 1980s. Almost all high-value seed production, however, is now in the private sector. Most recent work has focused on emergencies (e.g. supporting seed distribution in emergencies and reconstruction of national capacities following emergencies).

415. **Horticulture:** A normative project focusing on a whole-chain approach has been followed up by a multidisciplinary initiative dedicated to *Horticulture for Improving Health and Livelihoods,* with WHO as a key partner. The main focus of this work is on capacity-building and technical decision support mechanisms to foster sustainable development of the horticulture sector. The nutrition unit has also been closely involved in some of this work, especially with respect to home gardening. Several years of support to programmes on urban and peri-urban agriculture in Africa, Asia and Latin America have led to model concepts and strategies.

416. **Plant nutrition:** Drawing from the extensive knowledge gained through the FAO fertilizer programme and other trials and demonstrations on fertilizer response, a database, FERTISTAT, has been compiled. It needs further development to make it easily accessible to users, but it could be extended to include information on recommendations for different crops, countries and agro-ecological zones, and on integrated soil and plant nutrition management.

417. **Joint FAO/IAEA Division:** This division assists FAO/IAEA members in the safe and appropriate use of nuclear techniques (isotopes and radiation) and related biotechnologies in food and agriculture. Support and guidance are given to national agricultural research and academic institutions through international and regional research networks and through coordinated research projects, technical cooperation projects and training courses. Participating institutes in coordinated research projects receive US$8 000-10 000 per year over five years, and technical cooperation projects. Examples of work supported include integrated soil-plant nutrient

management practices, transferring agronomically important genes for developing new varieties and with improved quality, resistance to pests and diseases or tolerance to stress.

418. **Outcomes:** The lack of information and examples available to the IEE from FAO's normative work on crop production is in itself an indicator. In horticulture, there is some indication that the overall approach developed to income and nutrition enhancement in urban and peri-urban areas has had some influence beyond the individual FAO projects. For seeds, the guidelines produced for use in emergencies are generally considered to have been helpful for FAO's own programmes and also provide help and guidance to other partners in emergency response. Activities for aligning standards and enlarging cross-border seed markets through the harmonization of seed rules and regulations have resulted in an agreement by the member countries of the Union Economique et Monétaire Ouest-Africaine (UEMOA) and work is being pursued in other countries.

419. The 2003 evaluation of FAO crop production found that most of the projects of the Joint FAO/IAEA Division were relevant to the specific agro-ecologies in the given country. However, the final outcome and the speed with which resulting new varieties could be available for broad use by farmers were often compromised by lack of local resources to effectively conduct field trials and a lack of cooperation between national atomic energy agencies and agricultural research systems in the public or private sectors. The IEE has further observed that much of this work is mutation breeding, which is not now in the main stream of the progress being made through biotechnology.

Agricultural processing, mechanization and post-harvest storage and handling

420. These areas of work are handled by the Rural Infrastructure and Agro-Industries Division and they have not been evaluated since 1999. Since then, work in mechanization has been virtually discontinued. Agricultural processing is now primarily in the private sector and the technology is very diverse and specialized. On-farm storage for small farmers has many competitors, including NGOs involved in field development and extension work. Work in this area was accorded a low priority by Members as there are many competitors and little FAO comparative advantage. In the current biennium, the intention has been indicated to re-orient the programme towards agro-industries and rural infrastructure. While welcome from a conceptual viewpoint, the IEE is unable to offer any assessment on such a recent shift.

Desert locusts

421. There are some 60 countries vulnerable to invasion by desert locusts, a highly mobile transboundary pest which cannot effectively be controlled by individual countries acting alone. FAO established a technical advisory committee on desert locusts in 1951. It later became the Desert Locust Control Committee (DLCC) and now has 65 member countries. There are three regional commissions which group all the main countries where desert locusts breed. FAO monitors the global desert locust situation based on reports received from national locust units and weather information.

422. **Outcomes and impacts**: Early warning systems and cooperation between countries, FAO and some donors have permitted control to be achieved, without significant crop loss, over two locust upsurges in the past decade. In West Africa, the same infrastructure did not exist and when an upsurge occurred in 2003-05, this presented a potentially extremely serious threat and an emergency FAO campaign was launched. The independent evaluation of the campaign provided a mixed report. It found that FAO had identified the threat at an early stage, but that its early warning and donor appeals procedures were considered satisfactory by just over half the donors. Communication during the campaign was rated as satisfactory by some 75 percent of donors and over 90 percent of the affected countries. Technical advice was rated better than satisfactory in 93 percent of cases. Project implementation and reporting were considered less than satisfactory by 60 percent of donors. The most significant finding from the evaluation was that the upsurge had been brought under control in less time than any other comparable event and damage had also

been substantial but less. FAO had significantly failed to link livelihood assessment and responses with control measures, which was symptomatic of the technical isolation of the various units of the Organization, but it was concluded that there was absolutely no alternative provider to FAO for central monitoring, technical advisory and coordination services. Also, although there had been substantial operational difficulties, which were also symptomatic of a major FAO problem, there was currently no operations alternative to FAO either.

Plant protection and the International Plant Protection Convention

423. FAO's work in plant protection has had two central foci, the International Plant Protection Convention and Integrated Pest Management, for which FAO has pioneered a bottom-up approach to participatory farmer decision-making based on Farmers' Field Schools.

424. **International Plant Protection Convention (IPPC):** FAO provides the secretariat for the IPPC. The IPPC and FAO's related work was evaluated independently in 2007. This convention came into force in 1952 and has subsequently been strengthened through amendments, most notably those which came into force in 2005, to take into consideration that standards adopted under the convention became the reference for trade in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). The convention aims to harmonize phytosanitary measures throughout the world, emphasizing cooperation and exchange of information. The convention also includes the protection of the natural flora on which the IPPC cooperates with the Convention on Biological Diversity. A new responsibility of the contracting parties is to promote the provision of technical assistance to developing countries, to facilitate the implementation of the convention.

425. **Outcomes:** The 2007 evaluation found that mixing technical assistance by FAO for phytosanitary matters in general with the work of the IPPC secretariat was unsatisfactory and led to a lack of clarity on lines of responsibility and resource use. In general, the evaluation recommended that the secretariat of the IPPC become a more clearly defined entity. The evaluation also found that the IPPC standards were fundamental to the functioning of the WTO SPS agreement and thus for the trade of both developed and developing countries. The overall importance attached to the convention is evidenced by the fact that, currently, 162 countries have become members, 29 International Standards for Phytosanitary Measures have been adopted and the evaluation found that an overwhelming majority of members considered the standards satisfactory. However, developing countries often lack the necessary human and technical capacity to implement the standards effectively and to meet the reporting requirements under the convention. This relates to matters such as updating of the national phytosanitary legislation, lack of effective inspection facilities and documented plant quarantine procedures and technical capacity to carry out pest risk analysis. Many also lack the resources to participate effectively in the standard-setting process.

426. **Integrated Pest Management (IPM):** FAO pioneered IPM from the early 1960s, both in its normative work and in development projects. Independent research reports of spectacular results were first reported in the 1980s on rice in Indonesia. This work was then extended to Southeast Asia and beyond rice. It was this work which led to the development of the Farmers' Field School approach, discussed elsewhere in this report, which has now been spread throughout the world and taken up by many agencies and governments.

427. A Global IPM Facility was established by FAO, UNDP, UNEP and the World Bank at the end of 1997. It was designed to provide overall support for IPM development in cooperation between governments, international organizations, NGOs and donors, including conceptual development of IPM approaches, policy dialogue, technical advice and encouraging the development of field programmes.

428. **Outcomes and impacts:** The Asia programme of IPM in particular has been subject to a considerable number of reviews and impact studies. What distinguished the FAO approach from that of others was an emphasis on putting the farmer in the driving seat as the manager of the

crop, rather than delivering a prescribed package which was to be followed. It also increasingly integrated advocacy and communication on policy and institutional development into its approach. There continue to be some disputes about the economic impact of IPM for some crops, but the findings of a report by the World Bank Operations Evaluation Department Review *Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs* (2004) cited a number of studies which showed that IPM itself reduced farmers' costs and, under certain circumstances, the integrated approach to production followed in IPM had increased yields. The benefits to the health of farming communities, food safety and the environment have been accepted by all. Other drivers, in particular food safety, are also now becoming important in the drive for IPM. The World Bank withdrew from the IPM Facility in 2001, citing dissatisfaction related to the transparency of the partnership and its governance, but it also concluded that it had internalized the benefits it wished to obtain from the partnership. There can now be little doubt that FAO demonstrated approaches have been very widely taken up by other agencies and are being pursued by many governments. This is an area of substantial FAO impact.

Pesticides

429. FAO has a long history of working to ensure the safe and judicious use of pesticides. The work on IPM discussed above has fed into this and key normative instruments have included the International Code of Conduct on the Distribution and Use of Pesticides and the establishment of standards for pesticide residues in food which feeds into the Codex Alimentarius process.

430. International **Code of Conduct on the Distribution and Use of Pesticides:** Adopted in 1985 and updated in 2002, this code sets standards for pesticides, including their testing, trade and distribution, labelling, packaging, advertising, use, surveillance, storage and disposal. More than twenty guidelines have been developed. This is a voluntary code which was developed in collaboration between governments, the pesticide industry and civil society.

431. **Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade:** This convention builds on the Code of Conduct for Pesticides and establishes a specific regime for prior consent to international trade in a number of hazardous chemicals, as well as rules on arbitration and conciliation. The convention entered into force in 2004 and its secretariat is provided jointly by FAO and UNEP.

432. **Obsolete pesticides:** FAO has taken a lead role in the elimination of obsolete pesticides worldwide. It collaborates closely with a range of partners in the Africa Stockpile Programme, to which it provides the technical support unit. The programme, which is currently in its first phase, aims at the disposal of all obsolete stocks over a period of 15 years.

433. **Other related international instruments:** The Stockholm Convention on Persistent Organic Pollutants was adopted in 2001. Most recently, the Strategic Approach to International Chemicals Management (SAICM) was adopted in 2006. FAO has been less involved in these two international instruments.

434. **Outcomes and impacts:** FAO's secretariat role has been essential to the development of these international instruments. An auto-evaluation of the pesticide-related activities was carried out in 2006 by the Plant Production and Protection Division (AGP). It concluded that the Code of Conduct on the Distribution and Use of Pesticides had received very wide recognition and established itself on more or less equal footing with other international agreements. Most countries now have pesticide legislation, although enforcement is another issue, as shown in the recent evaluation of the Desert Locust Campaign. Much of this legislation includes the principle of prior informed consent. Support from outside governments has been substantial. CropLife International, a global association of multinational pesticide manufacturers, has made adherence to the code a condition for membership. The European Crop Care Association, which represents generic pesticide producers, has agreed to follow the code's standards; and the Pesticide Action Network, an international public interest group, has endorsed the Code. However, much remains

to be done as the major producers of pesticides in the emerging economies of Asia do not adhere to the code.

435. **Desert locust monitoring and control** is crucial for many marginal populations in Africa and for economic development in North Africa and the Gulf. No other organization than FAO could take on this role. It is a critical area in which FAO needs to both strengthen central capacity and increase its capacity building and facilitation activities at subregional level.

436. **Integrated Pest Management (IPM)** has now come of age and is being promoted and demonstrated by a large number of organizations, including many international NGOs. FAO continues to have an important role to play in the development of policy and regulation.

437. **Treaties, conventions and associated capacity building:** FAO's work in treaties and conventions and on associated capacity building and policy work remains a high priority as no other organization can fulfil this role. This includes plant genetic resources, the International Plant Protection Convention (IPPC) and the work on conventions and codes for pesticides. Capacity building in pesticide management remains essential and a coalition of donors and industry needs to be built for this and perhaps formalized. The auto-evaluation of pesticides work found that even developed countries were beginning to find a need for greater harmonization and integration of the emerging legislation in pesticides and chemicals. This will be an important area in which FAO needs to expand its partnership with others. A question also arises as to whether FAO needs to develop a role in monitoring and publicizing positive and negative examples of pesticide management practice, particularly with respect to national legislation and international trade.

438. Similarly, close cooperation needs to be maintained with the Convention on Biological Diversity (CBD) in development of both the IPPC and plant genetic resources.

439. This area of FAO's work is under-resourced, especially for policy and legislative assistance and capacity building. Innovative frameworks need to be developed for partnership with adequate resources for FAO to provide the technical underpinning.

Livestock

440. In addition to its own work, including a background working paper[76], the IEE was able to draw in particular on a number of evaluations[77] assessing FAO's work in livestock. Over 20 percent of those people dependent on agriculture, forestry and fisheries are primarily dependent upon livestock for their livelihoods. This is one of the fastest growing agricultural sectors and has very great potential for continued growth, both in primary production and value-added. It accounts for a little less than 30 percent of the total agricultural GDP. In developing countries, the growth rate in livestock production in the last ten years has been 3.8 percent per annum, compared with 2.7 percent in food crops and 1.2 percent in non-food commodities. It is an important source of protein. The growth in both production and consumption has, however, been concentrated in middle-income countries. Livestock is also the sector which poses the greatest threat to human health through zoonoses (diseases transmissible from animals to humans). Grazing contributes to both deforestation and desertification. Intensive livestock production in and around cities is responsible for pollution and health risks and livestock also contributes substantially to both carbon dioxide and methane emissions (the externalities of the livestock sector are thus considerable).

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[76] Cornelius de Haan.

[77] Draft real-time evaluation of FAO's work on Highly Pathogenic Avian Influenza (2007); Livestock Production, Policy and Information (2005); Pro-poor Livestock Policy Initiative (2005); Livestock and Environment Development Initiative (LEAD) (2005); Support to Livestock Exports from the Horn of Africa (2005); Animal Health (2002); and two auto-evaluations carried out by the Animal Production and Health Division (AGA) on work in genetic resources (2005) and on livestock information (2005).

441. Animal health has received a very modest proportional rise in resources as part of the overall FAO Regular Programme budget (a cut in real terms), but work on livestock management, information and policy was the most reduced technical area, falling by almost 40 percent as a proportion of the budget between 1994-05 and 2006-07. This probably reflects in significant measure the fact that, unlike forestry and fisheries which often have their own departments and technical committees within FAO, livestock does not. A further contributing factor is that national agricultural ministries tend to be dominated by crop specialists, as the IEE discovered in its country visits.

442. In the 2005 evaluation of livestock, production, policy and information, developing country priorities for assistance from FAO were assessed through a questionnaire to national governments (note that animal health was not included). The highest demand was for technology, slightly above demand for assistance with sector strategy. Both that evaluation and the IEE have concluded that this is a case of expressed need and priority not coinciding with FAO's longer-term comparative advantage. It should also be viewed from a perspective where the totality of FAO's emphasis until the 1990s was on production technology and the livestock departments are largely staffed with production professionals.

Table 3.13: Questionnaire responses from developing country governments

	Ranking		Ranking
Technology application in small-scale farming	1	International trade in livestock products	4=
Livestock sector analysis	2	Food safety and quality	4=
Conservation of animal genetic resources	3=	Processing and marketing	4=
Livestock information systems	3=	Environmental issues	5

Source: Livestock Production, Policy and Information (2005)

443. **Management and production**: Although much of the livestock work of FAO is upstream, the demand from countries has often continued to be for small-scale livestock production. The 2005 evaluation of livestock policy and production work found that TCP had been used largely for production projects[78] and there was no doubt that some FAO livestock officers pushed this. The IEE missions concur with the results of the 2005 evaluation that the livestock production work, including that on the Special Programme for Food Security, was on small projects for meat and milk production and that this lacked sustainability and was not being replicated by others. Emphasis on dairy in the humid tropics as a pro-poor initiative was inappropriate and was not reaching the poor.

444. Some work is carried out on ruminant digestion and feeding by the FAO/International Atomic Energy Agency Joint Division in Vienna. This work is generally considered as being isolated and there is no input from Rome (the joint division has also been involved in animal health work – see below).

445. **Animal genetic resource diversity:** This is considered important both from the perspective of biodiversity and as genetic material for future breeding. Genetic resources assessment involves 169 countries and the first "State of the World Animal Genetic Resources" report is due to appear in 2007. The work has been marked by repeated changes of direction. The intergovernmental technical working group on animal genetic resources has repeatedly stressed the importance of focusing more specifically on utilization aspects and global strategy in addition to cataloguing and conservation, but this has not happened. An FAO International Technical

[78] Of 59 TCP projects, 20 were for small-scale dairy, nine for meat processing and inspection and seven for the SPFS diversification component; only three were on policy.

Conference on Animal Genetic Resources for Agriculture took place in September 2007. It adopted a global plan of action and expressed support for FAO's work in this area. However, it remains to be seen if this will result in a real focus on the issues where animal genetic resource diversity can have clear economic importance, such as disease tolerance, without which conservation is unlikely on any scale.

446. **Animal health**: The area of animal health has received the greatest recent attention from the international community. This has been due to the crises related to human health, notably BSE in cows and avian influenza in poultry. Also, animal health standards and related food standards are among the most economically important non-tariff barriers to trade in agricultural products, with animal welfare an emerging issue.

447. FAO's concentration has been on strengthening the delivery of clinical veterinary services. Previous to the Avian Influenza crisis, FAO had showed strong and effective leadership in the campaign to eradicate a major economically important disease of cattle, Rinderpest. Rinderpest is now nearing the status of being declared completely eradicated, although it is possibly still present in the Somalia area. There has been less progress with other major diseases, particularly those of economic importance for the least developed countries[79]. One which has received continuing attention, in cooperation with other organizations including in the past the World Bank, has been trypanosomiasis in cattle in Africa. The joint division with the International Atomic Energy Agency has developed ELISA diagnostic test kits for Rinderpest and is working on kits for Trypanosomiasis, Foot-and-Mouth disease and Rift Valley fever. The African Union, supported by the African Development Bank and the EC, is now spearheading efforts. FAO supports a GIS mapping system and other technical guidance for this initiative. Software for disease surveillance has been developed and adopted by several countries for their national databases. Disease surveillance systems have been promoted and countries assisted in the development of early warning systems for North Africa and the Middle East, with an IFAD partnership.

448. The Avian Influenza crisis has demonstrated both FAO's strengths and weaknesses with respect to animal health. Highly Pathogenic Avian influenza emerged for the first time in December 2003 and FAO launched its campaign in January 2004. With only its own TCP resources at its disposal, however, it could do very little. Substantial donor funding did not start until September 2005, when the threat of spread to Europe and the Americas became evident. Funding reached US$122 million by May 2007. These resources enabled FAO to embark on a measured response by focusing on infected countries and also on countries at high risk prior to infection occurring and with some attention to the socio-economics of the disease. At the same time, FAO's work on other livestock diseases of importance for poor countries has been cut back radically.

449. The Avian Influenza crisis also brought out the imperative for strong partnerships, while underscoring at the same time the institutional inertias that prevent them from forming. An agreed strategy document between FAO, WHO and the World Animal Health Organization (OIE) was arrived at only in November 2005, two years after the outbreak of the crisis. Solid partnerships seem not to have been established with WHO and especially the OIE. The Global Framework for the Progressive Control of Transboundary Animal Diseases was signed by FAO and OIE in May 2004 and joined by WHO in June 2005. This was followed in July 2006 by the joint launch of a global early warning and response system for major animal diseases, hosted in FAO. FAO and OIE established a network for avian influenza. It cooperates with WHO and facilitates exchange of virus isolates, the provision of expertise to affected countries and assembles leading scientists.

450. The recent real-time evaluation of FAO's response to the crisis showed that it was plagued by management uncertainties and the significant bureaucratic delays which affect most of

[79] Including Contagious Bovine Pleuro-Pneumonia, Rift Valley Fever (in Africa), Classical and African Swine Fever, Foot-and-Mouth Disease and Newcastle Disease.

what FAO does. An Emergency Centre for Transboundary Animal Diseases (ECTAD) was established in December 2004 and subregional teams were set up. With donor assistance, FAO also set up a crisis management centre. The evaluation recommended that management arrangements be streamlined and, considering the size of the programme, that it required a dedicated senior manager. In spite of the weaknesses, however, the same evaluation concluded that, within the severe resource constraints under which it was initially operating, FAO responded well. Examples were found of capacities to identify, manage and control the disease. The IEE found in Indonesia that FAO had introduced participatory disease surveillance.

451. From this evaluation and its own work, the IEE concludes that the biggest failure in FAO's animal health work has been in not exploiting the interdisciplinary strengths present in the Livestock Division and throughout the Organization. Much less than in plant health have the issues been addressed, integrating veterinary policy and management analysis and perspectives. This is important for effective management of diseases and vital if their socio-economic implications for national economies and for the poor are going to be taken into account. There are indications that FAO is now taking an important lead in seeking to consider economic and social aspects. Although greater priority to this approach is required, FAO is demonstrably providing leadership in this regard and relative to other organizations. Unfortunately, such work does not seem to receive much impetus from many of the international donors or the veterinary community which have a single-minded focus on veterinary regulatory approaches to disease management.

452. **Policy and sector management**: Technical production work is now available from many sources, notably the private sector but also including NGOs. This has been recognized and FAO has been making the transition to more policy-oriented assistance. IFPRI, ILRI and FAO made a joint global review of the Livestock Sector in 1999 and sector briefs now cover 45 countries. In addition:

a) **livestock and the environment**: FAO houses and supports the secretariat of the Livestock, Environment and Development initiative (LEAD), a multidonor programme, which focuses on the role of livestock in land degradation in arid lands, deforestation in the tropical humid areas, land and water pollution and the contribution of livestock to green house gas emissions. Over the ten years of its existence, it has produced several major publications, operates a well-regarded electronic information centre, and has started field testing innovative concepts of the management of the negative impacts of livestock, which are now being scaled-up through support of the Global Environment Facility, the World Bank and national governments. The publication '*Livestock's Long Shadow*' in 2006 drew international press attention; and

b) **the pro-poor livestock policy initiative** has carried out a large number of studies and workshops on the results of policies for the poor, including subsidies and food standards. Its work on decision support data and systems was found to be impressive by the 2005 evaluation, but it also questioned if it might be too sophisticated for policy application in poorer countries. It has, however, begun to have an impact at country level, including input with the World Bank into poverty reduction strategy papers (PRSPs) in Africa.

453. The IEE has concluded that the FAO Livestock Division's work on policies with respect to the poor and the environment has influenced global thinking in these areas. More attention now needs to be given to overall institutional analysis and the place of livestock in the creation of employment and incomes through small, medium and large businesses, to value chain analysis and to the issues of pastoralists. The work on the socio-economics of livestock disease has got off to an encouraging start but deserves greater priority and has a strong interface with that on markets and the value chain.

454. **Information dissemination and databases**: In livestock, FAO has given attention to the strategic management of its publications, but recent evaluations and the IEE's own assessment have all found that the livestock databases and website are relatively difficult to use. The Global

Livestock Production and Health Atlas has brought improvements, but some gateways have not been updated for a long time, such as that on feed and food safety, and the content of others is weak. The "livestock and the environment" site was found to be good, but not well linked to the rest. Country missions for the 2005 evaluation of production and policy found that the only livestock publications which were well known were those dealing with veterinary aspects. Overall, not enough attention has been given to the information function either in the seniority of staff assigned to it, targeting or attention to using media accessible to users.

455. **Integration of FAO's work**: Given the efforts to design interdisciplinary entities by programme management, all evaluations found the lack of integration in the Livestock Division surprising and concerning. Comments have included the relative isolation of the extra-budgetary funded work, the lack of interchange between units and even competition between personalities. The evaluation of the pro-poor livestock policy initiative found that it had undertaken a very wide consultative process to start off, but that this faded under implementation. There is no doubt that if FAO is to fulfil its potential in this area and to justify the resources being proposed by the IEE, these issues will need to be addressed up-front.

Land and soil resources

456. No external evaluation of this work has taken place in recent years. Two auto-evaluations carried out in 2004 and 2005 provided some feedback from stakeholders.

457. During the decades of the 1950s through the 1980s, FAO exercised unquestioned international leadership on issues of soils and development, including publication of the first Multilingual Vocabulary on Soils in 1952, Soil Maps of the World in the 1970s and a major contribution to the harmonization of soil classification and terminology in the 1980s.

458. More recently, following the World Food Summit in 1996, the World Bank, FAO and a number of partners embarked on a joint Soil Fertility Initiative (SFI) with special attention to sub-Saharan Africa as part of a broader food security agenda, which evolved into the land and water investment priority of the African Union Comprehensive Africa Agriculture Development Programme. There was no information available to the IEE on the results of this, but it appears to have had limited investment or policy impact.

459. Work on land and soils has seen one of the largest drops in the proportion of FAO's Regular Programme resources (27 percent since 1994-05). With the 2007 restructuring, the Land and Plant Nutrition Management Service was split. Five professional staff positions involved with plant nutrition were moved to the Plant Production and Protection Division, while four professional staff positions related to soils and land were moved to the Land Tenure Management Unit (NRLA) in the new Natural Resources Department. There are thus now only four headquarters-based professional staff positions on soils and land resources.

460. Work in FAO is now concerned with:

a) maintenance of a wide range of databases for land resources and land use, including SOTER (World Soil and Terrain Database) and production of the State of the World Land and Water Resources Report. For the updating of the soil databases, FAO is working with the International Soil Reference and Information Centre (ISRIC), and for the agro-ecological zones database with the International Institute for Applied Systems Analysis (IIASA);
b) support to capacity building of national land and water information systems, including web-based Agro-Ecological Zoning (AEZ). At field level, FAO has also supported the development of information systems, for example with the support of the EC providing a base data for Somalia in the absence of a national government; and
c) development of methodologies, tools and methods for: i) land degradation assessment, its mitigation, conservation and rehabilitation of degraded and problem

soils and for conservation agriculture; ii) land resources use and planning, including carbon sequestration; and iii) global indicators for sustainable land development.

461. **Outcomes and impacts:** There can be little doubt that FAO's previous work in soils and land has been fundamental to the current state of knowledge and remains a key reference. FAO work has provided the basis for global work in soils, land and agro-ecological zone classification and mapping. Within FAO and elsewhere, this work has also provided the base maps and primary data layers in multi-layered Geographic Information Systems (GIS) that are used to analyse trends related to vulnerability, food insecurity, poverty and the environment. A user survey undertaken within the framework of the auto-evaluation of the land and water information systems entities found that the information systems and databases were user-friendly and widely applied in perspective studies; GIS and modelling, advocacy and awareness-raising; policy discussions; and educational purposes.

Water and irrigation

462. A background working paper was prepared[80] in order to assist the IEE in its analysis. No external evaluation of this work has taken place in recent years. Two auto-evaluations carried out in 2004 and 2005 provided some feedback from stakeholders. The International Programme for Technology and Research in Irrigation and Drainage (IPTRID), which is hosted by FAO, was the subject of an external evaluation in 2005.

463. With growing pressure on water resources for non-agricultural uses and environmental concerns, the number of global actors in water has been growing. The CGIAR International Water Management Institute (IWMI), established in 1984, now has a research staff of over 100, while FAO's Water Development and Management Unit now has 10 professional posts in Rome and 13 in the regions. FAO has a strong history of work in irrigation and drainage and many of its publications have become standard texts, but staff, partners and competitors all agree that FAO has lost its overall leadership role. The main reasons for this are a broadening of the agenda in water to the point where many groups, especially in the developed countries, have started to regard agriculture as the enemy and the emergence of competitors in agricultural water, especially IWMI. Declining resources, management vacancies and a lack of leadership and focus in FAO itself have added to this.

464. With increasing emphasis by the global community on water resources management and the concerns raised about large-scale irrigation, FAO shifted emphasis from irrigation scheme design and engineering to small-scale irrigation (especially in the SPFS), irrigation scheme management (including the role of the farmers) and the compilation of water resource data. Approaches to irrigation management have not taken sufficient account of the potential for entrepreneurs. In recent years, some work has been done on water policy, including at country level in Africa (e.g. for Zanzibar where the IEE found that the policy received official government approval). Although one issue of SOFA (1993) addressed water, the Organization's more normative technical work has not, in general, addressed the policy dimension, including issues of water tenure. Performance reviews of large-scale irrigation schemes have been a focus of attention in Asia. The auto-evaluations found that FAO's normative work was not necessarily reflected in its project approaches, including for the SPFS.

465. AQUASTAT is an information system, including a country database, a database on 650 institutions, and a database on investment costs in irrigation. The auto-evaluations found, and the IEE confirmed, that the databases were an area in which FAO was recognized as having a unique comparative advantage. They are linked directly from the home page of other organizations such as IWMI.

[80] Mohamed Ait Kadi and Torkil Jonch Clausen.

466. The Organization is engaged in many of the partnerships for water but its limited resources and lack of focus limit its impact. FAO chairs UN-Water, which is a mechanism for coordinating UN system activity. It also works closely with the global water partnership, World Water Council and other organizations such as IUCN. Within UN-Water, FAO has the lead on the water scarcity initiative.

467. Since 1998, FAO has hosted IPTRID which had a programme of just over US$1 million per year. It is a network of research centres and has produced a series of papers, including strategy papers and training guides. The external evaluation of 2005 found that IPTRID's resources were declining, as was the commitment of partners, especially donors, to it. The evaluation attributed this to the programme having become unfocused with too broad a capacity-building mandate. The evaluation also found that FAO had not provided sufficient autonomy to IPTRID as regards budget control and that the Organization's procedures had frustrated the receipt of money by IPTRID. At the same time, the staff of IPTRID appeared to compete with those of FAO.

468. The undeniable growing centrality of water to human security, including agriculture, in the 21st century will make it difficult for FAO not to see itself in a global leadership role in water issues. Nevertheless, FAO is clearly not in a strong leadership position. Its resources in the sector have eroded severely and are now very far below critical mass, especially at headquarters and with respect to global and regional policy analysis. While the Organization could certainly aspire to serve as a catalyst and facilitator for much needed attention to the sector, even this is unclear under current circumstances. At a minimum, it would necessitate a major rebalancing of staff and non-staff resources.

Fisheries

469. As noted in the section of this chapter dealing with resources and priorities, fisheries has seen an increase as a proportion of overall FAO Regular Programme resources for technical work, but there has been a decline in real terms of 21 percent from 1994-95 to 2006-07. Unlike most other areas of FAO's work, extra-budgetary resources have helped to offset this, financing 39 percent of the professional staff at headquarters by year-end 2006. Cuts in the staffing of the FAO Legal Office have limited the capacity for both country-level and international work on fisheries legislation.

470. In examining FAO's work in fisheries, in addition to the information generated by the IEE itself, the team drew on a number of evaluations[81] and a background working paper was prepared[82].

471. The Committee on Fisheries (COFI) is the only global intergovernmental forum for fisheries and aquaculture. It has provided a forum for technical consultation both on the Code of Conduct for Responsible Fisheries (see below) and in support to discussions in the UN relating to oceans and the law of the sea.

472. FAO has accorded increasing attention in recent years to aquaculture, which is the main area of overall growth in fish production and supply. Aquaculture clearly furnishes a large potential for employment and income-generation and to food security. Significant environmental, social and tenure issues, however, are also involved. The IEE was informed that FAO is working

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[81] Evaluation of FAO's Activities in Fisheries Exploitation and Utilization, 2004 (some 20 percent of the Regular Programme resources of the department over the last three biennia); final evaluation of the Sustainable Fisheries Livelihoods Programme (SFLP), a UK-financed project of some US$35 million which was completed in 2007 after working for eight years in 25 countries of west and central Africa; auto-evaluation of work in inland fisheries and aquaculture (2005) which included an extensive user survey and assessment of the use made of its website; auto-evaluation of Fisheries Economic and Social Trends (2004) which includes the State of World Fisheries and Aquaculture (SOFIA) and fisheries country profiles as well as work on fish demand and supply predictions; and Tsunami evaluation synthesis (2007).

[82] Trond Bjorndal.

to address the potential of aquaculture and to address these issues in an integrated manner. This, however, is a very recent development and the IEE was not in a position to assess the work or its indicators of progress to date as no evaluations have yet been conducted. It seems nevertheless clear that many of the central issues in aquaculture are also found in livestock production, such as environmental externalities, tenure and health. This raises the issue of shared learning and horizontal linkages across FAO activities which the Organization's silo culture greatly inhibits.

Regional fisheries bodies

473. Globally, there are 48 legally registered regional fisheries bodies, of which ten are statutory bodies of FAO. The Organization has traditionally worked through these bodies, which were primarily established for technical information exchange, although in several cases they have also extended into legal requirement for management of fish stocks. In recent years, FAO has been placing less emphasis on this work as most of these bodies are not in the developing world and some are concerned with single species, but the Organization continues to provide a facilitation and information exchange function. The bodies continue to be useful and most are largely self-sustaining, including several in developing countries, such as the body for development of aquaculture in Asia (NACA). Thus, FAO has contributed to the development of sustainable regional and global public goods.

Code of Conduct for Responsible Fisheries

474. The Code of Conduct for Responsible Fisheries (which is non-binding, but nevertheless, a negotiated text approved by the FAO Conference in 1995) has provided the cornerstone of the Fisheries Department's work. It constituted a major step forward in establishing an agreed conceptual framework and principles for the sustainable management of fisheries resources. Following the development of the code, four supplementary action plans were developed for: a) Illegal, Unreported and Unregulated Fishing (2001); b) Sharks (2000); c) Management of Capacity (2000); and d) Incidental Catch of Seabirds (2000). The Fish Code Programme was established as an umbrella programme for the implementation of the Code of Conduct, using extra-budgetary resources. For illegal and unregulated fishing, workshops have been held over several years in cooperation with regional bodies or individual countries to improve international cooperation in monitoring, control and surveillance. The Fish Code was evaluated in 2000, but there has been no assessment since that date. Work on sustainable management of fish stocks had traditionally adopted a species centric approach. The Reykjavik Declaration of 2001 rightly stated that a broader approach to fisheries management was required. This gave impetus to an ecosystem approach, for which FAO provided the required framework, which led, among others, to the Benguela project, funded by the Global Environmental Facility, which is now working to implement guidelines.

475. **Outcomes and impacts:** The IEE found that the code, the action plans and other guidelines had had very considerable impact on world fisheries management by both developed and developing countries. The Law of the Sea is the overall framework in which much global fisheries legislation is developed and there was some tendency for discussion to move away from FAO in Rome to the UN General Assembly. Partly as a consequence of FAO's work in the last decade on the Code of Conduct and the associated international action plans, and partly as a realization of the lack of technical competence in either the UN Secretariat or Governing Bodies in New York, there is some evidence that this trend may be reversing. An FAO model scheme negotiated as a follow-up to the action plan on unreported and unregulated fishing was the basis for the Port State Control Agreement on this, adopted in 2006 by the North-East Atlantic Fisheries Commission (NEAFC). The UN General Assembly also called in 2006 for FAO to undertake and guide the work on developing a binding global instrument on port state measures[83].

[83] UN Resolution on Sustainable Fisheries 61/105, 2006.

476. An important aspect of FAO's impacts was found to be its partnering. For example, fishing is one of the most dangerous occupations in the world. With the aim of improved safety at sea, FAO has close collaboration with the International Maritime Organization. Apart from in trade (see below), there was found to be a strong influence from governments and civil society advocacy groups, but limited input from industry.

Statistics, policy and trade work

477. FAO is the only source of comprehensive fisheries statistics and this is discussed together with other statistics and databases in the statistics section of this report. The 2004 auto-evaluation[84] found that the State of World Fisheries and Aquaculture (SOFIA) was rated well, although some considered it should have been bolder and have been more prepared to deal with controversy. That evaluation also found a strong demand for FAO country profiles, which were useful and comprehensive.

478. Fish trade is hugely important for developing countries. Fifty percent of fish production comes from developing countries, with three markets - the USA, the EU and Japan – accounting for 80 percent of imports. Ninety percent of aquaculture comes from Asia and 80 percent is relatively small-scale production. The subcommittee on fish trade within the Committee on Fisheries is an important venue for discussion of trade issues with active engagement of the private sector. The FISH INFO network and Globefish trade services are essential sources of international trade data. They are partly fed by regional systems, which were established with FAO assistance in the 1980s and are now self-sustaining. The primary focus is on industrial fisheries, traded fish products and processing. However, improved information leads to better price and market opportunities in general. FAO has also undertaken work on modelling long-term future trends. The 2004 auto-evaluation[85] found this work had taken inadequate account of overall economic trends and tried to project over an unrealistically long period.

Table 3.14: FISH INFO Network Members (2006)

Name	Area, date established	Members	Annual Budget (US$'000)	Member contribution
GLOBEFISH	Global, 1984	10	1 000	26%
INFOFISH	Asia/Pacific, 1988	14	900	50%
INFOPECHE	Africa, 1984	17	330	10%
INFOSAMAK	Arab world, 1986	8	280	50%
INFOYU	China, 1995	1		
EUROFISH	Eastern and Central Europe, 1996	12	1 200	50%
INFOPESCA	Latin America and Caribbean, 1977	11	380	12%

[84] Report on FIDI/FIGIS Auto-Evaluation: Auto-Evaluation of 231A1 and GCP/INT/715/JPN Component A Development of Fisheries Global Information System.

[85] Idem.

479. FAO is working on the certification of fishery products, including eco-labelling. In response to food safety and quality legislation, imposed in particular by the EU[86] and other major importers of fish products, approaches were developed and projects implemented for capacity-building. These contributed to the countries assisted being included in the EU list of authorized exporting countries. However, some rethinking about the relative priority of this work was recommended by the 2004 evaluation as a major EC assistance project came on stream.

480. **Outcomes and impacts**: The 2004 auto-evaluation found that there was strong interest in the State of World Fisheries and Aquaculture (SOFIA) in Asia and Latin America, but not in Africa. Interestingly, almost 20 percent of respondents to a questionnaire to national fisheries departments stated they had no familiarity with SOFIA. On the other hand, the IEE consultations found that SOFIA had now developed to become the most influential publication in global fisheries. One indicator of the direct utility of the FISH INFO network and its publications is the high number of paying subscribers and income from both governments and private institutions. The 2004 evaluation found that countries visited by the evaluation missions and the results of the questionnaire scored FAO very high as a source of information in fish trade and processing. Work on food standards for trade had also demonstrated impact. The 2004 evaluation reported that FAO advocacy based on scientific evidence could be significant, for example in demonstrating that use of open wooden boats to catch fish was not a health hazard when the fish were immediately stored in ice boxes. This brought about a change in EU policy.

481. The terminal evaluation of the FAO-DFID project in West and Central Africa found that policy studies on the contribution of fisheries to national economies had altered the perception of the sector, by showing that its contribution to Gross Domestic Product (GDP) is greater than appears to be the case in national statistics. In changing the national views of the fishing sector, the studies had also had an impact on some sector-level budget allocations. The project had positively influenced the incorporation of the fisheries sector into national Poverty Reduction Strategy Papers (PRSPs) and their follow-up in at least three countries. Policy briefs, journal articles, a book and policy guidelines had contributed to raising awareness in the development and research communities and government institutions on sustainable livelihoods approaches, poverty and small-scale fisheries. The quality of these outputs was found to be good. However, with only a few exceptions, the evaluation found they were not based on the experience and lessons of the project pilot activities. These were not analysed and of limited effectiveness (see below).

482. **Fisheries exploitation and utilization:** The 2004 evaluation found useful attention has been given to the technical aspects of reducing discards and environmental aspects of fisheries. This evaluation also called for FAO to give more focused attention to small-scale fisheries and found that it was not well integrated. The 2007 evaluation of FAO's Tsunami Response found that normative work for small-scale fisheries on safety at sea and on sustainable management of the resource had helped underpin FAO's response. This was important not only in the work the Organization commissioned directly itself, but fed through into its coordination and support role for other organizations' responses. Here, FAO advice had some success in limiting the numbers and improving the seaworthiness of the boats provided by others. However, the evaluation also found a lack of attention by FAO to the fisheries processing and marketing chain, which required rehabilitation.

483. The major UK/DFID project on sustainable fisheries livelihoods for West and Central Africa was supposed to achieve an integration of normative work and field action by FAO. This did not happen for reasons which are not entirely clear. At least partly for reasons of personalities, the project remained a 'step-child' of the Fisheries Department. The final evaluation in 2007 found that this project had given far too much attention to process and not enough attention to outcomes and impacts on either economic livelihoods or sustainable management of the fisheries resource. The majority of the project's resources were spent on small local interventions, which

[86] HACCP Hazard Analysis Critical Control Point – a process approach to assuring food quality.

the evaluation found were often unsustainable and were unlikely to have multiplier effects. Through its work in co-management, fisheries surveillance and legal recognition of professional organizations, the project has supported changes at the policy and institutional levels to address sustainable fisheries management. However, much of the progress has been enabling. Implementation generally has yet to occur and impact has been uneven across participating countries.

Making knowledge available

484. **Technical cooperation:** Countries have a high demand for FAO's field work in fisheries. The IEE team visits found this particularly in Latin America and the Caribbean. Nevertheless, the field is becoming crowded with bilateral agencies, private consultants, NGOs and institutes such as NACA and the CGIAR World Fish Centre, all increasing their activities in fisheries. Although many FAO staff consider they have to respond to an excessive number of fragmented TCP projects, in general the IEE found that fisheries field work was better aligned with normative priorities than many other technical areas in FAO. On the other hand, some international specialists have commented that the quality of FAO's technical work in the field is highly variable and this was, to some extent, borne out by the Tsunami evaluation. Nevertheless, the 2004 evaluation of Fisheries Exploitation and Utilization found that most field activities have been appropriate and effective. The evaluation scoring of FAO TCP projects in fisheries gave significantly above average scores for relevance, impacts and follow-up.

485. **Publications:** FAO produces fewer publications than it used to and publications are more oriented towards policy. The IEE found that they had become more significant. Many previous FAO publications were found to have become basic texts in teaching at workshops, colleges and elsewhere. FAO has provided the secretariat for the UN Atlas of the Oceans project. This brings FAO together with eight other UN bodies, and a mix of other organizations including national authorities, the World Resource Institute and National Geographic. It is a major resource, receiving among the largest number of hits of any database in FAO.

Forestry

486. No external evaluation of this work has taken place in recent years. In addition to IEE country visits and a background working paper[87], the IEE sent a questionnaire to the heads of forest services in 34 countries (19 of which were developing countries) and conducted 68 interviews with partners from other institutions and organizations. It also drew from a range of previous studies[88].

487. In line with global concern about forests, the work of FAO in this area has received somewhat above average priority for the proportion of resources assigned under FAO's Regular Programme. The UN Framework Convention on Climate Change (1994) and the Kyoto Protocol specifically recognize the potential role of forests in mitigating climate change and in bio-diversity preservation, carbon sequestration, watershed protection, countering desertification and coastal zone management. Forests are regularly ravaged by the spread of plant pests and by fire. Extensive illegal logging in developing countries is causing economic losses and untold

[87] Hans Gregersen.

[88] Auto-evaluations covering forestry information (2004); forestry sector outlook studies (2005); forest products information (2006); forests and climate change (2004); formulation of national forest programmes (2004); 12 evaluations of field projects in forest capacity-building; 14 evaluations of community-based forest management ; the mid-term review of the National Forest Programme Facility (2005); and the Evaluation of the FAO-Netherlands Partnership Programme (2005).

ecological damage[89]. The requirements of sustainable forest management, rights-based approaches to development, the rights of indigenous peoples and the challenges of poverty have all led to a resurgence of interest in issues of community management, community rights and tenure (MDG1).

488. Most of the forest area continues to be state property. The tenure rights of forest dwellers remain unrecognized. Forest laws in general often continue to ban all use, rather than being designed to encourage productive and sustainable economic and social use. Timber production is fast becoming an agricultural production enterprise and planted forests now account for seven percent of the global forest area. Much of the world's grazing land is forest land and there is extensive cultivation within forest reserves. Destruction of forest is often for agricultural purposes rather than for timber.

489. As stated by the former coordinator of the secretariat of the UN Forum on Forests[90] "There is now a widespread recognition ... that forests are a cross-sectoral issue and that there is a need to enhance their contribution to human wellbeing worldwide. Both the broader scope and scale of benefits and services have not been fully internalized by the forest community which generally tends to be inward-looking and not very effective in addressing cross-sectoral issues".

490. International forestry has become a very crowded field. The number and variety of organizations involved in forestry has grown markedly over the last 15-20 years[91]. In 1985, FAO, the World Bank, UNDP and the World Resources Institute launched the Tropical Forestry Action Plan (TFAP) which led to National Forestry Action Plans in over 100 countries. FAO's contribution to this effort was strongly criticized as being top-down and centred on the provision of FAO technical cooperation without adequate attention to global forest issues. In 1995, the Intergovernmental Panel on Forests was established which became the UN Forum on Forests (UNFF). It was decided that this should not be hosted in FAO, in part because of the negative reputation in forestry that the Organization had gained in relation to the TFAP, but also because many countries were of the view that forests would get more visibility and political priority if considered by the UN in New York. They concluded in April 2007 a non-legally binding international instrument on all types of forests.

FAO activities and their outcomes

491. **Partnerships:** At the beginning of the 1990s, FAO had a largely negative international reputation in forestry. The general view seems to have been that FAO was a project-dominated Organization, which presumed a superiority in forestry it no longer had and that it was failing to address the emerging global issues. Since then, there has been a remarkable turn-around and FAO activities in forestry are now dominated by partnerships. The interviewees from FAO's forestry partner organizations consulted by the IEE, almost without exception, regarded FAO as a positive partner, albeit limited by its resources and procedures. Some 90 percent of respondents to the questionnaire to forest services considered that FAO was effectively contributing to the international dialogue on forests, although only 30 percent considered that FAO was highly effective.

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[89] The World Bank estimates that US$5 billion is lost annually in evaded taxes on logging, more than four times the ODA for the forest sector, apart from the losses in value of both the forest and the production from the way in which illegal logging takes place.

[90] Jag Maini – personal communication.

[91] Among the major actors, in addition to FAO, are two CGIAR forest institutions, the International Centre for Research on Agroforestry (ICRAF) and the Centre for International Forestry Research (CIFOR), the International Tropical Timber Organization (ITTO) and the UN Forum on Forests (UNFF). Major environmental actors in forestry include the International Union for the Conservation of Nature (IUCN), the World Wildlife Fund (WWF), Conservation International (CI), the Global Environment Facility (GEF) and the United Nations Environment Programme (UNEP), to name only a few.

492. The Collaborative Partnership on Forests (CPF) was created to support the UNFF in 2001 at the request of UN-ECOSOC to provide the technical underpinning to the Forum. It is chaired by FAO. Although the secretariat is in the UN, FAO also provides *de facto* part of the secretariat services, including maintaining the website. It groups 14 international organizations, the two CGIAR forestry centres, the secretariats of all the forest-related environmental conventions, IUCN, the International Tropical Timber Organization (ITTO) and the International Union of Forest Research Organizations (IUFRO). Although some members of the UNFF wish the CPF to act exclusively as a secretariat to their interests, it continues to furnish technical services and to work on a broad range of forest related issues. FAO has the lead on four of the main areas covered and shares the lead with others on a further three. Although FAO has not found the formal meetings of the CPF especially productive, they have contributed to building important partnering with some and have strongly influenced FAO's own agenda of work.

493. The National Forest Programme Facility (NFPF), which has been operational since 2002, has eight donors and at the moment has a budget of US$3 million per year for five years. It is managed by a multipartner steering committee, which includes representatives of all the main stakeholders, including the beneficiary countries and the donors. Importantly but exceptionally, FAO agreed to considerable autonomy for the facility, which has its own manager. Funding decisions are based on a concept note prepared through a participatory process and at the moment, 75 percent of funding is to non-governmental organizations. Some 200 grantees in some 60 countries currently receive funding and each one is assigned to an FAO officer as coach. There is a certain irony in that the World Bank hosts a multidonor partnership Programme on Forests (PROFOR), which provides normative analysis to support the NFPF which is largely operational.

494. Other partnerships include those with the International Tropical Timber Organization – ITTO. In the review of the Convention on Biological Diversity's expanded programme of work on forest biological diversity, FAO was the lead partner. There are joint publications and meetings with the two CGIAR institutions, CIFOR and ICRAF. As discussed elsewhere in this report with respect to statistics, there is a strong partnership with Eurostat. FAO and the UN-Economic Commission for Europe (UN-ECE) also provide a joint secretariat for the UN-ECE Timber Committee and the FAO European Forestry Commission. FAO provides the secretariat for the six-yearly World Forestry Congress. The FAO Advisory Committee on Paper and Wood Products is one of the relatively few examples of FAO cooperation with the private sector. It was suggested by some partners that the private sector consultation for the forestry sector could be consolidated within the Collaborative Partnership on Forests to provide a general forum.

495. **The Committee on Forestry (COFO)** supported by the Regional Forestry Commissions is central to intergovernmental discussion of forests, where it provides the technical complement to the discussion in the UN Forum on Forests and occasional FAO ministerial meetings. There are six regional forestry commissions with their secretariats in the FAO Regional Offices. Their meetings were attended by over 100 heads of forestry in 2006. Increasingly, other international organizations and non-governmental groups participate in COFO. The International Institute for Environment assessed the 2007 COFO meeting as technically strong, functioning well and partnering effectively with the other key entities dealing with international forestry. The meeting in 2005 attracted 90 national heads of forestry and had over 700 delegates. In 2007, over 60 heads of forestry attended COFO. Overall, the great majority of respondents to the questionnaire were satisfied or very satisfied with the workings of COFO and the regional forestry commissions.

496. **Policy, outlook studies and publications:** As with other areas of FAO's work, FAO finds itself squeezed on policy issues. Some countries strongly oppose FAO involvement in certain areas of policy (e.g. illegal logging, legal frameworks). Others, as well as NGOs, hold equally strong views urging FAO to be far more proactive. In fact, the Organization has taken an active role in putting issues and supporting evidence into the public domain. The State of the World's Forests in 2001 gave prominence to illegal forest activities. FAO prepared with ITTO a publication on "Best practices for improving law compliance in the forestry sector", which has been used as the basis for a series of regional consultations. Partnering has also occurred with

groups, which can raise issues in a way which is difficult for FAO as an intergovernmental organization. FAO has also published work authored by others. Voluntary guidelines have been developed through multistakeholder processes, including countries, industry and NGOs, on Responsible Management of Planted Forest[92] and Fire Management[93] (presented to COFO in 2007). Data and statistics issued by FAO are focusing more on such issues as illegal logging and forest tenure. The global forest resource assessments have evolved from an inventory of forest resources to also provide information on deforestation, forest values and other environmental and production dimensions of forests. SOFO has addressed forests and poverty and also watershed management.

497. Capacity-building elements are integral to FAO's participatory approach and the involvement of regional bodies in preparing forestry outlook studies. This also increases their eventual impact. It is clear that in consultative processes, much of the learning takes place during the preparation and usually to a greater extent than through just releasing a final document. With this in view, critical issues have been placed on the discussion agendas of the regional Forestry Commissions. This was also the case in the 2005 Ministerial Meeting on Forestry hosted by FAO. The discussion led to a call for improved domestic law enforcement and international cooperation to control illegal timber trade while encouraging sustainable production.

498. The World Bank, to some extent in parallel to FAO and the UN Forum on Forests, has supported the Forest Law Enforcement and Governance (FLEG) initiative. This is a ministerial level process intended to mobilize international commitment from producer, consumer and donor governments to increase efforts to combat illegal logging and the associated trade and corruption in the forest sector.

499. Unasylva is one of the few remaining FAO glossy magazines (also published on the internet). A recent external readership survey found that 60 percent of respondents were in academia or research, 20 percent in national governments, 10 percent in international organizations and 10 percent in NGOs. There is an indication that those in education and research are more likely to reply than others to such questionnaires, but nevertheless it appears that Unasylva's policy impact is likely to be largely indirect. The overall assessment of Unasylva by respondents was very positive. The IEE shares this view.

500. A survey conducted by the Asia-Pacific Association of Forestry Research Institutions obtained over 100 responses from governments and NGOs in the region. It found that in over 60 percent of cases, FAO was the main source of basic forestry data and information.

501. Overall, the conclusion of IEE interviews, country visits and questionnaires was that the quality and topical relevance of FAO's work and publications in information and data, guidelines and codes, and support to international policy coherence processes (Global Public Goods) has improved markedly in quality and quantity over the last ten years.

502. **Technical cooperation:** A few developed countries questioned FAO's capacity to run major projects, such as those of the GEF, but IEE country visits and the survey of heads of forest

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[92] Para. 48, 18th Session COFO Report, 2007: "*The Committee commended FAO for facilitating a multi-stakeholder process to develop **Voluntary Guidelines on Responsible Management of Planted Forests**. The Committee recommended that FAO work with Members and partners, including the private sector, forest owners and environmental NGOs towards the implementation of these guidelines. It also recommended that the Guidelines be maintained as a living document, to be updated and improved by incorporating feedback from implementation at country level.*"

[93] Para. 29, 18th Session COFO Report, 2007: "*The Committee welcomed the development of **Voluntary Guidelines on Fire Management** in a multistakeholder process. It recommended that Members and forestry stakeholders make use of the guidelines and that FAO and partners facilitate their implementation in order to improve practices on the prevention, suppression and recovery from forest fire. The Committee also recommended that the Guidelines be maintained as a living document, to be updated and improved by incorporating feedback from implementation at country level.*"

agencies both supported continuation of FAO technical cooperation in forestry, with an emphasis on policy development and capacity building (equipping countries to better arrive at national consensus on their own policy options). Experience sharing between countries was considered to be important for this. The IEE country visits in Latin America found a particular emphasis on FAO's comparative advantage in forestry. IEE survey respondents in both developing and developed countries were strongly of the opinion that FAO did either as good a job or better than others in forestry technical cooperation. This conclusion is in line with the findings of the IEE country visits and of project evaluations. Discouragingly, however, evaluations found that project designs took little account of lessons learned from past experience (see Chapter 7 for an examination of this issue). The project evaluations did point to some clear examples of contributions to long-term impact, although the IEE was unable to confirm these.

503. In a very welcome development, the March 2007 COFO meeting endorsed a participatory strategic review of FAO's work in forestry, with a view to developing a revised strategy. A high-level panel of experts was also convened by FAO in 2005 to consider how it could more closely align its work in forestry with the MDGs. The IEE urges that the strategic review should present work in forestry on a log frame basis, which corresponds to the three FAO Strategic Framework goals of member countries, which in turn are closely aligned with the MDGs. This is particularly important because, as with almost all aspects of FAO's work, forestry efforts remain very much focused on outputs. Sights need to be lifted to the levels of intended outcomes and impacts. Moreover, to an even greater extent than with other surveys conducted as part of the IEE, the expressed demand from countries for FAO forestry work is to do more of everything with little distinction on priorities (16 categories of action were included in the questionnaire). A better sense of priorities did emerge from more detailed discussions in several interviews. These suggested priorities in the area of technical cooperation as strategy and capacity building for national policy. The suggested priority areas for global action were comparative forest data, climate change and the economic services of forestry.

504. The IEE's conclusion is that, in partnership with others and in support of national and global action, priorities for FAO should centre on the role of forests in poverty reduction; forests and climate change; forest governance (including illegal logging, encroachment, corruption, tenure, action on international markets); sustainable forest management; and biodiversity conservation.

Institutional support to agricultural development (higher education, research, farmer learning and rural finance, marketing and agribusiness)

505. The IEE was able to draw on a number of auto-evaluations and a project evaluation[94] in addition to its own work which included a background working paper[95]. However, no independent review had been carried out of any of the programmes included here since that of Agricultural Support Systems in 1999.

506. There can be no denying the extent of the challenges to be addressed in this area, including:

a) human resources education and research for agriculture: in sub-Saharan Africa overall (not just for agriculture), there are 83 scientists per million people. In Asia, this figure rises to 785 scientists per million people, whereas in the OECD, the figure is 1 100. Even in relatively strong regions, distribution is highly skewed. Brazil, for example, accounts for half the agricultural research expenditure in Latin America. In sub-Saharan Africa, about half the countries spent less on agricultural

[94] Participatory approaches and methods (2006); Information and communication technologies in support of agricultural research, extension and education (2006); AGS data and information systems (2005); and a project evaluation of the DFID funded Livelihood Support Programme (2007).

[95] Carl K. Eicher.

research and development in 2000 than in 1991. FAO made a major contribution to the development of research and higher education capacity in the period 1970-95, especially in India, where major training and research development programmes were undertaken at post-graduate and post-doctoral levels. Attention to these matters and needs all but disappeared completely from the international development agenda over the past two decades. A number of new initiatives have emerged, but most of these seem woefully under-funded. The CGIAR is promoting a world agricultural university, but with major disagreements within the CGIAR itself on whether this is an area of comparative advantage. The Global Education Initiative of the World Economic Forum is designed to create public private partnership. It is focused more at the school level, but includes higher education and is now partnered with UNESCO. Perhaps the most encouraging sign is support from the Gates Foundation and the Rockefeller Foundation towards a partnership of 12 African universities to offer joint PhDs in subjects concentrating on agriculture;

b) the following factors all open up the door for alternative approaches to farmer learning and farmer decision support: the rise of NGOs; product-driven advertising by the private sector; the availability to larger businesses of private sector extension; the possibilities for combining concepts such as barefoot vets into integrated systems; the rise of mobile phones and the presence of television and in some countries, computer connections in rural areas; more hard headed approaches to payment by results in the public sector; increasing literacy; and lessons from farmers' field schools and sustainable livelihoods approaches; and

c) agribusiness is growing but not nearly fast enough to create the necessary equitable employment and incomes. Nowhere is this more true than in Africa. At the same time, growing urbanization, new export markets, especially in Asia and the Near East, and the opportunities for value added both for domestic and foreign markets offer new opportunities. The appropriate policies, regulatory frameworks and support structures need to be in place. Appropriate finance whether for agri-business (including agricultural supplies and marketing), small farmers or the landless micro-entrepreneur has never been more important.

507. The IEE could not substantiate the recent effectiveness of FAO's institutional support programmes. The micro-banker software developed jointly with GTZ has been an important resource for rural banks but its maintenance and use do not require the continued involvement of FAO. However, many of the major activities of FAO in institutional support and capacity-building have been outside this group of programmes. With the launch of the 'training and visit' system by the World Bank, much of the intellectual leadership on farmer learning was lost by FAO. The Farmers' Field School approach was developed by the Integrated Pest Management Programme and is being further developed by the SPFS support unit. FAO did author jointly with the World Bank a conceptual approach for Agricultural Knowledge and Information Systems for Rural Development (AKIS), but its publication on reforming agricultural extension systems tends towards a defence of the status quo.

508. Work in research and extension was taken up by the CGIAR through the Institute for National Agricultural Research (ISNAR) which was founded in 1980. However, it ceased to be an effective programme in 2004, when it was combined with the International Food Policy Research Institute (IFPRI). FAO's capacity had by that time dropped to a level where it was in no position to occupy the space vacated. Technology transfer in networks is hosted in other technical units than the Research and Extension Division and although the institutional interface with the CGIAR is in this division, most contacts and partnerships appear to occur directly between technical units.

509. In rural marketing, work on value chains, the role of supermarkets, the role of standards, etc., has to some extent been taken up elsewhere in FAO. A promising development is a new interdisciplinary agribusiness programme, but it is much too early to judge how effective this will be.

510. In terms of resources, the institutional support programmes have all been reduced by more than the average reduction in Regular Programme resources for technical programmes. They have also been relatively unsuccessful in mobilizing extra-budgetary resources for normative work. Some consolidations have taken place[96], but resources have been spread over a wide number of small initiatives. Strong partnerships have not been built with other units either inside or outside FAO, with the exception of that on rural finance with GTZ. An indication of the extent of this fragmentation can be gained from two examples. In agricultural research support, there are 16 professional staff posts and the areas on which it expects to impact are listed as Research Policy, Planning, Organization and Management, Technology Assessment and Transfer, Developing Global Research Partnerships and Biotechnology and Biosafety. AGSF (Agricultural Management Marketing and Finance Service) has 15 professional staff and lists Agribusiness Development, Agricultural Marketing, Rural Finance, Farm Management and Rural Infrastructure.

511. The general impression that emerges from the above examination is that these areas of FAO's work are poorly positioned and under-resourced to contribute significantly to new challenges for development. There are exceptions. For example, in communication for development, assistance is being provided to countries to integrate communication techniques, such as participatory rural radio, television, multimedia packages and internet-based networks for linking researchers, extension agents, educators and farmer groups. These are promoted both directly through projects and a Virtual Extension and Research Communication Network (VERCON). However, this does not seem to have been brought to the conceptual level for integration into overall approaches to farmer learning. Similarly, the conditions under which the Farmers' Field School approach can be cost-effective have not been clarified. Indeed, recent work on research institutional arrangements and extension adopted a centralized supply-driven public sector perspective. As mentioned above, new integrated work in agribusiness, including marketing and finance, may hold important potential but, again, it is too early to judge.

Economic, social and food and nutrition policy

512. To obtain a full picture of FAO's effectiveness in Economic, Social and Food and Nutrition Policy, the following section needs to be viewed in conjunction with other sections of this report, including the entire discussion of cross- cutting activities, assessments of advocacy, statistics, database and information systems, legal work, institutional policy for agribusiness, support services, research and education, etc., as well as with technical policy discussed throughout this chapter and the work of the FAORs.

513. The reorganization of 2007 served to consolidate most social policy together with economic and trade policy in the Economic and Social Development Department, but there is no single recognized focal point for all economic, social and food and nutrition policy work in the Organization. The main centres of policy work are distributed as follows:

- Agricultural Development Economics Division (ESA)
- Trade and Markets Division (EST)
- Policy Assistance Division (TCA)
- Gender, Equity and Rural Employment Division (ESW)
- Nutrition Planning Assessment and Evaluation Service (AGNA)
- Land Tenure and Management Unit (NRLA)
- Fisheries and Aquaculture Economics and Policy Division (FIE)
- Forestry Economics and Policy Division (FOE)
- Livestock Information, Sector Analysis and Policy Branch (AGAL)

[96] In 2002, marketing, rural finance and agribusiness development were combined together in one service with farm management in AGS and in the 2007 reforms, research development, education and farmer learning were combined together in one unit NRRR in the new Natural Resources Department.

514. The IEE gave extensive attention to this topic at country level because it found that policy work and capacity building were the two areas of greatest priority overall for member countries. An IEE background working paper on economic and social policy covered an assessment of more than 150 briefs, policy papers and articles addressing economic and trade policy[97]. One hundred and six responses were received to an IEE survey of nutritionists in the international community, academia and the developing countries carried out by a further expert consultant who studied this area[98]. The IEE was also able to draw on a number of evaluations which directly addressed policy work[99].

Productivity and quality of FAO's work

515. **Capacity:** Policy work has been one of the areas which has received reduced resources as a proportion of the Regular Programme, but it is also one of the areas which has received more extra-budgetary resources for normative work. ESA, EST and TCA had 76 professional staff (including project funded) by year-end 2006. ESA and EST are responsible for providing the secretariats of two Committees of the Council (CFS and CCP). There is considerable call on the policy divisions, especially ESA, to make inputs into overall FAO positions and statements. This reduces the concentrated attention which can be given to a separate programme of work, but it is also one way in which policy support and advice are disseminated. The TCA auto-evaluation found that overall, only 44 percent of staff time is spent on policy assistance and 19 percent on capacity building (mostly development of training materials, guides, etc.). The rest is split between country intelligence information, secretariat type tasks (for example for the Regional Conferences) and general support to the field programme. Another factor reducing the effective capacity for policy assistance in TCA is its limited non-staff budget, which makes it difficult for staff to travel, independently of project funds. The recent evaluation of commodities and trade also noted that capacity problems had been exacerbated in EST by a mismatch between some staff skills with needs. The auto-evaluation of TCA found that some staff had programme rather than policy backgrounds and skills. The IEE also found that expertise in nutrition no longer corresponded to the needs profile with respect to policy.

516. **Quality of work:** FAO undertakes some policy research, but acts primarily as a clearing house of policy knowledge, transmitting findings to non-specialist audiences. Most FAO policy documents are thus consolidations of research findings or briefs on potential policy implications, rather than primary research documents. The State of Food and Agriculture (SOFA), the State of Food Insecurity in the World (SOFI) and the State of Agricultural Commodity Markets (SOCO) are all produced by the Economic and Social Department (see discussion of advocacy and communication above) and another major product is World Agriculture: Towards 2015-2030. All reviewers have found that, while these publications do not necessarily break new ground, they do marshal evidence and arguments on the issues, they are measured in tone, factual in substance, keep the reader up to date on the terms of debate and principal findings of researchers and, most importantly, are strongly policy-relevant.

517. Both the IEE and the Commodities and Trade Evaluation made reviews of large samples of publications. They found targeting was often unclear. They also found that, where FAO studies involved controversial issues, these were balanced and soundly argued, even if the conclusions did not please everyone[100]. Publications, meetings, attendance at conferences and use of external

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[97] Bruce Gardner.

[98] David E. Sahn.

[99] Evaluations of FAO's Policy Assistance (2001); FAO's Work in Commodities and Trade (2007); FAO Netherlands Partnership Programme (FNPP) (2005); Japanese Funded Roles of Agriculture Project (2007); and auto-evaluations of TCA policy work (2004) and work on Land tenure (2005); Human Nutrition Requirements (2004); and Community Action for Improved Household Food Security and Nutrition (2004).

[100] Including studies of the Global Tobacco Economy and of the impact of domestic and trade policies on the world cotton market.

authors, all help to disseminate policy findings. The IEE found that FAO meetings on the environment and sustainable agriculture, trade policy, biotechnology and food aid issues had the respect of the academics and researchers outside FAO who had attended them. The Commodities and Trade Evaluation found that the majority of countries responding with respect to the non-flagship documents considered the documents satisfactory rather than good. TCA supports a set of electronically available briefing materials on many aspects of policy through its EasyPol website, but the IEE found a need for more material directed at the layman user on specific policy issues. Also, the practice of preparing policy briefs on the basis of major documents needs to be extended.

518. Thus, FAO is not primarily in the research business, although some research is occasionally done. An example of this was the 'Roles of Agriculture Project' evaluated in 2007. The evaluation found that FAO had pursued a different research model to IFPRI's in-house model. FAO had drawn on its capacity for decentralized work contracting, networking and advising institutions in developing countries to undertake case studies which were then consolidated. The connections of the institutions at the national level led to greater immediate policy impact. The quality of the research was of a standard for publication in peer reviewed journals[101].

519. Since little of FAO's work contains new research, FAO is not generally an important point of academic reference. The recent external programme and management review of International Food Policy Research Institute (IFPRI) found that the average publication rate in peer reviewed journals per staff member per year was 1.4. FAO policy staff produces a tiny fraction of that. The Commodities and Trade Evaluation found citations of only 15 papers by staff of the Trade and Markets Division (EST) in the period 1998-2004, an approximate average of two per year for the whole division. Some discussion has revolved around whether this indicates that the Organization's human resources and programmes are not at the cutting edge of knowledge. The IEE has concluded that greater networking would allow FAO staff to interact in partnerships, which could both further professionalize the Organization's work and assist it in gaining the respect which is important for further influence on the policies of the IFIs and other international agencies.

520. On the basis of questionnaires and interviews, the 2005 auto-evaluation of land tenure work found that, despite the small size of the programme, FAO continued to be one of the few centres of knowledge on land tenure. The Organization had a reputation for its political neutrality and understanding of different socio-political contexts and had influenced a more-bottom up approach[102].

521. The evaluation of FAO's activities in commodities and trade found during its country visits that workshops on trade negotiations and on application of the provisions of the existing WTO agreements were regarded as very useful. This was also the conclusion of the 2004 auto-evaluation of TCA work. Interestingly, this is one of the few joint programmes between policy divisions.

522. Many of the findings of the policy assistance evaluation (2001) were reconfirmed by the auto-evaluation of TCA policy assistance (2004). There is a disconnect between field work, which often did not take account of FAO's normative conclusions, and the development of training and information materials. Field work did relatively little to inform the agenda of other divisions on normative needs. The gender perspective was also often neglected.

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[101] The project introduced the use of the multimarket modelling framework as a useful alternative to disaggregated computable general equilibrium models in situations of data scarcity, which is the norm for many developing countries.

[102] The auto-evaluation considered that FAO had comparative strengths in the fields of property valuation, taxation, land registration and land consolidation for all developing regions and for transition economies.

523. **Partnerships and synergies:** The Commodities and Trade Evaluation commented positively on the joint work done by FAO and the OECD to extend the use of the "COSIMO" medium-term commodity policy model. The OECD had expertise in modelling and knowledge of agricultural activities and policies in developed countries and other major exporters, while FAO had in-depth knowledge of individual global commodity markets and an understanding of agricultural activities and policies in the smaller developing countries. This evaluation also found that it was widely agreed that FAO had a comparative advantage in commodity market analysis relative to the OECD, World Bank and UNCTAD. UNCTAD's commodity market and trade analysis is very limited for agricultural products and there was no significant overlap but no significant synergies had been developed either. FAO's policy work in general was found to make little use of other organizations' publications or disseminate them, although many were of good quality and addressed pertinent issues.

524. The IEE found little significant overlap with IFPRI and some cooperation in defining respective work programmes, with some joint initiatives, but the collaboration in depth was found to be limited. There was a disappointingly low level of collaboration between FAO and the Inter-American Institute for Cooperation in Agriculture (IICA). For nutrition and food policy, FAO chairs two of the nine working groups in the UN Standing Committee on Nutrition and is involved in three other groups on emergencies, school and complementary feeding. However, 57 percent of the survey respondents indicated that FAO's interagency collaboration in this area was only fair or poor. The conclusion that emerged was that, although active in groups, FAO was unable to provide significant intellectual guidance. This may have contributed to FAO not being included in the UNICEF/WFP-led Ending Child Hunger and Under-nutrition Initiative (ECHUI) and the drafting of the Global Framework for Action.

Relevance and effectiveness

525. IEE country visits found that FAO's work in policy was a high priority for nearly all countries except some larger middle-income countries, especially of Latin America. These countries considered FAO did not have the level of expertise which could be helpful to them. The greatest concerns were with national sector policy and the implications of international policies.

526. The Commodities and Trade Evaluation found countries gave assistance with regional and bilateral trade negotiations higher priority than the WTO Doha Round. That evaluation also found countries prioritized assistance on non-tariff barriers to trade, especially SPS, market reforms and the role of the private sector; marketing value chains and product differentiation for higher prices. Most use of the commodities and trade websites was for horticultural products, a dynamic sector for which there is no commodity body, with some of the minor commodities also having an interest, in particular pulses. This pattern of interest also held for the Inter-Governmental Commodity Groups, where the dynamic sectors (horticultural and animal products) and crops without commodity bodies had the highest attendance, including hard fibres and tea. There thus needs to be concentration of effort in these areas.

527. In 47 country questionnaire responses, more than half the respondents were unaware that FAO was working in six out of the ten trade and commodity topics listed. Both the Commodities and Trade Evaluation and the IEE's own work at country level confirmed that FAO's normative policy and trade activities are not well known in countries. The Commodities and Trade Evaluation concluded that the relevance of FAO's work to those countries needed to be strengthened.

528. For nutrition, 75 percent of nutritionists responding to the IEE questionnaire considered that the highest priority for FAO as a global organization should be on examining the nutritional impact of global food systems and agriculture, but that FAO's policy work was not well aligned with this. FAO's work in nutrition was considered far less important than that of UNICEF and somewhat less important than that of WHO and WFP. It was, however, considered more important than IFPRI, the World Bank or several others, including the Global Alliance to Improve

Nutrition (GAIN). At a more general level, the IEE also found that FAO's work in food policy does not adequately integrate nutrition considerations and equally, that its work on nutrition has tended to be conducted in isolation from work on economic, social and food policy.

CROSS-CUTTING ACTIVITIES AND THEMES

529. The Director-General's (2005) Reform Proposals identified strengthened interdisciplinarity as a major potential comparative strength of the Organization. This section of the report deals with a number of priority cross-cutting areas, including those identified in the Director-General's 2005 Reform Proposals of Focus on Capacity Building and Strengthening Policy Assistance. These two areas also came out in the IEE assessments as clear priorities of Members and have been dealt with in the context of the individual technical areas.

Gender mainstreaming and women's empowerment

530. In addition to the feedback from the IEE country studies and review of the specialist reports in various areas of the Organization's work, this section of the evaluation included a background working paper[103] and:

a) interviews with some 70 people in three African countries from government, NGOs and development agencies;
b) interviews in Rome with 30 FAO staff and five Permanent Representatives to FAO;
c) a survey of FAO staff views which received 979 responses; and
d) a benchmarking review against other UN agencies.

Gender policy and mainstreaming

531. In the Director-General's first round of reforms in 1994, prominence was given to gender with the establishment of a separate FAO division dealing with gender and population issues. In the most recent round of reforms (2007), a further step forward was taken for the consolidation of gender with most other aspects of economic and social policy in the Gender, Equity and Rural Employment Division (ESW) within the Economic and Social Development Department.

532. FAO's first Gender and Development Plan of Action (GDPA) was approved by the Conference in 1989 for the period 1989-95, followed by a second for 1989-95. A new plan for 2002-2007 was recognized as a good model within the UN system. It identified key problems that countries face and priority areas for action to address gender inequality in relation to FAO's mandate, linked to other UN initiatives and the World Food Summit. Regrettably, the plan makes no reference to the Millennium Development Goals and this is also the case for the 2003 and 2005 progress reports to the Conference. The goals were linked to the Programme of Work and Budget (PWB) and Medium-Term Plan (MTP) with identifiable gender-related outputs for the technical programmes and with plans on how it would be monitored, resulting in an 18 percent increase in outputs for which the gender link was specified. A simple coding system was used to delineate and rate gender-sensitive activities[104]. The comprehensive approach was seen by other UN organizations as a model to emulate. The Gender Mainstreaming Audit of 2002 described the subsequent linking into the Programme of Work and Budget (PWB) as a "huge improvement", as was the ability to identify gender-related outputs in the PWB for monitoring purposes. This was also recognized by the UN Development Group (UNDG) survey of accountability on gender mainstreaming.

533. The GDPA was designed as an awareness creation and support tool which assumed that the technical units of FAO had the competence and capacity to develop gender action plans

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[103] Achola Okeyo and Sarah Burrows.

[104] Coding system: (1) may have negative implications for women; (2) gender neutral; (3) specifically considered gender differentiation for effectiveness; (4) majority directed towards benefits for women; (5) entirely directed towards benefits for women.

without substantial support from ESW. However, neither the plan nor the MTP provide sufficient guidance for tracking and substantiating changes in terms of expected outcomes. Despite emphasis given to this by the Governing Bodies, FAO's internal audit and interagency committees, only a small part of the monitoring and reporting mechanisms on gender that were stated as planned in the GDPA 2002-7 have yet been put in place. In common with all FAO's technical work, what exists focuses heavily on outputs, rather than outcomes or impact. Evaluation has also given inadequate emphasis to gender. Paradoxically, the current arrangements, which provide for approval of the GDPA and subsequent reporting on progress outside the overall Programme and Budget framework and cycle of documents, lessen the attention it gets and reinforce the idea that this is an ESW concern and not one of the Organization as a whole.

534. Actual progress on gender mainstreaming and the uptake of gender in the programmes of FAO has been very patchy, with some good examples and little or no progress in other areas. Progress has been made with respect to emergencies, and in crops, forestry, small-scale fisheries and fish processing. The evaluation of FAO's animal health work in 2002 also found gender was being systematically mainstreamed. In statistics, more effort is being made to produce gender-disaggregated data but the information base is very weak. The Declaration of the International Conference on Agrarian Reform and Rural Development in 2006 had a strong focus on gender issues, especially around land rights, but the attention given to gender in economics was found to be limited.

535. The IEE survey of staff found that 40 percent of respondents had not heard of the Gender and Development Plan of Action and only 14 percent used it in their work. FAO's 2005 "FAO and the Challenge of the Millennium Development Goals: the road ahead" does not mention the words 'gender', 'women' or 'female' at all. Out of FAO's five flagship "state of" publications, only SOFI and SOFA are mentioned once in the GDPA 02-07. A word count shows very low attention to gender, except in The State of World Fisheries and Aquaculture and The State of the World's Forests. The State of Food Insecurity in the World (SOFI) 2005 had a chapter on gender equality and the empowerment of women and yet SOFI 2006 had no gender analysis or disaggregation and mentioned the words "women" and "female" only once each in the whole report. FAO compares very unfavourably on a word count with the flagship publications the World Bank, UNDP and WHO.

536. Overall, it is concluded that gender has been better mainstreamed in crops, livestock, and fisheries and forestry work than in that on economics. Although there are several islands of success, much of FAO's work seems to be either 'gender-blind' - even in prominent flagship publications - or portray women in a passive role as victims or beneficiaries, rather than as crucial economic actors in the areas of FAO's mandate.

Normative outputs and results in countries

537. FAO initiated the work on the suite of socio-economic and gender-awareness training and analysis materials (SEAGA) in 1993. SEAGA continues to be FAO's "main training programme for gender mainstreaming and capacity building". It now covers various areas like micro-finance, irrigation, emergency and rehabilitation, livestock, agro-industry, and project cycle and household resource management. There are handbooks for different levels from field to macro and nine practical guides in specific sectors – the most recent of which also look through the perspective of the reality of HIV/AIDS as well as gender. A couple of the guides are also produced in pocket form and most have pullout checklists for use in the field. They clearly aim to respond to the need to provide practical tools for mainstreaming gender.

538. SEAGA was recognized as a model in the mid-1990s for other agencies in efforts to build capacity for gender analysis. However, by 2003 most agencies and bilateral donors had developed their own gender analysis tools. SEAGA is still used by the Rome-based UN agencies and the IEE was given examples of SEAGA being applied in the field. Unlike many other FAO manuals, there

have been consistent efforts to introduce SEAGA at country level with training courses but with some exceptions, it seems that one-off training courses are not enough to ensure the manuals uptake, use and adaptation to local conditions. Moreover, no references to SEAGA were found in a survey of literature on gender analysis training and the gender materials of other UN agencies and the World Bank. In a review of Gender and Evaluation issued by the OECD/DAC in 2005, references are made to a number of tools for gender analysis and evaluation developed by WFP, the World Bank and ILO, but no mention is made of FAO.

539. One of the eight criteria used in the FAO project review process is attention to gender. An analysis of evaluations of 54 field projects between 2002 and 2004 found 31 projects with specific references to women. Thirty-eight percent of the projects were recorded as having had a positive impact on women's livelihoods. In 43 percent of the projects, gender issues were either ignored or regarded as not relevant.

540. In Malawi and Mozambique, FAO appears to have contributed to the processes leading up to revised property laws in favour of women. It has also done ground-breaking work on the links between HIV/AIDS and women's property and inheritance rights, especially in Southern Africa. There, FAO's role in bringing a wide range of actors together has been publicly recognized by at least one international NGO, active on the issue, Oxfam. The evaluation of the Special Programme for Food Security in 2002 found that women were significantly involved and the TeleFood evaluation 2006 found that women were a high priority for these micro-projects, although targeting of the poor and the overall effectiveness of these projects were low. Evaluations found that projects in community-based natural resource management gave limited attention to women. There were only two evaluations of a project containing a specific gender component. For a regional project in Southern Africa, it was found that culture conflict between scientists and the more sociological and economic approaches they were required to apply with respect to gender. This project was also cautious in emphasizing the gender component as it was considered that there was a risk of antagonizing a male-dominated society with respect to the other project components.

541. The IEE found that while FAO Governing Bodies have given a high priority to gender issues, this was not generally stated as a priority when IEE teams visited countries or in country responses to questionnaires (gender issues were however discussed in IEE country visits as per the standard checklist). This underlines the need for FAO to raise awareness and provide clear advice on modalities, rather than the reverse. At country level, FAO often addresses gender through small pilot initiatives which do not feedback into policy and there is a lack of strategic interventions.

Partnership and cooperation

542. FAO plays a leading role in the Inter-Agency Network on Women and Gender Equality. There has been recent collaboration with IFAD on full incorporation of gender in its projects. Guidelines have also been produced for reporting on Article 14 (rural women) of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). However, cooperation with other agencies at country level, including UNIFEM, seems to have become increasingly less systematic.

Strengthening gender effectiveness in FAO's work

543. The discussion above illustrates that FAO has made progress on gender mainstreaming and has achieved some impacts at country level. In the early 1990s, FAO was in the forefront of gender mainstreaming. However, the overall picture from the indicators assembled by the IEE is that FAO is now an organization which is underperforming on gender compared to the relevance of the subject to much of its mandate. The Gender Plan of Action is not integrated into FAO's overall programme cycle. There are indications that ESW's approach has become increasingly reactive over recent years, with too many resources dissipated on responding to urgent requests

for 'gender input', including in project review and commenting on reports. Strategic direction on gender mainstreaming is being lost and FAO increasingly addresses small initiatives and projects. ESW needs to focus on how best it can enable the technical divisions to take the responsibilities on gender that are properly theirs, and advise FAO on how to leverage greater change with respect to gender integration and women's empowerment into policy and implementation at country level.

544. During the 1980s and early 1990s, FAO undertook extensive staff training in gender. In the last ten years, this has given way to meeting country requests for training. Given the very limited resources, this is scattered at best and does not form part of a coherent capacity building effort. FAO has established 'gender focal points' within divisions and in Country Offices where the FAORs are so designated. The function of gender focal points in divisions or in the Country Offices, however, is not formally recognized and there are: no criteria for their selection; no indication as to their seniority and authority; no clear definition of their tasks; and they do not in general have the function of gender focal point included in their terms of reference.

545. There are possibilities for more joint work with other UN agencies and perhaps even sharing of gender staff at country and subregional levels. FAO could make greater use of alliances with global, regional and national civil society organizations, as UNIFEM has. The Organization has to work to reposition itself at the country level, so that it can be a more effective adviser on gender mainstreaming in its mandate areas, including in the UN Country Team and the UNDAF.

Environment and natural resources management

546. As defined in the Strategic Framework (1999), one of the three goals of member countries which the Organization is dedicated to helping them achieve is the conservation, improvement and sustainable utilization of natural resources, including land, water, forest, fisheries and genetic resources for food and agriculture. This also corresponds to Millennium Development Goal 7. The creation of the Sustainable Development Department in 1994 and the Natural Resources and Environment Department (NR) in 2007 was a recognition of the importance attached to this cross-cutting area. Most of the work which FAO performs with respect to sustainable natural resource management is in departments other than NR. It includes:

a) a wide range of work with respect to integrated pest management, responsible marketing and management of pesticides, and the disposal of obsolete pesticide stocks, for which FAO also collaborates in: i) several legal agreements, including the 1998 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade, for which the secretariat is jointly handled by FAO and UNEP; and ii) a voluntary code of conduct developed with the pesticide industry, government and civil society (see discussion of work in crop production, plant protection and pesticides);
b) the International Plant Protection Convention, which deals with issues of invasive species (important for the Convention on Biological Diversity [CBD] as well as the transmission of pests);
c) plant genetic resources which FAO holds in trust for the international community as a global public good, particularly the collections of the CGIAR;
d) the International Treaty on Plant Genetic Resources (2001);
e) monitoring domestic livestock biodiversity (see livestock above);
f) land and fresh water management (see sections on land and water and irrigation above);
g) the Code of Conduct for Responsible Fisheries (1995) - see Fisheries above - where FAO has provided an overall concept of sustainable management for fisheries resources;
h) much of FAO's current work in forestry (see Forestry above), which deals with sustainable management of the resource, watershed management, etc. To date, forestry has been a particular area for attention with respect to climate change, the UN Framework Convention on Climate Change and its Kyoto Protocol; and

i) recent economic policy work has addressed the environmental services of agriculture (see economic and social policy above).

In all these areas, FAO works in: information and statistics on the state of the resource (some of it in geo-referenced databases, such as that for land and fresh water); voluntary and legally binding instruments; environmental agreements and policy guidance and capacity building for countries in order to implement them.

547. Project work, some of it funded by the Global Environment Facility (GEF), has addressed community-based natural resource management where stakeholders are users and producers of knowledge, and based on the realization that ecological, economic and social systems are interlinked. Recent evaluations of these activities note that environmental sustainability has so far been assessed mostly in terms of effective collaboration between stakeholders in the rational use of natural resources and in building awareness of the mutual interdependence of the key sustainability factors.

548. Besides the three main implementing agencies under the Global Environment Facility (GEF), which are the UNDP, UNEP and the World Bank, FAO has also been given opportunity to prepare project proposals for GEF consideration. This was initially limited to the area of Persistent Organic Pollutants related to the Stockholm Convention. The GEF has also recognized FAO's expertise in other GEF areas such as biodiversity, international waters, land degradation, climate change, and in some cross-cutting themes, including sustainable forest management, for which it has been given a lead role in programme development. In mid-2007, the GEF Council approved direct access of all executing agencies to GEF resources in their areas of comparative advantage. To date, FAO has not committed significant resources to developing this relationship (which is handled by one relatively junior professional). Questions remain on the Organization's capacities as a project implementer for national execution, over and above its strengths in provision of supporting technical cooperation. Further technical work with GEF projects could provide an opportunity to deepen normative concepts at field level. However, IEE interviews with partners stressed FAO's convening and technical role in development of global conventions and guidelines, rather than its capacity to bring high-level expertise to bear at country level.

Technology transfer and piloting, including the Special Programme for Food Security

549. The Special Programme for Food Security (SPFS) was evaluated in 2002 and it was found that its emphasis on demonstrating subsidized inputs for production in general brought little new to farmers. They knew about the inputs but did not have the resources to purchase them and their calculations of risk did not justify the cost. The initial SPFS had not built adequately on the experiences gained from Sasakawa 2000 and FAO's own fertilizer programme. Introductions of irrigation were found to be more relevant, but were experiencing major problems in the sustainable design of initiatives, perhaps because of an over-emphasis on communal rather than private management. Supplementary income earning, especially for women, was introduced, without always adequate analysis of the gender roles or workload on women.

550. Since the evaluation, many changes have been introduced in the SPFS to take in policy and institutional dimensions and to address issues of supplies and markets. FAO claims that it is now placing emphasis on national and regional programmes to address food security in its totality. However, the IEE found little evidence of this in terms of either resource allocation by the Organization or results on the ground. In several countries, the SPFS has successfully demonstrated the Farmers' Field School approach developed by the FAO Integrated Pest Management Programme. This has gained wider and wider acceptance by national governments and development agencies, such as IFAD and GTZ, as an institutional approach to learning and knowledge transfer. The emphasis of the SPFS, however, remains on production and as a percentage of the overall effort since 1996, uptake of the many pilots has been the exception. In Latin America, the experience of the modified SPFS was found by the IEE team and in evaluations to have been positive in its immediate benefits to households. In Mexico, there was

some evidence of institutionalization, but officials commented that in general the SPFS did not differ significantly from other government and NGO programmes. In other words it was not delivering a unique contribution. A similar picture was found by the IEE in Bangladesh, where FAO has a history of a number of crop production support projects. One African Minister of Agriculture described FAO as resembling an NGO with its relatively small production interventions and lack of attention to the major policy and institutional issues facing his country. In Nigeria, the SPFS has been elevated to the level of a full national programme and in up to 15 others, significant upscaling has occurred. Although an evaluation in Nigeria is now planned, no evaluation of these larger country programmes has to date been carried out.

Box 3.2: Some examples of successful piloting identified by the 2003 Evaluation of FAO Activities in Crop Production

The examples below illustrate a degree of success, but also demonstrate the limitations of the pilot initiative in terms of major sustainable impact:

a) development of urban and peri-urban horticulture in the Democratic Republic of Congo with the both raising farmer incomes and contributing to the improvement of nutrition in the major urban centres;
b) pilot rubber production in Ethiopia diversifying agriculture and contributing to the increase of farmer's income. Activities now expanded through collaboration with the private sector;
c) multiplication of basic and certified seeds of rice in the west of Burkina Faso, a key element of which was the training of farmer seed producers. The project made a major contribution to the doubling of rice production in the country. Five years after the end of the project, the benefits were still apparent through contract arrangements between farmers and a private seed production company;
d) cultivation of edible mushrooms in the Vietnam by resource-poor farmers;
e) development of sweet sorghum for grain, sugar, feed, fibre and value- added by-products in the arid, saline-alkaline regions of China. Sweet sorghum is now being used as a source for cattle feed and as raw material for industrial processing into alcohol; and
f) training in hybrid rice technology in Egypt through Technical Cooperation between developing countries, which assisted in the development of early maturing rice hybrids with high yield potential and validated their usefulness in farmers' fields, especially under saline conditions.

551. The high level of priority FAO places on the SPFS is working negatively for the Organization to maximize on its comparative strengths at country level. In the minds of governments and country level partners, the SPFS reinforces a type-casting of the Organization, which undervalues the potential for work in the Organization's areas of normative strength and in policy and capacity building. Many donors have not adjusted their valuation of the SPFS to take account of the more recent developments in the programme. This further undermines the Organization in seeking extra-budgetary resources.

552. In this context, TeleFood projects averaging US$7 600[105] in size were found by the 2006 TeleFood Evaluation to be no worse, but also certainly no better, than similar NGO or government projects. They were not generally reaching the poor and were largely unsustainable. This finding was further reinforced by the study of TeleFood projects during the evaluation of FAO's work in Sierra Leone. The IEE concluded that the changes made in the programme following this evaluation did not essentially address the issues. Telefood projects may have helped somewhat to convey a picture of FAO as a caring organization, but they also further reinforced an image of the Organization which neither drove home its essential messages, drew on the Organization's comparative strengths or made a significant contribution to the well-being of the poor.

[105] TeleFood projects approved in 2006 only, FPMIS.

553. Pilots are also undertaken by FAO in such areas as integrated pest management and water management. In Burkina Faso and in China, the Decentralization Evaluation found that pilot activities had shown an impact, but the pilot had to be lifted to a critical mass of demonstration effect. Only those aspects of the pilot experience which were found valuable would be replicated, not the overall package. The evaluation team observed that pilot project design should always incorporate elements which facilitate replication and upscaling. The 2007 evaluation of the Sustainable Fisheries Livelihoods Development Programme in West Africa found that there had been more concern with getting small community pilots underway than with their results. Their benefits were unlikely in most cases to be sustainable, even for the communities involved. There had not been multiplier effects and there had not been lessons documented from them for policy. Many lacked adequate attention to either economic or environmental sustainability. It was however considered that they may have led Fisheries Departments to be more aware of the need to work at the local level with communities and benefited fisheries and others in government and NGOs, who became more alert to fisheries communities' problems in the process.

554. Demand for production technology transfer tends to be most important in the least-developed countries and demand is skewed by the production mandates of many Ministries of Agriculture. However, in most of its areas of work, FAO does not have a strong potential comparative advantage in dissemination of production technology and, sometimes, performs more poorly than competitors. FAO central and regional expertise cannot be expert in every agro-ecological and social context or even preserve expertise in all crops. National expertise in most production technology greatly exceeds that of FAO in the great majority of countries, including many of the poorest. This is the areas in which the CGIAR is active, with considerably more professionals working on aspects of production technology than FAO.

555. There are some few areas where FAO preserves technical leadership, as is evident from the demand for guidelines (including those prepared many years ago). The IEE came across several examples of this from irrigation water requirements, to pesticide handling, to boat building. However, even in these areas, FAO needs to develop its strengths as a knowledge manager, rather than necessarily producing the definitive manual itself in highly competitive areas. As discussed above, this would include developing access through networks, addressing copyright issues and promoting the availability of alternative language versions.

556. Pilot projects can play a role in demonstrating policies, approaches and technologies, but they need to be utilized selectively, where they fill a genuine gap, where there is a reasonable expectation of policy-makers following the results of the pilot, and where the preconditions are present for the eventual expansion of those elements of the pilot found valuable. The IEE has also concluded that they are the area in which there is least demand for FAO's services, most competitors and least comparative advantage.

557. FAO does have significant comparative advantage in the implications of technology for policy, whether this be in intensification, biotechnology, mechanization or agricultural industrialization. Evidence to date of FAO building on this potential comparative advantage is weak, however.

Treaties, conventions and agreements

558. The development and support of intergovernmental policy coherence and treaties, conventions and agreements is a growing area of work. It is covered above with respect to the various technical areas and is addressed in Chapter 4 on Governance.

Legal assistance

559. The IEE prepared a background working paper[106] and drew on an auto-evaluation, which included extensive enquiries to users (2006) and an evaluation of TCP legal projects (1999). Legal assistance has seen slightly greater cuts than the average for FAO technical programmes. Work has concentrated on:

a) **provision of a database and manuals and analysis on legislation** for agricultural, fisheries and forestry and importantly for the associated natural resources. FAOLEX is an online database with about 60 000 pieces of legislation worldwide, growing at the rate of 5 400 per year (full texts of laws indexed and accompanied by abstracts). It is partially integrated with a joint FAO, UNEP, IUCN database, ECOLEX, for which the leadership is with IUCN. These databases are generally regarded as useful, because they provide sectoral information across boundaries, while national databases each need to be consulted individually. There is now a problem with declining resources to maintain the databases and a need to actively integrate more developing country legislation, which is much less easily available. Studies and guidelines have been issued at the average rate of 10-11 per year and have concentrated on forestry and wildlife (33 percent); water (16 percent) and fisheries (14 percent). The IEE agrees with the Legal Office that future publications should give more guidance on the national application of global and regional agreements; and

b) **direct support to member countries** has been much more important here than in other areas of FAO's work. The Legal Office has functioned as an in-house consultancy largely funded through TCP. The auto-evaluation found that the network of international consultants, who were closely involved in the service's work, had been seriously reduced by the difficulties FAO places in the way of hiring qualified consultants[107]. The 1999 evaluation found and the 2006 auto-evaluation concurred that, while most projects were relevant and well implemented, project impact was less satisfactory for reasons such as national upheaval, or the failure of a particular department of government which had requested legislation be drafted to advance it through the legislative process. Factors contributing to a failure to advance the legislation were found to include departures of individual champions and a failure to develop in-depth support through participatory processes. It was also found that legislation could not always be brought into force, because the departments concerned did not necessarily have the capacity to draft the regulations. The policy assistance evaluation (2001) also found that, sometimes when legislation started to be drafted, unresolved policy issues emerged, which needed then to be studied. Thus, lack of impact was in part due to the limited duration of TCP projects, which prevented support covering the entire legislative process. Where assistance was over a longer period, for example Netherlands assistance in Mozambique and Norwegian assistance for Vietnam, it was possible even to extend the process into the implementation of the legislation.

560. Questionnaire responses for the auto-evaluation valued both the quality and the neutrality of the Organization's support. Reports and comments to the IEE have confirmed this and informants have stated that FAO's Legal Office has been regarded as unique in the UN system, if not in the world, for its capacity to provide specialist legal support across an area of organizational mandate. This has led to good levels of collaboration and some demand for services from IUCN, UNEP, UNESCO, WHO and the World Bank. Examples of joint products

[106] Kees van der Meer.

[107] Particularly damaging in the findings of the auto-evaluation, were low fee rates, insistence on use of TCDC and national consultants (national consultants for their lack of neutrality between ministries and interest groups and poor quality of work).

have included data and guidance on water law and standards with WHO and on international ground water law with UNESCO.

Support to the development of policy and strategy

561. The Director-General's Reform Proposals of 2005 correctly identified policy support as a major area of FAO comparative strength, which needed to be better harnessed for the benefit of Members. In their questionnaire responses to the IEE, Directors of Agriculture placed the highest priority on FAO's work in sector policy and capacity building. These emphases also came through strongly in the IEE country visits, although in a more nuanced way. UN system and other multilateral partners tended to emphasize FAO's role in policy development above all others, but governments in some middle-income countries questioned FAO's capacity for this. The Evaluation of FAO Policy Assistance Work found that FAO's comparative strength in policy lay at the subsector level and the macro-sector interface. The former was not prioritized by the Directors of Agriculture in their questionnaire responses. The IEE concluded that although there are countries where FAO has played a significant strategic role, for example in Mozambique and Sierra Leone, in none of the countries actually visited by the IEE team was this the case, at least in recent years. In Bangladesh for example, the IEE noted that FAO sector policy work was appreciated, but not of particularly good quality. FAO's lack of effectiveness in this area was despite the apparent priority attached by many national governments to this type of FAO assistance and the emphasis many development partners place on the UN system's comparative advantage compared with less neutral providers of assistance.

562. Important steps forward in FAO capacity to provide a policy input have included the TCP facility, which allows FAORs, with the agreement of the country concerned, to spend up to US$200 000 per biennium on the flexible hiring of local expertise. Unfortunately, there is still an element of clearance from headquarters in this and clearance of the Director-General is required to hire expertise from outside the country at normal consultancy rates.

Overall effectiveness of FAO's policy related work

563. The recent external review of IFPRI stated that several professional peers and donors interviewed expressed the view that IFPRI is the pre-eminent institution in the economics of global and agricultural rural development[108]. FAO clearly does not have this status among academics, but the question for the IEE was whether FAO was more effective in supporting positive policy change in practice. Judging the outcomes and impacts of policy work is extremely difficult, as most work contributes alongside the work of many others to national processes.

564. FAO's evaluation of policy assistance (2001) found that 68 percent of interventions had identifiable results and in 21 percent of cases, the impact was high. This was normally as a result of FAO's policy work feeding into a broader policy dialogue and process. The number of interventions in which a specific government policy document resulted from FAO assistance was high, especially in the less developed countries with weaker national drafting capacities. At least eleven clear instances of this occurring were documented. Many of these agreed government policy papers did not result immediately in significant shifts in policy application. This illustrates that such papers often only document the status quo and, where they do not, they are a necessary but not sufficient precursor to the actual implementation of policy change. Examples of policy impacts to which FAO has contributed were found by the 2001 evaluation to have included: revised policies and strategies for developing a rural employment programme in Brazil; and WTO entry in Yemen. PROAGRI in Mozambique has represented a different approach to capacity generation where a continuing partnership for a coordinated policy, strategy and programme was established between the government and the major donors and FAO has contributed. The Evaluation of the Netherlands Partnership Programme in 2005 found policy impacts in Bhutan on

[108] In addition, IFPRI has published more than 20 impact case studies on its success in formulating and providing policy advice.

the approach to food security. Inputs to policy at the sector-macro interface were found to have been significant in Sierra Leone, where the FAO food and agriculture sector review was important in the PRSP and the Government's commitment to overcoming hunger. In Brazil, several informants told the IEE team that FAO had contributed intellectually to the design of the "Zero Hunger" programme. However, FAO has not demonstrated a strong capacity to contribute at this level.

565. Capacity building was a by-product of significance in several projects. In Latin America, with assistance through FAO from Spain and the Netherlands, a distance-learning and information network for policy and planning (REDCAPA) has been established. FAO has now contributed to the integration of food security in the revised poverty reduction strategy document (PARPAII) in Mozambique. Another example of capacity building has been FAO's continued support through an officer stationed in Geneva to the developing country delegations to WTO, especially the least developed countries. All evaluations have found this work highly appreciated. Although it is more difficult to judge its effectiveness, it does appear to have contributed to understanding of issues and thus capacity to negotiate.

566. Policy work had fed into documentation, such as that for the World Food Summit, and the link with advocacy had allowed policy inputs to be made to the follow-up to the Maputo Declaration of African Presidents with the NEPAD Comprehensive Africa Agriculture Development Programme. However, the IEE did find that both inadequacies in the strategy itself and a lack of national government and donor buy-in were limiting the results of this initiative.

567. FAO is not, however, fully delivering on its potential in all areas. In fisheries, impacts on both global and national policies have been considerable, but the influence on forestry policy has been less with the environment lobby exerting considerable influence. FAO had also been effective in supporting policy development in subsectors in such diverse areas as plant health, standards for trade, food information systems and irrigation. However, there are other subsectors where FAO could have been expected to have made greater policy contributions and where the IEE did not find significant evidence of impact. In policy for food crops, livestock and natural resources, the Organization can significantly improve its performance. FAO continues to be respected by developing member countries for its neutrality. The Organization's potential strengths do not lie in upstream policy research. They do lie in making the results of research available to countries from a holistic perspective, neutrally and in a way which supports country's capacity development and national decision-making.

568. Taking FAO's work in various aspects of institutional policy (such as research, marketing and financial services) in its totality, the IEE found little evidence of significant policy impacts for the period under review. This was partly because FAO's position was not in line with the shift in government policies influenced by the IFIs and major donors. It seems clear, however, that in at least some cases, FAO was correct in not aligning with policies such as those involving heavy cutbacks in government capacity for veterinary surveillance. In other cases, FAO was clearly not moving in line with the increased emphasis on the role of the private sector.

Capacity building

569. Capacity building was rightly recognized in the Director-General's Reform Proposals (2005) as one of the major areas of priority for member countries and an area needing focus and a strategy. A division was specifically tasked as the Knowledge Exchange and Capacity Building Division (KCE). There is a definitional problem of what is understood by capacity building, but the general understanding is that this refers to strengthening the capacity of government institutions to carry out their tasks. The IEE has concluded that although this does not correspond to the academic definition, most users of the term refer to the establishing or strengthening of institutions, usually in government, to provide certain services.

Effectiveness in capacity building

570. Many of FAO's major institution building efforts of the past are still delivering dividends at country level. Often, senior civil servants in agriculture and in the private and NGO sectors were trained on FAO technical cooperation projects of the 1970s and 1980s. The major inputs with funding from the World Bank and others in Indian research and academic institutions only came to an end during the 1990s. However, even if in some countries the need for such support remains at the present time, the resources are not available. In the 1970s, many initiatives for institution-building began in the field and were then taken up more normatively, from work on agro-ecological zoning to seed systems, but there is only one more recent well-known case of institution building starting in the field and then being taken up as a concept. This is Farmers' Field Schools. It is doubtful if this type of experience could now be repeated, as FAO is seldom involved in the long-running large-scale projects which facilitated this.

571. The TCP review found that although the TCP was increasingly being used for institution building in the absence of other resources, it was unsuited to this, due to both the relatively short duration and limited size of the projects.

572. The review of project and programme evaluations as well as the country visits by the IEE indicated that FAO had the greatest capacity building impacts in areas of its normative strength. For example, the Evaluation of Codex and food safety documented examples of strengthened national capacity in those areas. The trade seminars which brought together work on standards with discussion of the workings of the WTO were very well appreciated. Project evaluations and the Mozambique country evaluation have demonstrated FAO's contribution to establishing food information and early warning systems in Africa, particularly with EC support, but these have required continued donor funding.

573. Only a few examples were found of private sector institution building by FAO. One such example was the Asia and Pacific Seeds Association, which has become a fully self-sustaining institution. There are other isolated examples such as the introduction of the FAO/GTZ micro-banker package into small, often rural, banks, some of them private. FAO has more frequently supported various forms of cooperative development, such as for organic cocoa addressed in the Sierra Leone evaluation, hill village cooperatives evaluated in the Philippines, and water users' associations in many countries. In some situations, these have transformed themselves into private business, which have proved sustainable. However, sustainability of the cooperative ventures supported by FAO has been poor.

574. In the LDCs, much institution building was found to be unsustainable. The main reasons for this were lack of national budgets to maintain the capacity, competition for personnel from the private sector, NGOs and emigration and, in some countries especially of Africa, the ravages of HIV Aids and other diseases. An absence of public sector reform also lowered the effectiveness of the limited resources available. The increasing emphasis by donors on budget support and sector support is evidence of a realization that government services have become under-resourced overall and there is just no way that very poor countries can sustain such services at an adequate level to lift countries out of poverty. At the same time, FAO has sometimes supported relatively isolated institution building initiatives, from pest and disease control to market information services. FAO's Southern Africa Evaluation found that in some cases, these initiatives did produce an increase in overall capacity in the general area to which they were addressed, for example in marketing policy, but their over-specification to establish a unit for this or that reduced the cost-effectiveness of the impact.

575. Considerable emphasis has been placed by FAO on the establishment and support of regional institutions. These are important for all transboundary matters and the provision of services which it is more cost-efficient for countries to handle together than separately. Increasingly, these institution building efforts have been linked to existing bodies, including regional economic groupings. Evidence of sustainability was apparent for those in middle-income

and developed countries and many have largely ceased to be dependent on FAO - for example several of the regional fisheries bodies and fish marketing information services. However, this has not been the case for bodies serving LDCs from desert locust in the Sahel to food information and early warning in southern Africa. These interregional bodies are often a second level priority for participating countries and the TCP Review found a low level of support for regional projects. With declining FAO capacity to support these through the Regular Programme and donor fatigue, sustainability remains a major issue. Sometimes, as with the recent desert locust upsurge in the Sahel or with Avian Influenza and AU-IBAR, there is an increase in donor support through FAO, but the future of such institutions remains precarious and with each new crisis, there is a scramble to re-establish capacity.

576. In all regions, there is a need for work to draw countries together, whether on household food security monitoring or to eliminate barriers to trade in agricultural produce in subregions (to name but two of the many examples). FAO has demonstrated strong comparative advantage in fisheries, food security monitoring and transboundary pest and disease management, but not to date in strengthening other aspects of regional cooperation. The potential is there in areas such as certification for trade standards, developing cross-boarder trade in food products and agricultural inputs and shared capacity building (e.g. in advanced agricultural education or joint research projects).

577. Very few examples were identified of FAO acting as a non-lead partner in providing particular technical inputs into wider capacity building endeavours. The IEE considers that with the resource constraints facing the Organization, partnership has to be a major part of the way forward in capacity building, even in areas of FAO comparative advantage, such as standards for trade and fisheries management.

578. The potential for impact from support for institutional reform and strengthening was found by the Decentralization evaluation to be greatest in those situations where major changes were taking place, such as occurred in the countries of the former Soviet Union, or where there is acknowledgement that previous institutional arrangements have not worked, e.g. in water, forest or fisheries, management. The IEE found that for FAO to be effective in capacity building in LDCs, there must normally be a convergence of national demand, normative strength and donor interest. Vital institution building on basic statistics has not occurred due to both a lack of national priority and donor funding. Although recent EC funding may change this, capacity building for trade has been limited and outreach was found, in a recent evaluation of commodities and trade, not to be a priority of the Trade and Markets Division. Middle-income countries have a much greater capacity to absorb and make use of relatively small inputs for institutional strengthening. In particular, they have resources of their own to continue without external assistance. In evaluations, this was found to be evident from the fisheries management work of Thailand, to the marine parks of Malaysia and the land and water management of Tunisia.

CONCLUSIONS AND RECOMMENDATIONS FOR INCREASING THE RELEVANCE, EFFECTIVENESS AND IMPACTS OF FAO'S TECHNICAL WORK

579. This section does not discuss in detail elements of FAO's programmes where the IEE did not assess a need for significant change in terms of expansion, major redirection or contraction. Similarly, recommendations do not address those areas where general maintenance of current activities and directions is all that the IEE would recommend.

Overall conclusions

580. As recognized in the Director-General's Reform Proposals (2005), FAO is an integrated knowledge organization, which makes relevant knowledge available both at country level and globally, so discussion of knowledge management as a separate function, rather than THE function of FAO, can be misleading. Despite steadily declining resources, FAO continues to

provide many very valuable technical outputs. It also provides valuable services for the global governance of food, crops, livestock, forestry and fisheries and the related natural resource bases. However, as is evident from the discussion above, the effectiveness of the Organization's contributions in ensuring Members have access to the most relevant knowledge could obtain considerably greater impact.

581. One of the major factors underlying this has been a steep drop in the resources available to the Organization for its technical work, both in the Regular Budget and extra-budgetary (14 percent drop within the Regular Programme and 24 percent drop in extra-budgetary for technical work in real terms from 1994-95 to 2004-05). The reasons for this include contextual factors discussed elsewhere in this report, including the zero budget growth philosophy for the UN system of several OECD countries; the declining importance given to agriculture and rural development and the rise of competitors. It is also a result of the negative image of the Organization, which only represents part of the reality. Elements in this image include those of an organization which:

a) is inefficient with highly centralized and bureaucratic procedures (see Chapter 8);
b) has been unable to establish clear priorities (see Chapter 7); and
c) does not adjust to adequately changing needs and is a step behind advances in development thinking, including working to too great an extent on small-scale projects for production with limited impact and little comparative advantage (an image of SPFS and TeleFood – see references in this Chapter).

There is also an image of an Organization, which is not proactive in partnering, though this is now an outdated residue of the past (see Chapter 5).

582. The administrative efficiency of FAO is not the subject of this chapter, but the negative effects of this on the Organization's technical work and its image are considerable and need recognition here. Technical staff find an inordinate amount of their time is taken up with trying to overcome administrative hurdles to hiring consultants of the required competencies in a timely way. For work at country level, the difficulties of procurement and contracting represent major hurdles. Maintaining the right competencies in the staff is also an issue, but the lack of flexibility in the system, the absence of a more flexible formula to ensure that all parts of the membership are equitably represented in the Secretariat, and the difficulties of adjusting staffing in line with evolving needs are all major difficulties which limit the Organization's technical effectiveness. Nowhere is this more important than getting the right competency mix in FAO Representations and ensuring an optimal formula for technical support at country level. All these issues are dealt with elsewhere in this report. However, their resolution is central to improving the Organization's technical effectiveness.

Establishing priorities

583. Both the Secretariat and the membership tend to look to the Organization for what it can do, rather than for what it can facilitate. The objective of the Organization is to ensure that, in its areas of mandate, countries at all levels of development, particularly the poorest, have access to the knowledge, public goods and services they need. It is not that the Organization should necessarily provide these itself, although there will be areas in which this is the most effective formula. The objective requires FAO to be a global policy setter, facilitator, partner and coordinator, as well as a doer. As is very evident from the discussion above, this is a complex issue and could become a facile excuse for doing nothing, but it is also an attitude of mind. As a global publicly owned organization, it is FAO's comparative strength. However, others will not be motivated, coordinated, or adopt coherent policies, if FAO is not a player with resources, an intellectual leader, and a convening partner which fully involves others as owners in the development of the policies, programmes and actions as well as their implementation. Too often, FAO advances a concept and then invites others to join in.

584. The Organization has provided a point of stability in development priorities, while development paradigms on the importance of national food production, the role of agriculture and the rural sector have swung from one quick fix solution to the next. With each change, development thinking and knowledge have moved forward, but at the cost of damaging swings of the pendulum. Within these changes, FAO has continued to stress important development issues and gradually adopt what is good from the new. There have been areas where it has exerted intellectual leadership, such as IPM, sustainable fisheries, conservation and sustainable plant genetic resources and the emphasis on the small farmer as the decision-maker, use of which is integral to the Farmers' Field School concept. It has, however, been a conservative organization, which has also been slow to recognize what is good, distinguishing it from what has gone too far, for example, in public sector reform or sustainable livelihoods.

585. As discussed above in the context of advocacy, the Organization has got some big priorities basically right, pushing against the prevailing tide of development thinking while getting the implementation modalities wrong. Examples of this extend from the importance of water and its sustainable management for increased productivity in Africa to income diversification for the rural poor. Underlying many of these failures of modality has been an excessive emphasis on the role of the state as the executor of development, on forming groups and community-based organizations of producers and at best, an ambivalent attitude to the role of private entrepreneurs.

586. It is probably true to say that in the period up to and including the 1970s, FAO concentrated its attentions on medium and large farmers who were considered to have the production potential. The 1974 World Food Conference coincided with a shift in thinking and emphasis to the importance of small farmers as food producers and issues of rural poverty. While in Africa, the problem of total landlessness for rural people is only now beginning to emerge, in other continents, the poorest and most hungry people are often landless. In Africa, and to varying degrees in the other continents, the landholdings of the very poor are frequently not productive enough to lift them out of poverty and often under no combination of circumstances could they be made productive enough.

587. At the same time, the evidence is now conclusive that the overall global food situation has shifted dramatically. Production is now growing more slowly and is inadequate to the demands of increasing population and income growth and to new patterns of demand for livestock products, higher value crops and biofuels. In addition, the evidence is also conclusive on growing stresses on existing production techniques and cropping patterns as a consequence of climate change, urbanization and population growth. Moreover, there is also conclusive evidence that LDCs that are also food deficit countries suffer from higher rates of malnutrition in their populations than those in food balance.

588. FAO needs to respond effectively to these realities if it is to address successfully the larger emerging challenges of achieving food security. This means that it must be able to address simultaneously food production, livelihoods, income and food access. This will require foresight and policy capabilities that integrate multiple factors and that address these issues in a holistic manner. Production technologies will continue to be essential, but there can be only limited uptake of these technologies, unless the enabling environment of policies, institutions, legislation and infrastructure is assured. It is in these latter areas that FAO should be able to demonstrate its main comparative advantage as the only global organization specifically mandated to ensure the integration of all these factors.

589. This also requires a significant shift in FAO's approach and in its current strategic emphasis and programme for rural and agriculturally based development. The shift required would look to the larger enabling environments needed for food security and adequate nutrition through production, employment, livelihoods and income generation. In this context, the IEE was encouraged to note that rural income generation was an area of FAO's policy analysis and that agribusiness is beginning to receive more emphasis. Employment, income generation and food supply will often be through small farms and supplementary income initiatives, but more and

more, it will also be in enterprises and small and medium entrepreneurs, where investment in agriculture can be brought together with managerial skills for higher value products and value added in the supply chain. Such a shift will also facilitate agriculture making a greater contribution to overall economic development. Where employment and income are generated in more productive areas, it will also lessen the pressure on fragile zones.

590. In general, FAO can bring little directly to these enterprises and the entrepreneurs who own them. It can, however, work with governments to lower transaction costs through enabling policies (e.g. legal entitlements, regulatory frameworks, norms, standards and institutional arrangements) and an environment which includes the assurance of services and provision of rural infrastructure. This implies a major shift in focus in the work of the Organization in agricultural and rural development with respect to policy, trade, institutions and production. Therefore, the starting point for FAO strategy and analysis must involve a shift of the goal posts.

591. FAO's technical work thus needs to be adjusted more flexibly to changing needs and priorities. Today's challenges are not those of tomorrow. At the same time, the Organization does need to question each new development paradigm and global emergency. Which aspects of each new paradigm are fads and which need serious application? Similarly with each new swing in the global agenda from biodiversity - to climate change – to trade liberalization, the Organization needs to be responsive, but analytical, on the importance of the issue in the context of the Organization's mandate, its comparative strengths and its constituency in the hungry, the rural populations and the food industries of the world. Obtaining this increased flexibility is addressed particularly in Chapter 8 on Administration.

592. Paradoxically, a shrinking budget, coupled with commitments to staff in post with particular knowledge and skill sets, makes it more difficult to adjust priorities than an expanding budget, where priority areas can be granted additional resources. The IEE found that for that proportion of the budget over which it has full control (i.e. the Regular Programme), the Organization had made some adjustments in the proportion of resources going to different areas of work. These had not, however, represented clear-cut decisions and had never been radical (Table 3.2). The changes appeared largely to reflect the priorities expressed by the Members and the priorities in terms of need, FAO comparative advantage and performance, as concluded by the IEE. There were exceptions to this, in particular the IEE has concluded that the joint FAO/IAEA programme is a low priority without a major increase in resources and that land, water, basic statistics and livestock justify higher priority. Also, although the Organization has explored various formulae to strengthen cross-divisional and interdepartmental work, the absence of significant resources prioritized for cross-divisional activities is a significant problem.

593. It is clear that the Organization is making its most unique contribution to developing countries in those areas where its normative strengths can be drawn together with country needs in respect to policy work and capacity building. This is also true for the Organization's role in combating livestock disease and plant pest emergencies. Piloting can have a place, but it is not an area of FAO comparative advantage. Evidence of widespread sustained impact was only apparent in the case of IPM and Farmers' Field Schools. It is not believed that the Organization can mobilize the resources to repeat such an example in future. It grew out of a comparatively large and diverse FAO field programme where many other initiatives proved much less replicable and sustainable. This having been said, if FAO is to achieve impact in policy support and capacity building, they will both need to be better resourced and more joined up.

594. The three goals of the Strategic Framework on which FAO is working to support member countries have been found solid, comprehensive, a potential source of focus and mutually inter-dependent, with the first *primus inter pares*. They provide the basis for the Organization to introduce a means-to-ends framework (logframe) for all its work:

a) overcoming hunger and malnutrition;
b) agriculture as a contributor to economic and social development; and

c) sustainable management of the natural resource base for food and agriculture.

595. **Recommendation 3.1:** The **three goals of Member Nations from the Strategic Framework 2000-2015** should provide the ultimate goals in the logical framework hierarchy of means-to-ends analysis for the Organization. The proposed Deputy Directors-General responsible for technical programmes and the field offices should have a relatively small portion of the overall technical budget of the Organization at their disposal (perhaps ten percent) to allocate the budget to incentives to work on the goal for which they would be responsible, particularly work across divisions and departments. This should be an area of priority for resource allocation in order to foster interdisciplinarity (see below).

596. A related issue to that of priorities is that of focus. The Organization has not found it possible to overtly stop areas of technical work. A coalition of concerned members of the Secretariat and members of the Governing Bodies has always resisted anything actually being eliminated. As new areas are added or scarce resources gradually shifted to areas of higher priority, other areas are gradually starved of resources until they become largely ineffective. Even if mistakes are made in choices, it is better to preserve critical mass in certain areas than to cut across the board. Non-staff resources must be preserved as well as posts. In the technical areas of the Organization, consolidation can sometimes reinforce, rather than detract from, an area of work by producing a less fragmented approach.

597. FAO's greatest potential strength is that it assembles in one Organization a larger number of professionals dealing with food and agriculture than any other international organization. However, the number of single disciplines in which it also has the largest number of specialists has steadily declined. One of the Organization's greatest potential strengths is thus its capacity to undertake cross-cutting integrated work. FAO has tried hard to address emerging cross-departmental and divisional problems. It has done this by creating new units designed to mainstream concepts and work in particular areas, such as gender or aspects of the environment. Extra-budgetary funds have also been used to develop concepts such as sustainable livelihoods (UK). Some cross-unit programmes have received modest Regular Programme funding and areas which have resources such as post-emergency immediate rehabilitation have attracted cross-departmental interest. The various interdepartmental working groups and "Priority Areas for Interdisciplinary Action (PAIAs)" have all been tools to this end. Netherlands and Norway funded-projects have been intended to reinforce normative work linked more effectively to field action and to contribute to more interdisciplinary work. Some of this has, in fact, also contributed further to fragmentation as the various units set up to fulfil a coordinating and mainstreaming role (e.g. Gender, Special Programme for Food Security and indeed the former SD and present NR Departments) gradually developed programmes of their own. The IEE found an overall consensus that more could be done, but the incentive structure, both in terms of recognition and resources, did not lend itself to this.

598. The IEE has developed a series of recommendations **to promote an integrated approach** and incentives for integration across disciplinary lines, accompanied by consolidation of units to reduce fragmentation and to bring together critical mass and some repositioning of units to maximize synergies (see discussion and recommendations in Chapters 6, 7 and 8).

599. **Technical cooperation at country and regional levels:** The IEE found no evidence that any other sources of technical cooperation were in general more effective than FAO, but it did find evidence that FAO was not maximizing its potential for relevance or its comparative advantages. FAO's programme is not sufficiently focused, given its very limited resources. FAO's technical cooperation does contribute to development, but the impact is not visible because it is working on relatively small projects. They leave something behind, but it is a limited contribution to the main issues facing a country. The effects of spreading resources thinly are seen particularly in the FAOR network, where posts are left vacant for long periods and FAORs have very limited resources to actually do anything. Unity of technical support to countries is

impossible with a structure in which individual technical officers each report to separate headquarters technical units (see Chapter 5). FAO's concentration of its technical resources on particular countries with potential for development and normative learning has also been sub-optimal.

600. **Recommendation 3.2**: In the context of the priority action themes discussed above, partnerships should be formed with selected developing countries and donors for concentrated attention to progress in particular work areas which are agreed as being of major priority for the developing countries concerned and which coincide with FAO priorities as identified within the theme. To the extent possible, concentration should be on partner countries committed to working on a number of themes, both increasing the efficiency of FAO resource use and the probability of impacts to the benefit of the countries concerned. Such work will naturally coincide with the agreed national medium-term priority framework and should be aligned to the maximum possible with UN-system priorities as specified in the UNDAF. It will give priority to the LDCs of Africa, especially as relates to overcoming hunger and malnutrition, and pushing forward economic growth with job creation and:

a) the **national medium-term priority frameworks** should be further emphasized and strongly integrated into "Delivering as One UN". The frameworks would re-capture their original intention of being a set of evolving national priorities on which FAO agrees to work with the country over the medium term. The frameworks would be developed through dialogue with the government, other members of the international community and where appropriate non-state actors. They should match the Organization's strengths and would be driven by the FAO Representation on the ground, rather than by planning teams from headquarters or Regional Offices;

b) **regional and subregional technical support teams** should function as one, providing direct assistance to member countries with emphasis on the areas of the Organization's comparative advantage, including its normative strengths. Thus, while maintaining a "technical home", members of the teams would cease to report separately to different technical departments and divisions (see Chapter 6). Their work programme would be established with the countries of the subregion they serve, rather than driven from headquarters; and

c) th**e FAO Technical Cooperation Programme (TCP)** should continue to be a priority demand-led programme within the overall priorities of the Organization and approved national medium-term priority frameworks. Funds should be stabilized at their present proportion of the overall budget and the programme should not be treated as a reserve fund any more than any other technical programme of the Organization. Indeed, treating it in this way detracts from its essential characteristic of timeliness of response. Indicative amounts should be assigned on a regional basis with the countries in each region being made aware of those amounts. Restrictions on use of international expertise should be removed in the interests of flexibility. Approval authority should lie with the Regional Representative with no requirement for referral to headquarters. TCPs would specify the results being sought and the outcomes expected and would continue to be subject to *ex post*[109] audits and evaluations.

Knowledge management and ensuring availability of knowledge to users

601. **Knowledge management**: FAO's principal task is to work to ensure that the world's knowledge of food and agriculture is available to those who need it when they need it and in a form which they can access and use. This is a many faceted task involving roles as facilitator, compiler and producer of knowledge as well as that of disseminator and communicator. The

[109] *Ex post* refers to control and validation measures applied **after** the event that is subject to control has taken place (i.e. retrospective).

continuing internet revolution has provided many new opportunities and given rise to totally new ways of creating and distributing knowledge. For FAO as a knowledge creator, assembler and disseminator, it has provided new opportunities for partnership at individual and institutional levels, as costs of communication and computing power have tumbled. It has also created technological "haves" and "have nots" and given rise to problems of information overload and difficulties for users in distinguishing the relevant from the masses of irrelevant or less pertinent information. However, this technological tool, which tends to be confused with knowledge management itself, has not changed FAO's fundamental roles with respect to knowledge management for food and agriculture. These are:

a) advocacy, communication and public information;
b) knowledge development and dissemination through technical cooperation;
c) knowledge creation through assembly, analysis, etc; and
d) knowledge assembly and dissemination through paper and internet publication.

602. FAO has consciously or unconsciously evolved an integrated architecture for knowledge generation, management and dissemination, including the World Agricultural Information Centre (WAICENT) and AGORA. Although elements of a strategy exist, it remains FAO-centric and there is no overall strategy for networked knowledge management. Membership of FAO in itself commits countries to the provision of basic statistics. The fisheries bodies and the legally binding International Plant Protection Convention provide examples of a legal obligation to share information. FAO has developed the widely used AGROVOC for standardized indexing and classification of agricultural knowledge. Global knowledge is to some extent made available through internet access to FAO's library.

603. The preceding review shows that FAO has made many significant strides in managing the knowledge it produces itself. It has not addressed in any adequate way the larger challenge of global knowledge policy. The original concept of the World Agricultural Information Centre (WAICENT) was that FAO would act as a global knowledge broker through a portal that would ensure that essential knowledge on food and agriculture from all sources would be accessible to those who need it. This was overtaken by technological advances in search engines. Subsequent thinking of both member countries and the Secretariat has focused largely on what FAO itself should do with respect to knowledge, rather than global knowledge policy, but the global governance role of FAO still demands that it should play a policy role in seeking to balance interests between knowledge generation, often in the private domain, and knowledge availability in the public domain, especially for the least developed countries. The Organization should also facilitate knowledge sharing, including building on recently initiated work on thematic knowledge networks. However, with the exception of plant genetic resources and possibly fisheries, the IEE found no evidence that FAO has systematically analysed the policy issues or the possible role of the Organization in ensuring knowledge availability and access. This issue remains at the core of FAO's global mandate and a matter for both comparative advantage and sound governance.

604. **Recommendation 3.3**: The Organization should play a policy role in seeking to balance interests between knowledge generation, often in the private domain and knowledge availability in the public domain, especially for the least developed countries. The Organization should also facilitate knowledge sharing. A strategic vision needs to be developed for this which should be focused on development in specific areas of knowledge access. Particular attention may need to be given to:

a) copyright issues and the needs of the poorest countries;
b) assessing the value of materials and collaboration with search engine providers in simplifying the location of quality information;
c) availability of materials in languages other than English; and
d) greater dialogue with other providers of technical cooperation, many of which are contractors in the private sector.

605. **Advocacy and communication** are essential to FAO fulfilling its mission. Recent years have seen progress towards a more integrated and coherent strategy, but the process is far from

complete. There is a need to deliver policy messages from technical departments in regions and in countries, but also to drive a global policy advocacy agenda. As with FAO's work more generally, the IEE concludes that a convergence around a limited number of central themes or goals is needed. Communication and advocacy need to be integrated with these priorities, for which a comprehensive and unified programme should be built. This should set the stage for the agendas of meetings, World Food Day themes, SOFA coverage, etc. Key messages must be shaped through a more collegial process. The credibility, and ultimately the success of FAO advocacy, depend on the soundness of the evidence on which it is based and on its sensitivity to the different target audiences and environments.

606. In the International Alliance against Hunger, FAO is partnering with the Rome-based agencies and with civil society to promote action against hunger globally and nationally. True partnership, including for World Food Day with the Rome-based food agencies and with civil society, should be central to FAO's overall communication strategy. FAO will continue to have wider areas of interest than IFAD or WFP, but the unity of purpose of the three agencies should be enough to secure a fully common programme for World Food Day and the associated Ambassadors' Programme and TeleFood. Encouraging close collaboration with the Alliance against Hunger and the associated NGOs would strengthen this process.

607. The change from traditional information dissemination to modern communication management needs to be pursued further. As with other areas of FAO work, FAO also has to be prepared to take more risks and support debate, provided the underpinning analysis has been thorough and impartial. Development of policy messages needs to be well linked with the instruments to put them into effect.

608. **Recommendation 3.4:** FAO should now build a truly corporate strategy for communication and advocacy, shaped through a more collegial process and endorsed by the Governing Bodies:

a) this strategy should bring the resources of the Organization together for key campaign impact points, while facilitating the integrated communication of FAO's more detailed technical policy messages. There needs to be convergence around a limited number of central themes or goals of advocacy, which can provide the focus for a comprehensive and unified programme which may be of variable geometry but which brings together the agendas of meetings, World Food Day themes, SOFA coverage, etc. To the absolute maximum extent possible, these themes should coincide with the overall priority themes of the Organization as a whole (discussed above). This strategy needs to partner strongly with the Rome-based agencies for fundamental common messages. World Food Day and TeleFood, the Ambassadors programme, etc., should be unified around this common goal; and

b) advocacy to the general public has a place. However, it is now time to decide whether to pursue and expand this area of FAO's work in a way which is much more closely integrated into its overall public communication strategy, or to drop it as various previous initiatives come to an end. If FAO were to expand its work in this area, including fund raising, a separate FAO foundation should be established. This could be freed from FAO's procedures and entirely self-supporting. It is recommended that FAO support development of a foundation for a strict time period of four years (two biennia). If, after that time, it does not become fully established and self-supporting, this project should be terminated (see Chapter 4).

609. **Provision of basic statistics and data** are a major UN-system function and a core FAO function for its areas of mandate. This is a pure public goods function in the strict sense of the term and there are not significant alternative sources of supply. As countries develop, they become increasingly reliant on such data for their own analysis. For the least developed countries (LDCs), such data underpins fundamental analysis of policy options for use in policy support. Information on food supply, food insecurity and vulnerability is fundamental to LDCs in ensuring adequate food to their populations. As a proportion of FAO's Regular Budget, basic statistical

work has received steadily less emphasis. Food security information has received more. Extra-budgetary resources have also supported food security information but to a much smaller extent, basic statistics. Geo-referenced natural resource database systems have been expanded in some areas, also with extra-budgetary resources, but land resources and land use is a particularly neglected area.

610. **Recommendation 3.5:** Considerably greater priority should be given to the provision of basic data and statistics. However, in some 60 years of FAO statistics work, there has been evolution in basic statistic systems, but no fundamental rethink. The time has come for a total re-examination of the statistical needs for the 21st century and how they can best be met. This fundamental re-examination should heavily involve users and start from information needs: by whom; for what. Thus it would consider how data output can be rationalized and requirements for new data or aggregations of data. In addition:

a) for crop and livestock statistics, much could be gained from early consolidation with food insecurity and vulnerability information and early warning systems. Nutrition information should also be fully integrated;
b) strengthened partnerships with other organizations should receive greater emphasis, especially in basic crop and livestock statistics;
c) geo-referenced databases for natural resources, in particular land and land use, should be strengthened; and
d) fresh water also needs increased attention, but this is an area where other organizations are active so partnership is essential.

611. **Information systems and publications** constitute a major element in the system by which FAO aggregates analyses and disseminates knowledge. They underpin FAO's technical cooperation, the workings of treaties and agreements, and FAO's policy and technical meetings. The lack of access to FAO documents in countries with limited computer access is a matter of concern. Immediate policy attention is also required to languages of dissemination. Main documents for Governing Bodies and other meetings are produced in all the languages of the Organization. FAO needs to be highly selective of the documents it publishes in more than one language, given severe budgetary constraints and the high costs involved. A very mixed picture emerges with determination of the languages of other documents, whether web or hard copy, largely left to senior management pressure and the priority assigned to translation by different technical managers.

612. **Recommendation 3.6:** The maintenance and strengthening of information systems is thus fundamental to the performance of the Organization's role and requires adequate resourcing. It is also recommended that:

a) for the LDCs, more hard copy publications should be made available in view of the continued difficulty with internet and computer access;
b) further consideration be given to the modalities of implementing the language policy. Main documents for Governing Bodies and other meetings are produced in all the languages of the Organization. However, what else should be produced either on the web or in hard copy in the various languages is unclear. The IEE has concluded that in addition to main meeting documentation, a budget should be agreed for each language and within that budget envelope, a panel of users of each language should then decide on the application of the funds for translation; and
c) there could be advantages in developing separate mirror websites for Chinese and Arabic, based in the respective countries/regions. Documents in those languages at individual and institutional levels on the central site but with a link to the mirror site (the very low use of Arabic and Chinese documents on the FAO website is evident).

613. **Support to investment:** If FAO is to support sound development of investment, it needs to work closely with the member countries which borrow from the IFIs and with the IFIs themselves, especially IFAD, which is devoted to agricultural lending and the World Bank which,

in 2005, provided 60 percent of all agricultural lending by the IFIs[110]. The services of the Investment Centre have provided FAO historically with a point of entrée which would otherwise not have been available, but the importance and usefulness of that link are declining. FAO is using Regular Programme resources to support the use of its staff and consultants by the IFIs. It is generally considered that, without that support, the IFIs would make much less use of FAO services.

614. **Recommendation 3.7:** If the Investment Centre is to continue to function, the IEE recommends that FAO predicate this on promulgation of a new and clear strategy for the Organization's role in supporting developing countries to determine their own priorities, approaches and plans for investment, including with respect to PRSPs. Implementation of such a new strategy will require integrated approaches that go beyond the Investment Centre and its current operating modalities. This would need to include priority attention to the longer-term needs of countries, in particular with regard to economic, social and institutional policy and technical opportunities and limitations with respect to investment potential. New agreements with the IFIs should be established if Investment Centre relationships with them are to continue. In addition, long-term extra-budgetary support should be sought to complement regular programme resources in providing direct assistance to countries. FAO's role would thus aim to build partnership between countries, IFIs and other donors for improved investment strategies and the related policy packages; and:

a) FAO's current Regular Budget support to Investment Centre activities outside this strategy, once developed and approved, should not continue;
b) for IFAD, action at the political level is required to build strong collaboration. It can provide not only FAO technical level and policy inputs for IFAD's work, but also the expertise and country presence needed for IFAD to become a partner to countries at the strategic level;
c) as the World Bank's lending for agriculture continues to increase, it will be especially important that FAO link its country-focussed partnerships to the potential for Bank lending. It will also be important to forge quickly an appropriate strategic relationship with the African Development Bank, as it intends to expand its role considerably in African agriculture and rural development; and
d) at the same time, FAO needs to ensure its capacity to provide quality inputs for investment in the emerging areas which create employment through value added and in upstream policy work related to investment and donor support. This requires FAO to recruit senior personnel with the requisite expertise.

615. **FAO support in emergencies:** About a quarter of the projected 2006-07 total expenditure of the Organization will go for emergency response activities, almost exclusively from extra-budgetary funding, with some TCP input. FAO has an important role to play in emergency response and rehabilitation and it is fundamental to the Organization's objective of tackling acute hunger and poverty. Both FAO's real and potential comparative strengths in emergency rehabilitation lie in its capacity to facilitate a joined-up response from monitoring, through prevention and preparedness to rapid response for restoring agricultural livelihoods and "building back better". FAO's strength in plant pest and animal disease management has also been that it can provide a global response that links global monitoring, international legislative instruments and fora for discussion, resource mobilization and coordination with disease and pest management. There is room for improvement, particularly in bringing in economic management and livelihoods, but FAO has an absolute comparative advantage. This comparative advantage could nevertheless be endangered by the continuing erosion of technical capacity.

616. **Recommendation 3.8:** FAO's work in emergencies deserves high priority and an overall strategy now needs to be formulated and approved in the Governing Bodies to elucidate and gain a clear mandate for those emergency functions in which FAO is strong. Such a strategy should not

[110] World Bank, 2006 *Reaching the Rural Poor: a Renewed Strategy for Rural Development.*

be static, but dynamic and subject to regular discussion also in the Governing Bodies. There should be clear concentration on large emergencies, where FAO can act in partnership with others and maximize on its comparative advantages. Some increase in the Regular Programme resources allocated to maintain operational capacity in TCE is justified. Continuation of FAO's capacity for plant pest emergency management, especially locusts, needs to be reinforced. For livestock diseases, stronger standing capacity is required.

617. FAO has learned from experience and evaluations, but policy changes are not always immediately reflected on the ground. There has been an adjustment in the emphasis on seeds and tools type approaches and more emphasis on the development continuum. Attention has been given to gender and work started on more effective monitoring. Evaluation itself and the information systems to support it now need to more systematically examine each of the roles which FAO assumes in emergencies from resource mobilization, through planning, coordination and delivery to asses effectiveness and impact in each case, while taking full account of their interdependence. Particular areas in which major improvements are immediately required, as evident from evaluations, include:

a) operational procedure - as recognized elsewhere in this report, overall processes need to be examined, as well as levels of delegation, risk management and the potentials for using other agencies' (such as WFP) contracting and logistics capacities;
b) contracting of human resources and the use of staff and consultants - this would appear to be one of the reasons for both inefficiency and inadequately joined-up responses as consultants often have inadequate knowledge of FAO (this is one area in which the ratio of staff to consultants is too far skewed in favour of consultants);
c) giving priority to large emergencies where FAO can act in partnership with others and maximize on its comparative advantages. This principle is accepted at the working level in the Organization, but political priorities still mean that funds, especially TCP, continue to be used in a fragmented way;
d) information on beneficiaries, targeting and the use made of FAO outputs. This is very evidently the case with agricultural inputs, but also extends to use made of assessments, effectiveness of coordination, etc; and
e) more emphasis on funding requests on differentiated assistance for sustainability "building back better".

The technical areas of FAO's work

Table 3.15: Approximate percentages of the:

	Crops	Livestock	Fisheries	Forests
Agriculturally dependent population primarily dependent on the sector	60%	23%	10%	8%
FAO total expenditure for technical sector work, 2004-05	82%		11%	7%

618. In examining the overall distribution of resources to different areas of technical work from a sectoral perspective, extensions of the criteria discussed above include the potential of the sector for providing growth in employment and incomes and the percentage of the population of the world dependent upon the sector, especially in the poorest countries. The balance in FAO expenditures is roughly in line with the importance of the sectors for dependent populations, except in the case of livestock, which appears considerably below. However, an exact figure is difficult to calculate, due to some small involvement from Programmes outside livestock. The sectors with greatest potential to increase employment and incomes through value added are livestock, fisheries and, in crops, horticulture. In livestock, there is the additional issue of zoonoses (diseases which can be transmitted from animals to people). The overall judgement of the IEE is that FAO has stronger comparative advantage in the fisheries and forestry sectors than

in crops. In livestock, FAO has made important impacts in the areas of epidemic disease control, including the near elimination of Rinderpest and contribution to managing avian influenza.

619. **Recommendation 3.9:** There should be a rebalancing in the distribution of resources with increases in the proportions to forestry and fisheries and a significant increase in the proportion of resources for livestock. To secure this, there will have to be enlightened decision-making from the Governing Bodies, as many government representatives are from the crops sector.

620. **Plant production and IPM:** FAO has made major contributions in the area of plant production in the past and there will continue to be a need to provide some technical support for activities, such as the SPFS. However, crop production *per se* (excluding all aspects of plant genetic resources, including plant breeding) is probably the area in which national capacities are now strongest throughout the world and where there is most international expertise, including in the International Agricultural Research Centres. Integrated Pest Management (IPM) has now come of age and is being promoted and demonstrated by a large number of organizations.

621. **Recommendation 3.10:** FAO retains two islands of crop production expertise in which it has some critical mass of expertise and less international competitors. These are plant nutrition, especially important for sub-Saharan Africa, and small-scale urban and peri-urban horticulture for supplementary income and nutrition. Efforts to undertake normative work in other areas of crop production should cease and in those two areas, a more meaningful programme should be developed or, after a period, they also should be wound down. Separate work by the nutrition group (AGN) is not justified and:

a) in order to ensure greater synergies and more effective use of resources, the activities of the Crops and Grassland Service and the Seeds and Plant Genetic Service should be merged;
b) there are two CGIAR centres dealing exclusively with rice; trade aspects are addressed by an Inter-Governmental Commodity Group in FAO. The International Rice Commission should be wound up. If the CGIAR system wishes, some of its work may be continued under the CGIAR; and
c) for Integrated Pest Management (IPM), FAO continues to have an important role to play but, as with other aspects of piloting and demonstration, there is no longer the same need for FAO involvement at community level. The role in the development of policy and regulation remains critical.

622. **Livestock:** Over 20 percent of those dependent on agriculture, forestry and fisheries are primarily dependent upon livestock for their livelihoods. This is both one of the fastest growing agricultural sectors and one of the sectors with the greatest potential for growth, both in primary product and value added. Livestock is also the sector which poses the greatest threat to human health through diseases transmissible from animals to humans. It is a sector with major implications for the environment. The "livestock revolution" is occurring in largely indigenous private businesses, which do not need FAO to assist with technology. On the other hand, the challenges facing the sector are generating large and unfilled requirements for inputs on overall sector management and policy, global and regional inputs on public health and environmental implications, implications for trade and implications for carbohydrate and plant protein prices, as demands for animal feed increase. Pro-poor policies need to address both the opportunity for jobs and income generation in this business sector; the issues of supplementary income from livestock and the issues of pastoralists, who are often among the poorest, living in the world's most marginal areas.

623. It is thus surprising that, while work on animal health has received a very modest increase in resources as part of the overall FAO Regular Programme budget, work on livestock management, information and policy was the most reduced technical area, falling by almost 40 percent as a proportion of the budget between 1994-95 and 2006-07. This may be partly because of the slow adjustment which has taken place in moving upstream compared with the

fisheries and forestry sectors and the relative lack of attention with Regular Programme resources to policy work.

624. The absence of any technical committee for livestock has meant that important global issues of livestock and the environment and of livestock and poverty are not being addressed in the same way as for fisheries and forestry. Global discussion of animal health issues in cooperation with the World Animal Health Organisation (OIE) and WHO would also benefit from being lifted from a purely veterinary discussion.

625. **Recommendation 3.11**: Given these factors, the IEE has concluded and recommends that:

a) a significant increase in resources is justified and livestock deserves focus in a separate small department, but only if FAO's work remains focused on:
   i) pro-poor sector policy and management;
   ii) animal health, addressing implications for the poor, the national economies of developing counties, and global risks to both the livestock sector and human health; and
   iii) livestock environment issues;

b) partnerships have been important and are being strengthened:
   i) there are questions about the usefulness of much of the work in the joint division with the International Atomic Energy Agency. If deemed justified, the development of ELISA kits could be undertaken in the framework of a partnership outside of the joint division and FAO should withdraw its funding from the remaining livestock work;
   ii) the partnership with OIE and WHO has developed strongly in clarifying roles and developing joint programmes and approaches. In the interests of efficiency, effectiveness and reduced competition, this partnership should now be further developed by setting up a joint programme with a common secretariat for many of the areas of interface, particularly in capacity building; surveillance and early warning; emergency response; and, together with the International Livestock Research Institute (ILRI), research networking; and
   iii) for policy work, a strong partnership should be built with ILRI and the Food Policy Research Institute (IFPRI).

Every effort should be made to forge these partnerships; however, FAO's own work in these areas should not be held back pending the willingness of others to partner.

626. **Lands and soils:** In the IEE questionnaire to Directors of Agriculture, work on land and soils scored second equal in their order of priorities. This has been one of the more heavily cut areas of FAO's work and has not attracted significant extra-budgetary resources. Given the sharp decline in human and financial resources and the resulting limited coverage that FAO can provide on soils issues, a fundamental question for the IEE was whether continuing work by FAO in this area can or should be justified. There can be little doubt that critical mass, if not already lost, is now seriously imperilled. There can be no doubt of the pressure put on land resources by increasing population, demand for increased supply of agricultural products, urbanization and climate change. Soils are more fragile under tropical than temperate conditions and nowhere is this more the case than in Africa. National land management is a technical, economic and social issue and addressing it requires basic information. The state of land resources is not static. Increasing pressure on land use and conversion from one purpose to another, together with climate change, are altering the land resource and use picture rapidly. Global decision-making in areas such as climate change and agro-biodiversity will require up-to-date global information.

627. New techniques of remote sensing, computer imaging and GIS potential continually require standards to be updated. Matters like the World Soil Map and the work on agro-ecological zoning can only be undertaken and further developed on the basis of internationally agreed classification standards and methodologies on how to assemble, analyse and present data. FAO

has proven to provide the best forum for this in the past. The International Soil Reference and Information Centre (ISRIC) and the International Institute for Applied Systems Analysis (IIASA), as well as the Centres of the CGIAR and various Agricultural Universities are potential alternative sources of supply, but only up to a point. They are not able to offer the international coverage, independent forum or authority of FAO. The IEE has concluded that a critical role should be retained by FAO.

628. **Recommendation 3.12:** Lands and soils should be given greater priority. If FAO is forced to choose, it must give priority to preserving the global information system, but if it regains the cutting edge of global data development, these approaches and methods will need also to be transferred to member countries for application at national level. Capacity building in this and the interface with policy are important areas for assistance.

629. **Joint work with IAEA:** FAO has a joint division with the International Atomic Energy Agency. It works, as discussed above, on areas including crops (including mutation breeding); insect pests and vector control using the sterile insect technique; application of tracer techniques in livestock nutrition, diagnostic kits for livestock diseases and food safety, especially irradiation. The division also hosts a joint laboratory. Much of this work is now only application of very well proven techniques. It is also performed elsewhere and is the type of technical work which FAO ceased entirely to be involved in many years ago with the emergence of the CGIAR system. It has little or no synergy with the type of normative work done in Rome. Although this is a long-standing partnership, it has ceased to be one on which there is a high return in terms of outcomes and impacts from FAO's investment.

630. **Recommendation 3.13:** With the present budget constraints upon the Organization, FAO should cease to resource this joint work which may, however, where there are strong synergies, be taken up as partnerships under the respective FAO programmes.

631. **Water and irrigation:** FAO continues to have a lead role on water databases and is respected for its work on agricultural water management. If hunger, poverty and chronic malnutrition are to be overcome, especially in Africa, increased water control is a prerequisite for any green revolution and for continuing agricultural development in Asia and the Middle East. Many water networks exist but are often biased against agriculture. FAO is currently in a weak position. The competency mix and the wide dispersion of the few human resources remaining in the Organization would need to be addressed as an initial imperative for the Organization to exercise leadership in macro-policy issues at global and regional levels.

632. **Recommendation 3.14:** As in many other areas of FAO activity, the prospects for significant impact in the water sector will depend on successful multidisciplinary approaches that integrate engineering, physical resource and technology capabilities with economic, social and farming systems analysis. This would require a longer term, strategic approach and a significant realignment of existing resources together with the securing of new ones, both human and financial. In the absence of such an approach and the fundamental realignment it requires, the role of FAO in water will continue largely to comprise fragmented interventions of a micro character with at best limited impact potential. FAO confronts a fundamental strategic choice with regard to its work in water. For the Organization to achieve and exercise leadership will require very fundamental changes and a different strategic approach which would enable it to contribute to integrated policies and programmes which bring together engineering, tenure, economics, management and legislation. Building on existing networks such as UN Water, strengthened partnerships would be essential to link to the broad body of international expertise. To underpin this, global data will be essential on water itself, the uses being made of it, returns to different applications and its costs. Ensuring the availability of this data should remain an FAO priority.

633. **Fisheries:** FAO remains the only body with a total global programme and outreach in fisheries. The World Bank is currently doing work on rents in fisheries that will have a normative impact, but it will complete its studies and move on. The CGIAR centre, WorldFish, is primarily

focused on production research. Partnering is absolutely essential, but FAO is the only source of global data on fisheries and the only organization which can bring together policy networking, global data and a neutral forum. It is also the only global organization that can work on fisheries sector interests and follow-up in environmental conventions. With respect to climate change, no other UN Body has comparable capacity on the global biology of the seas. There seems to be an increasing recognition of this, but if FAO cannot respond adequately, the pendulum may swing again towards the UN itself and other players, in particular the environmental organizations and conventions.

634. All evaluations, including auto-evaluations performed by the Fisheries Department itself, have found that FAO's fisheries work lacks a coherent strategy. Although the department was clear on long-term goals, it had not defined the immediate steps to allow it to contribute to them, and as with elsewhere in the Organization, there was a significant problem of priorities. Even though the department is small and the Code of Conduct on Responsible Fisheries provides a unifying theme, it tends to work in a fragmented way. FAO's work remains too fish-focused and does not adequately integrate other issues including economics and fish as a farm livestock product. A focus on Fisheries Ministries by the Fisheries Department may also lead to an overly sectoral approach that may be a hurdle to better fisheries and aquaculture management. Now more than ever, fisheries work, both normative and in-country capacity building, needs to concentrate at the level of integrated policy and the related global data requirements.

635. **Recommendation 3.15:** There is room for adjustments within the present use of resources by the Fisheries Department, but Fisheries within FAO requires somewhat greater priority in the allocation of resources. To secure this, there will have to be enlightened decision-making from the Governing Bodies, where many government representatives are not directly from the fisheries sector. FAO should now develop a coherent strategy for its fisheries work, which should concentrate at the level of integrated policy and the related global data requirements. Strong partnerships should further support to development of global and regional legislation. Fish from the water to the fork should play a greater role in livelihood development, creating employment beyond fishing boats in both farms and value-added chains. FAO's role cannot be in the details of technology but in the systems, legislation and approaches which support this development, while safeguarding equity, health and the environment.

636. **Forestry** is a key to the livelihoods of some eight percent of the world's agriculturally dependent people, including some of the poorest indigenous peoples and mountain dwellers. The sector also plays a key role in the provision of many environmental resources. At the same time, just like the role of aquaculture in fisheries, much actual timber production is moving from natural forest to managed plantations. At the beginning of the 1990s, FAO was seen as a project-dominated organization which assumed superiority in forestry that it no longer had and was failing to address the emerging global issues. Since then, there has been a remarkable turnaround and FAO activities are dominated by partnerships, including a leadership role in the Collaborative Partnership on Forests (CPF) and provision of support to the UN Forum on Forests. The programme has changed from one dominated by individual technical cooperation initiatives to overall support to the development of national and global information, policy directions and governance.

637. FAO is the only global intergovernmental institution which both looks at forests and trees outside forests in a holistic way (i.e. combining environmental, economic and social perspectives) and which also brings together all aspects of the spectrum from action on the ground to global policy. The Organization has under-exploited its capacity for interlinking national work to global policy, due partly to the issues of the institutional arrangements for decentralization addressed elsewhere in this report. As with fisheries, the small size of headquarters units has also contributed to an unnecessarily fragmented approach. The evaluation of the National Forest Programme Facility commented negatively on the links of forestry work with the agriculturally focused departments, even though most timber is produced outside natural forests and much of

the forest is also range and/or crop land. It noted that FAO does not itself practise what it preaches to countries. Rectifying this will be assisted, as discussed in Chapter 6, by collapsing the divisional structure in forestry. Member countries have assigned a high priority to both technical work and technical cooperation in forestry, with the accent on policy development and capacity building. Overall, the IEE found the priorities being followed by FAO in forestry were sound.

638. **Recommendation 3.16:** Somewhat greater emphasis should be placed on forestry in the overall FAO resource allocation. The development of a strategy for FAO's forestry work, as agreed at the last session of the Committee on Forestry, should facilitate a more integrated inter-sectoral approach and place a continued, but selective emphasis, on partnerships. Work should be presented on a logframe basis corresponding to the three FAO Strategic Framework goals of member countries which are closely aligned with the MDGs. Within the overall priorities agreed for the programme, the strategy will also need to define the key areas for resource concentration.

639. **Institutional support to agricultural development (higher education, research, farmer learning and rural finance, marketing and agribusiness):** The IEE country visits and surveys found low demand by countries for capacity building from FAO in institutional support to agricultural development. The IEE concludes that this is not because of absolute needs, but because FAO is not seen as a viable source of development support and because higher education, sometimes research and most aspects of business support lie outside the purview of Ministries of Agriculture. With the exception of people's participation, which is a very crowded field, these are areas where either there are no other significant providers or the providers have no clear focus in a collaborative framework. FAO's capacity in these areas has become greatly eroded, partly because it was assumed the CGIAR, in particular ISNAR, would take up functions with respect to research and extension development. Hard choices must now be made in FAO as the Organization cannot in the medium term rebuild its comparative strengths in these areas.

640. **Higher education and research:** There can be no denying the extent of the challenges to be addressed in higher education for the agricultural sectors. There is a major deficit of trained manpower in agriculture, especially in the least developed countries. Development is severely held back as a result of the deficit in management, in research, in institutional arrangements for farmer learning. This problem is linked to the overall crisis in higher education and the loss of trained people from agriculture to other sectors. FAO must work for overall reforms in education, the public sector, etc. At the same time, agriculture is so fundamental to human welfare that action is needed now. New technologies, networked approaches and public-private partnerships are opening-up new avenues for higher education.

641. **Farmer learning**: Farmers' Field Schools have been an important FAO contribution to the options available for farmer learning and have been unique in their recognition of the farmer as the decision-maker. The following factors all open up the door for alternative approaches to farmer learning and farmer decision support: the rise of NGOs, the product-driven advertising by the private sector, the availability to larger businesses of private sector extension, the possibilities for combining concepts such as barefoot vets into integrated systems, the rise of mobile phones and the presence of television and, in some countries, computer connections in rural areas, more hard headed to approaches to payment by results in the public sector, increasing literacy, lessons from Farmers' Field Schools and sustainable livelihoods approaches.

642. FAO, like many other international agencies and national civil services, has had a cultural bias against entrepreneurial development. This is changing, albeit more slowly than would be wished, given the rapid growth of agribusiness. This growth, however, is not sufficiently rapid or widespread to create the necessary equitable employment and incomes. Nowhere is this more true than in Africa. At the same time, growing urbanization, new export markets, especially in Asia and the Near East, and the opportunities for value added both for domestic and foreign markets offer new opportunities. The appropriate policies, regulatory frameworks and support structures need to be in place. Appropriate finance, whether for agribusiness, small farmers or the landless

micro-entrepreneur, has never been more important. FAO brings to this challenge broad knowledge and experience in the areas of rural finance, including rural micro-credit and the business of agricultural supplies and marketing (although the Organization's experience in marketing derives mainly from the past era of national and commodity marketing boards). In recent years, FAO has gradually been according more integrated attention to agri-business. This is encouraging, but the effort requires further integration and the elimination of small, residual activities, especially in processing.

643. **Recommendation 3.17:** Only if substantial new resources become available to the Organization could all areas of institutional development be re-established as priority areas for FAO's work. If this is not the case, work should be further concentrated in order to maintain critical mass in those areas accorded priority by countries. Also, if adequate new resources do become available, institutional development work should emphasize the private sector and not the public sector, as has largely been the case up until now. Overall policies, therefore, should assign priority to institutional relationships which maximize on the strengths of the public, private and NGO sectors, the application of new media, as appropriate, and strong partnering. Further consolidation of the concerned units and their institutional placement alongside those units undertaking work on other aspects of institutional and economic policy is essential, and:

a) should FAO seek a continuing role in promoting higher education reform and institutional links, this should be pursued in close partnership with UNESCO and, if possible, the World Bank;
b) for learning by small-scale farmers, the Organization should further study the strengths, weaknesses and relevance to different situations of the Farmers' Field School model and also the potentials for networking NGOs and the public sector together with support to group learning through the use of new media;
c) given FAO's recent attempts to work on a more integrated basis on agri-business development (and assuming resources availability), this programme should be further integrated and pursued for a 3-4 year period, after which a rigorous, independent evaluation should be conducted. As part of this further integration, FAO should at the same time seek to ensure that the effort integrates with IFAD, ILO, UNIDO and ITC, with special attention to Africa and with a view to a substantial sector-wide joint programme on agri-business. This should concentrate on facilitating measures for employment and income generation, including financing, the tax regime, market access and standards (fair trade, organic, protection of workers, especially children). If no clear strategy and no joint programme emerge and this is confirmed by the evaluation, work in this area should cease; and
d) some separate work on rural finance may be justifiably continued, preferably jointly with IFAD, but separate work on marketing is not justified.

644. **Economic, social and food and nutrition policy** (see also Support to the Development of Policy and Strategy below): Economic policy work receives high priority from Members. The reorganization of 2007 served to consolidate most social policy together with economic and trade policy in the Economic and Social Department, but there is no single focal point for all economic, social and food policy work in the Organization and nutrition remains inadequately integrated into food security. Some good policy work is undertaken. The Organization has had some impact and is respected by developing countries as a neutral provider of policy support, but it lacks an overall strategy. FAO can achieve a better match between its comparative strengths and country needs than is currently the case. The growing role of the private sector in all areas of the value chain from farm to fork and its potential to boost food production and provide incomes and employment make it essential for governments to understand both the domestic and international value chains.

645. **Recommendation 3.18:** FAO needs to form a more systematic and differentiated assessment of the economic, social and food and nutrition policy support needs of its developing member countries. Clarity on this would also enable greater use of partnerships and better

division of labour in all aspects of policy work, including with IFPRI and international commodity bodies. Increased attention should also be given to:

a) nutrition as an integral part of food, food security and food vulnerability policy, with more emphasis given to understanding the root causes of mal- and under-nutrition. Nutrition work should be fully integrated into policy. Activities in home gardening are now undertaken by many organizations and should be discontinued. Moreover, nutrition education in schools and community nutrition can be better carried out by other organizations, in particular UNICEF. Other work on food composition, etc., should also be discontinued;
b) medium-term commodity market analysis. Short-term market analysis is increasingly being carried out by the private sector. In any case, the developing countries make very little direct use of FAO's short-term analysis. FAO's medium-term work which provides a basis for policy assistance has more impact for them;
c) commodity analysis for dynamic products with potential for growth; and
d) creating an enabling environment for business development for employment and income generation (see also above with respect to agribusiness development).

646. **Gender mainstreaming and women's empowerment:** In rural areas of developing countries, women constitute the backbone of the economy and family and community support. Men are more likely to be absent and where they are present, women are often responsible for the bulk of the work in agriculture and the home, while often not being fully involved in decision-making or having access to the levels of education, extension advice, land and financial resources or even food and health care which would enable them to be more productive. This is a major economic and social loss as well as being an injustice and a brake on achieving household and community food security.

647. The IEE found that, while FAO Governing Bodies have given a high priority to gender issues, this was not generally stated as a priority when IEE teams visited countries or in country responses to questionnaires. This underlines the need for FAO to raise awareness and provide clear advice on modalities rather than the reverse. At country level, FAO often addresses gender through small pilot initiatives which do not feedback into policy and there is a lack of strategic interventions.

648. FAO made a strong start in gender and women's empowerment and was a leader in the system, but is now underperforming, given the relevance of the subject to much of its mandate. The Gender Plan of Action is not integrated into FAO's overall programme cycle. No budget resources exist for funding gender integration into other work. Too many resources are being dissipated, responding to urgent requests for 'gender input', including in project review and commenting on reports. Strategic direction on gender mainstreaming is being lost and FAO increasingly addresses small initiatives and projects.

649. **Recommendation 3.19:** The Gender Plan of Action should be fully integrated into FAO's programme cycle (including integration of the GDPA into FAO's main strategic and/or medium-term plans, rather than as a separate plan) and reported on specifically as part of that cycle, and:

a) gender should receive a priority in the funds reserved for interdisciplinary action and facilitating action on the three goals of member countries;
b) gender focal points should have selection criteria, clear terms of reference included in their job description and the necessary seniority;
c) staff training in gender and women's empowerment should receive renewed priority, with a particular priority to FAOR professionals and gender focal points; and
d) possibilities for greater partnership with other organizations should be explored.

650. **Environment and natural resources management:** FAO has accorded sustainable natural resource use a priority, but it has not been the strongest area of focus for the Organization.

Under the implementation of the Convention on Biodiversity (CBD), development themes have received growing emphasis, in particular sustainable use of natural resources, and access and benefit-sharing of the potential economic gains from biodiversity. In international discussions, more emphasis is given to biodiversity values outside the protected areas - a broader biodiversity spectrum that covers the wide range of rural landscapes. Agricultural sector issues gain importance in this context. It should, however, be recognized that the Organization's primary point of departure is the protection of the short- and long-term interest of the rural population and assuring adequate food and nutrition both now and for future generations. The main emphasis of FAO is on sustainable use, rather than protection of resources, and there is a widening acceptance that sustainable natural resource use is the key to global environmental management (this includes use of the global commons, such as the oceans and the atmosphere).

651. A particular priority should now be accorded to the issues of climate change, taking account of both FAO's comparative strengths and the challenges for the agricultural sector. Climate change will have major impacts on agriculture from the displacement of agro-ecological zones and desertification (and thus areas' suitability for various crops); greater instability in seasonal weather patterns (and thus agriculture including food supplies); and rising sea levels and probably storm damage with huge implications for both coastal fisheries and aquaculture. The displacement of agro-ecological zones and thus traditional crop varieties and livestock also has major implications for the maintenance of *in situ* agricultural biodiversity. FAO has the greatest international knowledge of marine biodiversity and ecology. The seas are both the greatest absorbers and the greatest producers of biomass. Forests can be a stabilizer of land and water, but their reduction for conversion to agriculture also contributes in the pattern of climate change. Renewable bio-energy has a potential contribution to make, but technologies are not yet developed to utilize biomass and implications of present technologies for use of crops could both influence markets and food supplies and be of marginal value in the total energy equation (FAO should not thus be actively transferring this technology at the present time).

652. **Recommendation 3.20:** FAO needs to be clearer on its areas of priority and main areas of comparative strength, as discussed in previous sections. A particular priority should now be accorded to the issues of climate change, for which inter-unit cooperation, external partnership and definition of roles are especially critical. Several recommendations touched on in other sections are also important here, including:

a) as a global convenor and representative of the rural and food sectors:, FAO Governing Bodies as well as the Secretariat should examine texts for legal agreements, codes and guidelines originating from other bodies in addition to those from FAO itself to ensure that the interests of FAO's constituency are well reflected (see Chapter 4);
b) as the provider of the most comprehensive global databases related to many aspects of natural resources (land, water, forests, aquatic resources) and their inter-action with human use: FAO should give particular priority to the development of geo-referenced databases in its area of mandate and the implications of the data analysed in order to provide both monitoring and policy assistance to members;
c) provision of policy and legislative assistance and capacity building with relation to international agreements of both FAO and others; and
d) crop biodiversity and access to that biodiversity should remain a priority. However, FAO's comparative strength and the relative importance of work in domestic livestock biodiversity is less evident (see Livestock above).

Partnerships with UNEP and the Global Environment Facility (GEF) can be advantageous in advancing FAO's work in these areas.

653. **Production technologies, technology transfer and piloting:** Demand for production technology transfer tends to be most important in the least developed countries and demand is skewed by the production mandates of many Ministries of Agriculture. However, in most of its areas of work, FAO does not have a strong potential comparative advantage and

sometimes performs more poorly than competitors. There are some few areas where FAO preserves technical leadership from irrigation water requirements, to pesticide handling, to boat building. FAO's central and regional expertise cannot be expert in every agro-ecological and social context, or even preserve expertise in all crops. National expertise in most production technology greatly exceeds that of FAO in the great majority of countries, including many of the poorest. This is the areas in which the CGIAR is active, with considerably more professionals working on aspects of production technology than FAO. The IEE has also concluded that they are the areas in which there is least demand for FAO's services, most competitors and least comparative advantage.

654. Many changes for the better have been introduced in the SPFS since the evaluation of 2002 to take in policy and institutional dimensions and to address issues of supplies and markets. In several countries, the SPFS has successfully demonstrated the Farmers' Field School approach developed by the FAO Integrated Pest Management Programme. However, the emphasis of the SPFS remains on technology transfer for production and, as observed previously, in only a distinct minority of pilots has there been uptake. The extent of the priority placed by FAO on the SPFS is working negatively for the Organization to maximize on its comparative strengths at country level. In the minds of governments and country level partners, it reinforces a type-casting of the Organization which undervalues the potential for work in the Organization's areas of normative strength and in policy and capacity building. Many donors have not adjusted their valuation of the SPFS with the changes in the programme and this further undermines the Organization in seeking extra-budgetary resources. Also, in this context, TeleFood projects averaging US$7 600 in size were found by the evaluation in 2006 to be no worse, but certainly no better, than similar NGO or government projects. They were not generally reaching the poor and were largely unsustainable. This finding was further reinforced by the study of TeleFood projects in Sierra Leone. These projects may help somewhat to convey a picture of FAO as a caring organization but they also further reinforced an image of the Organization which neither drove home its essential messages, drew on the Organization's comparative strengths or made a significant contribution to the well-being of the poor.

655. **Recommendation 3.21:** FAO should emphasize its significant comparative advantage in the implications of technology for policy, whether this be in intensification, biotechnology, mechanization or agricultural industrialization. Priority to technology development, transfer and piloting should be substantially reduced in order to increase attention to policy support and capacity building. As part of its global knowledge management function, FAO should concentrate on facilitating access to knowledge on production technologies, and:

a) rather than necessarily producing the definitive technical guidance itself in what is a highly competitive area, FAO should develop its strengths as a knowledge manager. This will include developing networked access, addressing copyright issues and promoting the availability of alternative language versions;
b) pilot projects should be used only very selectively where they fill a genuine gap, where there is a strong expectation of policy-makers following the results of the pilot, and where the preconditions are present for the eventual expansion of those elements of the pilot found valuable;
c) the SPFS should be combined into a wider major programme thrust of the Organization for increased production, employment and income generation in agriculture to fight hunger and advance development, taking into account the lessons that will be derived from evaluations of ongoing national and regional programmes for food security. Separate TeleFood projects should be discontinued and the resources obtained through continued TeleFood fundraising used to support the major theme areas; and
d) work on production technology has been reduced in all the technical departments and without a very major change in resource constraints. Work on production technology should be eliminated in agro-industry and mechanization and further reduced, particularly in crops and livestock.

656. **Legal services**: Although FAO's work in legislation has a good reputation, it does not appear to be a high priority demand by countries. There has also been a major loss of critical mass and experienced staff in the Legal Office, as well as the deterioration in the network of consultants. There is a need to concentrate remaining resources around work on application of international treaties and agreements (FAO and non-FAO). At the time the FAO Strategic Framework (1999) was prepared, it was envisaged that there would be systematic study of the state of the world's legislation for food and agriculture. This has not happened and the need for such a study remains valid today.

657. **Recommendation 3.22:** In view of reduced resources and the apparent lack of priority from members, legal support to member countries should be concentrated in those areas of clear FAO strength in relation to international agreements.

658. **Development of policy and strategy:** The Director-General's Reform proposals of 2005 correctly identified policy support as a major area of FAO's comparative strength which needed to be better harnessed for the benefit of Members. In their questionnaire responses, Directors of Agriculture placed the highest priority on FAO's work in sector policy and capacity building. The reorganization of 2007 served to consolidate most social policy together with economic and trade policy in the Economic and Social Department, but there is no single focal point for all policy work in the Organization.

659. Developing countries generally emphasize the virtue of FAO's policy support work as being neutral in contrast to that of the much more prescriptive stance taken by OECD aid programmes and the IFIs. Developed country representatives, on the other hand, sometimes criticized FAO for being biased towards developing countries, particularly with regard to controversies in international trade. FAO was found to be at its most effective when it laid out the options in national processes helping the country or the global community arrive at its own position. The question does, however, arise as to whether in some areas, FAO should decide what its policy views are and push them. Similarly, FAO must be prepared to speak up when sound analysis indicates certain groups will be disadvantaged by international policies, especially if these groups are poor people and poor countries.

660. Implications for capacity, coherence and efficiency arise due to the fragmentation of economic, social and food policy work split over four departments in addition to forestry and fisheries. The divide between work at country and regional level, largely with TCA, and more normative work, mainly in ES Department but also AG for nutrition and NR for tenure, raises many problems. Just as important is the role of FAORs. They should be the FAO policy advisors to national governments and in the UN country team, well connected to all aspects of FAO's work but in particular its policy work. In fact, policy does not appear in their job description and thus feature in the way they are selected. A recent training course for selected FAORs in policy cannot correct for this mismatch between ends and selection criteria.

661. **Recommendation 3.23:** FAO is respected by developing countries as a neutral provider of policy support and is still the preferred forum for some global policy work by all member countries, but FAO can achieve a better match between its comparative strengths and country needs than is currently the case. FAO does need to be able to provide strong policy support at the level of the macro-sector interface. The Organization provides the only continuing voice in the multilateral system for the place of the agricultural sector in securing secure livelihoods and increasing economic and social wellbeing. This demands that the Organization bring together its capacities in this area to follow through on the continuum created by its advocacy to the policy development which can operationalize that advocacy, and:

a) a full analysis should be made of countries' policy support needs;
b) policy work should draw on FAO's potential strength in drawing together technical specialists, with economists and sociologists;
c) policy work should present options and distinguish short- and longer-term impacts and, where the longer-term impacts can be positive, analyse the transition options;

d) address the fragmented approach to policy work, especially for economic, institutional and food and nutrition policy (even in economic and trade policy, evaluators found a competitive attitude between units). At the same time, to preserve the close integration with their sectors, fisheries, forestry and livestock policy should continue to be handled separately;
e) integrate nutrition into food policy work and give more attention to understanding the root causes of mal- and under-nutrition;
f) integrate direct support to countries and more normative work;
g) recognize and equip FAORs as the primary policy interface at country level; and
h) a clearer definition of country needs and priorities accompanied by institutional changes to allow FAO to exploit its comparative strengths will also allow for a much better division of labour between FAO and other organizations.

662. **Capacity building** was rightly recognized in the Director-General's Reform Proposals (2005) as one of the major areas of priority for member countries and an area needing focus and a strategy. A division was specifically tasked as the Knowledge Exchange and Capacity Building Division (KCE). There is a huge paucity of trained personnel in the least developed countries, especially in Africa. FAO has had the greatest capacity building impacts in areas of its normative strength. In the LDCs, much institution building was unsustainable because of lack of national budgets to maintain the capacity, competition for personnel from the private sector, NGOs and emigration and, in some countries especially of Africa, the ravages of HIV Aids and other diseases. The increasing emphasis by donors on budget support and sector support evidences a realization that overall government services have become under-resourced and that very poor countries simply cannot sustain such services at an adequate level to lift countries out of poverty. At the same time, FAO has sometimes supported relatively isolated institution building initiatives. In some cases, these initiatives did produce an increase in overall capacity in the general area to which they were addressed, but their over specificity to establish a unit for this or that reduced the cost-effectiveness of the impact. There were few examples of private sector institution building by FAO and the Organization has more frequently supported various forms of cooperative development, but sustainability has generally been poor.

663. Regional institutions are important for all transboundary matters and the provision of services which it is more cost-efficient for countries to handle together than separately. Increasingly institution building has been linked to existing bodies including regional economic groupings providing increased possibilities of sustainability, especially in middle-income countries. However, this has not been the case for bodies serving LDCs. Very few examples were identified of FAO acting as a non-lead partner in providing particular technical inputs into wider capacity building endeavours.

664. Work through technical cooperation has been the backbone of FAO's capacity building and will continue to be important in the future. This also needs to be looked at more systematically with greater emphasis on developing more generalized skills as capacity building through technical cooperation, especially in LDCs, can be overly specific, only to have the individual transferred or take employment elsewhere considerably lowering the value of the input. TCP has been increasingly used for institution building in the absence of other resources and middle-income countries do often have a capacity to absorb and make use of relatively small inputs for institutional strengthening. In particular, they have the resources of their own to continue without external assistance. In many cases, and particularly in LDCs however, TCP is unsuited to institution building due both to the relatively short duration and the limited size of the projects.

665. The present institutional placement of the lead for capacity building could have the unintended effect of introducing an over-reliance on internet and CD Rom-based learning and an FAO headquarters centric approach. It will be important to FAO to work at all levels as a knowledge facilitator, allowing educators throughout the world to better access materials helpful for use in education. Caution is required in the Organization's approach to higher education. Costs

of fellowship training are high. There have been encouraging examples of distance learning integrating computer-assisted materials with tutors and the possibilities for seminars. The dearth of computer facilities in the LDCs presents another divide and, in general, FAO should seek to work with and through others. If initiatives such as that of the African Universities can be linked with distance support, development of materials, etc., to higher education institutions in other countries, there can be both more "bang for the buck" and more appropriate and quality education. Direct support to the teachers and the professors may be more important than that to students. Facilitating translation into languages other than English can be critical.

666. Thus, although capacity building is a priority of Members and a major FAO technical cooperation activity, to which it has assigned priority, the Organization has made no systematic study or evaluation of this work.

667. **Recommendation 3.24:** FAO should now develop a capacity building strategy, following an assessment of the needs and capacities of countries at different stages of development and in different parts of the world. Developing countries, donors and partners should be involved in this strategy development. As with all other aspects of FAO's work in fulfilling its mandate, the aim must be to ensure that the necessary capacity building services are available to countries, not that they are necessarily provided by FAO (see also Recommendation 3.5). Partnership needs to be an essential aspect of the strategy. It will also recognize that FAO has not proved strong in developing capacity outside government and although capacity building in the NGO, cooperative and private sectors should not necessarily be completely excluded, it has not been an area of FAO's comparative strength, and:

a) this should be a priority area for mobilization of extra-budgetary resources, especially as TCP is unsuitable for many capacity building purposes;
b) approaches to training and higher education should maximize on partnership and networking, recognizing the limitation of new media and, in general, addressing the needs of teachers before trying to directly assist students; and
c) capacity building should be located more centrally in relation to integration of headquarters-based and country work, including many of the functions currently performed by the Technical Cooperation Department (see Chapter 6).

Table 3.16: Summary scores on criteria for recommendations and determining priority for resources

	Needed for balanced global development supporting the three goals of member countries	Stated priority of members	Performance in contributing to sustainable outcomes and impacts	Few compe-titors	Potential for extra-budgetary support	Priority for resource allocation
Advocacy and communication	4	2	2	1	1	Medium
Knowledge management	4	2	2	4	2-3	High
Support to investment	4	2	2	0	1	Medium
Support in emergencies	4	3	3	2	4	High
Basic statistics and data	4	2	3	4	3	High
Information systems and publications	4	4	3	2	2	Medium
Crops production and processing technology	4	2	2	1	2	Low
Plant protection and pesticides	4	4	3	3	2	High
Plant genetic resources and biodiversity	4	3	3	3	3	High
Livestock sector policy and management	4	3	2	3	3	High
Animal health	4	3	3	2	3	High
Lands and soils	4	3	2	4	2	High
IAEA joint work	1	1	2	3	1	Low
Water and irrigation	4	2	2	4	2	Medium
Fisheries	4	3	3	3	3	High
Forestry	4	3	4	3	3	High
Food safety	4	4	3	3	2	High
Development of higher education, research and extension	4	1	1	4	2	Low
Economic, social and food and nutrition policy	4	4	2	2	3	High
Gender mainstreaming and women's empowerment	4	2	2	1	2	High
Environment and natural resources management	4	3	3	3	3	High
Production, technology transfer and piloting	4	3	1	0	1-2	Low
Legal services	4	3	3	2	2	Medium
Development of policy and strategy	4	4	2	2	3	High
Capacity building	4	4	2	2	3	High

Chapter 4: Governance[111]

BACKGROUND AND CONTEXT

668. The evidence collected by the IEE through its extensive studies and analyses leads to the conclusion that FAO has a serious governance problem and that its governing system is not well equipped to discharge its functions. These conclusions are based on questionnaires[112], interviews[113], observance of Governing Body sessions and comparisons with practice elsewhere. The problems are not unique to FAO. While evaluations of similar magnitude have not yet been undertaken for other major public multilateral institutions, it is clear from our review of emerging best practice within UN and other multilateral agencies that significant governance shortcomings exist throughout the system. Thus, reforms implemented by FAO in response to this IEE could play a leading role in the next chapter of the UN reform and renewal.

669. While in the UN context there is no formally agreed definition of governance, for our purposes it is the exercise of political authority by the Member Nations. It develops global policy coherence and law in the Organization's area of mandate and provides oversight and direction for the Organization's programmes and its Secretariat, monitoring the implementation of its own decisions. In this respect, governance responsibilities in the UN parallel the relationship of national parliaments to their countries and executives. This concept of governance includes as principal components the establishment of realistic and sustainable overall strategies with policies aligned to such strategies; the ensuring of adequate resources to meet the means to ends requirements of approved strategies; and overseeing the Organization's performance.

670. The conceptual framework that guided the IEE work on governance focused on two major components. The first is the global governance of world agriculture and the strategic role FAO plays in it. Greater globalization increases the demand for policy frameworks, which transcend national borders and are underpinned by legislation agreed by international instruments. An increasing number of complex issues with a strong impact on food and agriculture have been, or are becoming, the subject of global governance. These include, for example, environmental concerns, climate change, trade liberalization, agricultural subsidies, poverty eradication, natural resource management, biodiversity, genetic resources, toxic chemicals such as persistent organic pollutants, wetland conservation, desertification and trade in wildlife products. The emergence of agreed international conventions in new fields with new international players, often driven by well-funded stakeholders with high political profiles, holds significant implications for FAO. An

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[111] Background working papers as inputs to this chapter were prepared by Abdelaziz Megzari, Sholto Cross and Martin Piñeiro.

[112] All 190 FAO Members were surveyed with a response rate of over 45 percent. 48 percent came from middle-income countries (30 percent lower middle-income and 18 percent higher middle-income), 31percent from high-income countries and 21percent from low-income countries, 56 percent of the replies came from G77 members, 30 percent from OECD members and the rest from countries in transition. Around 90 percent of the replies came from countries with Permanent Representations in Rome, accounting for 60 percent of all the Rome-based representations. The comments in the open section were grouped into similar themes and topics. Where 75 percent or more of respondents provided comments supporting a particular topic, this has been labelled a strong consensus. Similarly, groupings of 66 to 74 percent have been designated a medium consensus, and those with 50 to 65 percent a mild consensus.

[113] Interviews were held with the Chairmen and more than 90 percent of the Members of the Council; Chairman and Members of all FAO regional groups, including G 77; Chairmen and Members of the Programme and Finance Committees; 150 individual interviews in Rome with government representatives to FAO; the Director-General and the Deputy Director-General; ADGs and Directors of all Divisions; all Secretaries of Technical and non-Technical Committees; several high-level officials from international and regional organizations; many distinguished diplomats and high-level international public servants, academics with specialized sectoral capabilities, and members of NGOs and civil society related to the Organization; retired high-level staff of FAO; and multiple interviews with government officials, private individuals and members of civil society organizations during the country visits carried out by the IEE in both developing and OECD countries.

important question for the IEE has been to determine how FAO has responded to these challenges.

671. The second major component is the internal governance of FAO - its institutional structure, its functions and processes. How are Governing Bodies structured and how do they reflect the interests of the membership as a whole? How are they equipped to respond to the realities and challenges of the 21st century? How are the objectives and goals established? How are policies and strategies achieved? How are decisions taken and priorities defined? How is the budget set? What is the relationship between governance and management? How efficient and effective are the governing bodies? The quality of internal governance in turn affects FAO's effectiveness in contributing to global governance of food and agriculture.

672. A third dimension for IEE consideration has been the overall UN context of governance, with the political agenda often moving away from the specialized agencies to the UN in New York; a growing role for the UN Secretary-General as *primus inter pares* among executive heads of the system and increasing pressure for coherence.

673. In defining and delivering policies and strategies, FAO governance will need to take account of relevant international developments, whether in the UN or elsewhere in the international community. In the IEE governance survey, 79 percent of Members agreed that FAO Governing Bodies should have a stronger relationship to UN governance. Although FAO reports could be reviewed by the General Assembly or its Economic and Social Committee (ECOSOC), this is not done in practice or, in the case of the Committee on World Food Security, occurs only once every four years. Certain UN decisions are translated into FAO decisions at the instigation of Members or the Secretariat. The most recent major example is the decision on the Triennial Comprehensive Policy Review of Operational Activities for Development. As discussed in Chapter 8, staff terms and conditions of service are largely determined by the International Civil Service Commission (ICSC) and the UN General Assembly. The UN as such, or its major conferences and summits, has no formal authority over FAO. However, the lack of relationship can also lead to FAO finding itself (without any input from FAO Governing Bodies) with unfunded mandates in the form of requests for work which are difficult to ignore.

674. At the moment, relations in the UN system are largely left in the hands of the secretariat, ultimately through the Chief Executives Board which groups the executive heads of the UN system under the chairpersonship of the Secretary-General.

Current governance structure

675. The architecture of governance is set out in the Basic Texts of the Organization and consists of the Conference, the Council with an independent chairperson and the specialist committees reporting to the Council. The Conference and the Council are the Governing Bodies empowered to take decisions. The others, while an integral part of governance, have only an advisory role.

676. The Conference is the highest political body of FAO. It consists of all member countries, each with a single equal vote. Decisions are made by consensus, by simple majority voting or by a two-thirds majority vote for changes in the Constitution. It meets biennially. It delegates many of its substantive functions (other than admission of new Members, approval of conventions and agreements, budget approval, election of the Director-General and appointment of the Independent Chairperson of the Council) to the Council. The Council consists of 49 representatives of member countries from the seven regional groupings of FAO[114]. It meets three times per biennium in substantive sessions and takes decisions by consensus or simple majority voting.

[114] Africa, Asia, Europe, Latin America and the Caribbean, the Near East, North America and the South West Pacific.

677. The committees reporting to the Council are:

a) the technical committees, which address the Organization's programme of work and global governance issues in their specific areas of mandate. They are open to membership and attendance by all Members of FAO and registered observer organizations:
   i) Agriculture (COAG) – which covers crops, livestock, land and water and all related natural resources and policy issues;
   ii) Commodity Problems (CCP) – which also discusses trade;
   iii) Fisheries (COFI);
   iv) Forestry (COFO);
   v) World Food Security (CFS) – which has the task of monitoring progress and examining strategy to achieve the World Food Summit and MDG 1 target of halving the number of hungry. The CFS also reports to UN-ECOSOC and does not play a role in the programme and budget review process[115]; and
   vi) Commission on Genetic Resources for Food and Agriculture;

b) the committees dealing with programme, finance and legal matters:
   i) Programme Committee (PC);
   ii) Finance Committee (FC); and
   iii) Committee on Constitutional and Legal Matters (CCLM).

678. The Programme and Finance Committees, comprising 11 members each, are the bodies that are most closely in contact with detailed management, programme, budget and financial issues. The Programme Committee (PC) has responsibilities for reviewing the Programme of Work and Budget, the content and balance of the programme activities, and for making recommendations regarding priorities. The Finance Committee (FC) reviews *inter alia* the financial implications of management's budgetary proposals and approves budgetary transfers proposed by management. It also examines on behalf of the Council the audited accounts of the Organization. The two committees hold concurrent sessions and meet for about one day at each session in what is known as the Joint Meeting (JM). Here, they consider the proposed budget level and other issues common to both.

FAO's role in global governance

679. FAO provides the global forum for intergovernmental discussion of matters related to food, agriculture, forestry, fisheries, livestock and the related natural resources issues. FAO seeks to achieve greater policy and legislative coherence within its areas of mandate. It also seeks to ensure that the interests of the rural sector, the hungry and agricultural business are properly taken into account in policies and legislation in related areas such as maintenance of biodiversity or overall management of the global commons, including the oceans and climate. Thus, the scope of FAO's mandate has broadened with new issues. While there is no alternative forum for food and agriculture, a steadily increasing number of other fora address issues, which overlap with FAO's area of global responsibility or the growing areas of interface on the environment and the oceans. Moreover, FAO's role with respect to agricultural trade has clearly diminished.

680. Global governance instruments in FAO's areas of mandate have been growing, including those for management of natural resources, food safety, trade and plant pests and livestock diseases. This work is generally of most direct benefit to middle-income and developed countries. The least-developed countries, however, have tended to consider global policy coherence and legislation as likely to be developed with or without them. In these circumstances, the UN system in general, and FAO in its areas of mandate, provide a neutral forum. This is the best guardian of poor countries' interests. FAO will also be able to provide links to capacity building for them to gain maximum benefits from this work.

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[115] Strictly speaking, although the CFS reports to the Conference through the Council, it is not a technical committee of the Council.

681. The main fora for raising policy issues and achieving policy coherence are the technical committees of the Council. They have varied significantly in their capacity to play this policy role. The IEE governance survey demonstrated that Members were dissatisfied with the Organization's performance of its global governance role. They ascribed the Governing Bodies' difficulties in performing this core part of their function to:

a) poor links and institutional relationships with other global bodies (78 percent);
b) inadequate institutional arrangements (71 percent);
c) inadequate coverage of global governance issues in agendas (64 percent); and
d) being too taken up with governance of the FAO Secretariat (70 percent).

Somewhat less than half considered that Secretariat support or access to information were major constraints.

682. Recent achievements include: the Code of Conduct on Responsible Fisheries; the Voluntary Guidelines on the Right to Food[116]; the International Treaty on Plant Genetic Resources for Food and Agriculture; the International Code of Conduct on the Distribution and Use of Pesticides and the recent revision of the International Plant Protection Convention. Many of these were discussed in the context of the technical programmes in Chapter 3 and are noted as well in Chapter 5 on FAO's role in the international system, but general lessons are presented here, including those from the evaluation of Codex (2003) and of the International Plant Protection Convention (IPPC) (2007). There are areas where developments indicated at least in part a lack of confidence in FAO, including the establishment of the Intergovernmental Forum on Forests (now the UN Forum on Forests), which very recently reached a non-legally binding agreement on forests.

683. With shrinking resources, FAO naturally has given higher priority to supporting its own work on agreements than that of others. For example, cooperation with the Convention on Biological Diversity (CBD) and its Cartagena Protocol could expand, including ensuring that agricultural interests are fully taken into account.

684. The route most agreements have gone is from voluntary codes to all or part becoming legally binding. The recent revision of the IPPC introduces more strongly legally binding elements. This has also occurred with parts of the Code of Conduct on Responsible Fisheries gradually being taken up in binding measures adopted by regional fisheries bodies and in legally binding international agreements. Both Codex and the IPPC really gain their authority from the Sanitary and Phytosanitary (SPS) agreement of the WTO. Attention needs to be given as to how agreements in other areas can build in stronger compliance incentives.

685. Depending upon the nature of the agreement, civil society and agricultural and food industries take varying degrees of interest both in the negotiations and in the instruments issued. Both civil society and industry have a strong interest in food standards. Civil society has been active with respect to genetic resources, but this treaty is also important for agricultural research and the seed industries. The extent to which FAO as a secretariat has facilitated involvement, while ensuring neutrality, has varied greatly. Industry influence is always a sensitive issue in areas such as Codex food standards, fisheries and forestry. Civil society can on occasion be equally unscrupulous in its lobbying. The IPPC may not have made sufficient effort to consult interest groups outside government. This said, the IEE has concluded that FAO has in general got this balance right, but it is an area where experience needs to be consolidated and analysed.

686. Treaties, agreements, and the MDG 1 hunger goal have all grown out of, and through, FAO global governance processes. Their impact is dependent upon their influence upon policies and legislation. The FAO/WHO Codex and the FAO IPPC standards are essential to the functioning of international trade. The evaluations of both these agreements found that, if the

[116] The full designation is: "Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security".

current institutional arrangements did not exist, new ones would have to be created. Their immediate impacts are thus very evident. Although both evaluations suggested changes, they also found that the IPPC and Codex were respected, relatively cost-effective and inclusive (especially in the case of Codex). In most other areas, the impact is less immediate. They may contribute to an issue moving up a notch on the global consciousness, as in the case of the International Conference on Agrarian Reform and Rural Development, or gradual changes in national legislation, as in the cases of the fisheries responsibilities of flag states or prior informed consent for pesticides. The fact that this impact is difficult to track and the FAO action is one among other contributory factors does not lower the importance of the work. In terms of return on FAO investment, impact can be very high indeed.

687. The voluntary guidelines on the right to food have provided another plank in the rights based approach to development, but have not yet served as a point of departure for action. The country evaluation of Sierra Leone found that the President had made a clear pledge to fight hunger as a priority and FAO, particularly with German assistance, had assisted in defining the strategy and reflecting it in the Poverty Reduction Strategy Paper (PRSP). However, the actual work done was probably not greatly influenced by the Right to Food. Similarly in Brazil "Zero Hunger" has objectives totally in line with the Right to Food, but it would be difficult to conclude that it was influenced by it.

688. Thus, the IEE has found that FAO has continued to make some significant contributions to the global governance on food and agriculture issues. These are important accomplishments and they deserve to be celebrated. At the same time, FAO's role in global governance has declined in comparison with that of others, and risks further decline. Issues of trade in agricultural and food products have become principally the purview of the World Trade Organization (WTO). Agricultural research as an international public good now resides unquestionably with the CGIAR. Much of the governance of natural resources for food and agriculture has migrated over the past two decades to new environmental agreements. Legislative leadership in issues of animal health, including epidemic diseases which may spread to humans (zoonoses), reside principally with the World Organisation for Animal Health (OIE). Alternative fora to FAO now exist for policy discourse on international forestry policy, and on fisheries in the framework of the Law of the Sea.

689. In part, this reduction in FAO's global role can be attributed to the entry of new institutional actors and the rise in competition, as well as an ascendant tendency of the political work of the UN (UN New York) over the more technocratic specialized agency fora. It also reflects the lack of prioritization, strategy or serious overall consideration by FAO Governing Bodies of their global governance role. Indeed, the Governing Bodies appear to have turned increasingly inwards to focus on the work of the Secretariat.

Governance of FAO strategy, programmes and the Secretariat

Box 4.1: Governance - Sustainable steering or directing of an organization

- Fixing clear strategic directions, setting priorities, providing clear guidance and allocating resources commensurate to the agreed goals and programme of work.
- Ensuring the observance of law, ethics and sound financial and human resource management.
- Monitoring of the implementation of governance decisions by management and the assessment of the results of its performance and the results of the Organization's activities.

690. The Governing Bodies' primary responsibilities with respect to the internal governance of FAO can be broken down into a number of functions briefly discussed below.

691. **Deciding overall strategy and component sub-strategies:** Both the FAO Strategic Framework and the Director-General's reform proposals contain elements of cross-organizational strategies (e.g. Capacity building and Communications). Although these are fundamental to the effective functioning of the Organization, they have only been discussed collectively very briefly in those documents and very selectively on the basis of an evaluation (Communicating FAO's Messages). The Secretariat provides no significant systematic performance reporting against these kinds of cross-cutting strategies.

692. **Deciding on the overall priorities for the programme of work and agreeing on the resources to address them:** This has almost undoubtedly been the area of greatest dissatisfaction by Members themselves. The governance questionnaire found that only 44 percent of Members considered that they were able to adequately define budget allocations in line with programme priorities and that only 34 percent considered that resources were allocated in line with transparent criteria. Half do not believe they have the means to identify and prioritize emerging needs; less than 45 percent consider that the Governing Bodies are able to define budget allocations in accordance with programmatic decisions. Slightly over half the membership considered that the Governing Bodies were inadequately equipped to decide priorities and resource allocations. Seventy-one percent considered that the programmes funded from extra-budgetary resources distorted focus on agreed programme priorities. The impact of this in terms of the resource flows, implications for budget levels and the almost complete lack of strategy for the application of extra-budgetary resources are discussed at length in Chapter 7 on FAO's Programme Cycle.

693. As will be seen from Chapter 7, these difficulties in part stem from the systems' weaknesses, in part from the way material is presented in documents before the Governing Bodies, and in part from the Governing Body institutional arrangements and relationships themselves (as discussed below). FAO's results-based budgeting and management system is not functioning adequately. It does not provide an effective focus on priorities and outcomes or the means of assessing progress against them. Most Members were dissatisfied with the strategy, programme and budget documentation. Another particularly important consideration is the timing of the Conference budget decision. As it occurs shortly before the start of a new biennium, it leads to detailed planning of several programme scenarios, which are often unrealistic and which have to be redone once the actual level of the budget is decided.

694. Members agree that the pressure for more detail in documents has often come from themselves, resulting from the lack of trust discussed below and the tendency of the Governing Bodies to address micro, rather than macro, issues. Discussions in the Governing Bodies of the programming and budgeting system have tended to focus on documentation and, even then, in the context of programmes and their costs.

695. **Systems:** The major systems upon which the Governing Bodies could be expected to provide overall oversight and control include those referring to the programme and budget cycle (see Chapter 7) and systems, covered in Chapter 8 of this report (i.e. human resources policy, planning and management; financial management; and information technology). The IEE survey found that Members considered the Governing Bodies not well-equipped to scrutinise, monitor and approve strategies for human resources (57 percent) and contracting, purchasing and outsourcing (63 percent). The Governing Bodies have addressed details of these systems, rather than assuring themselves of the systems' overall validity and design. This also has led to a tendency to intervene in elements of implementation, which more correctly belong to management. The Governing Bodies have difficulty in addressing the more technical aspects of these systems, but there has not been an attempt to review them and identify those issues which require a governance contribution. The IEE analysis should help to prepare the ground for a more systematic approach.

696. **Accountability of the Director-General and the senior management team:** The Governing Bodies have given considerable attention over the years, in political debate, to the term

of the Director-General. On the other hand, as discussed in Chapter 8, there have not been any Governing Body discussions of, or systems put in place for, the Director-General and most senior staff of the Organization to strengthen staff professionalism, the transparency of staff selection processes or to establish performance goals and criteria. In their absence, there is no objective basis for performance reporting or assessment.

697. **Oversight mechanisms (evaluation and audit):** These are discussed in detail in Chapter 7. Some attention has been given by the Governing Bodies to the functioning of evaluation and audit. The question of availability of internal audit reports and the appointment of the External Auditor have been subjects of particular review, but, as with the other systems noted above, there has been little or no examination of the functioning of the systems as a whole.

THE WORKING OF THE GOVERNING BODIES

698. The workings of the **Conference** have benefited from recent reforms which have reduced its length and introduced side sessions on thematic issues. However, the sessions of the Conference, which were reviewed by the IEE for the period 1994 to 2005, reveal a large and cumbersome body with many activities which are largely formal and ceremonial. In this it is not dissimilar to other multilateral institutions. The result is a meeting where participants, including many ministers, make speeches (often for national consumption), while some work is undertaken in the commissions.

699. At the ministerial level, the Conference focus on global governance issues is inadequate. This is partly because the results of the Council's technical committees on global governance issues in their sectors are brought to the Council, not to the Conference. Major treaty bodies, such as those for the International Plant Protection Convention and the Treaty on Plant Genetic Resources for Food and Agriculture, have no direct link either. Similarly, FAO's Regional Conferences cannot bring regional governance matters to either the Council or the Conference except through the Director-General, which has not happened in practice.

700. Decisions have not been fully prepared before the Conference, especially with respect to the budget level and organizational reform issues. This leads to extended negotiations during the Conference in much smaller representative groups known as 'Friends of the Chair'. When the current Director-General took office, following confrontational votes on the budgets of previous biennia, he made clear that he wished to arrive at a consensus on these matters. In fact, the consensus has gradually become an uneasy compromise, with which no group of countries is satisfied and which has allowed a few of the major contributors to dictate the final level of the budget - basically a zero nominal growth scenario.

701. While formally the **Council** has wide-ranging powers, the IEE concludes that in practice it is significantly underperforming. It is ill-designed to play a global governance role because, unlike the Conference and the technical committees of the Council, it is not composed of the full membership. Participation is also generally at the working level and it is ill-fitted to act upon the advice of ministers passed through the technical committees of the Council.

702. Council meetings are too few in number to carry out the body's executive governance responsibilities and its agendas are too heavy. Its membership - greater than that in any comparable specialized agency - is too large for coherence and synergy. The self-interest of individual countries often prevails in discussions, over and above the interests of the membership at large. It has an unbalanced relationship with management, lacking the explicit authority and, more importantly, the capacity to ensure the exercise of proper governance functions in relation to it. Finally, rather than performing its essential leading and proactive role on governance issues, the Council is reactive to proposals put forward by management.

703. **Regional groupings for purposes of elections to the Council and the Programme and Finance Committees:** The FAO Basic Texts provide for seven regional groups for the purpose of elections to the Council and the Programme and Finance Committees: Africa; Asia and the

Pacific; Near East; Latin America and the Caribbean; Europe; North America; and the Southwest Pacific. During the comprehensive round of IEE interviews, a number of anomalies and imbalances were repeatedly pointed out. The North America region has only two members. This means that both Canada and the USA have permanent seats on the Council and also have a seat on both the Programme and Finance Committees. As the USA is currently the largest contributor to the Regular Budget, this situation is generally accepted. However, many consider that Australia and New Zealand have disproportionate weight in the Southwest Pacific region, because the island states in that regional grouping do not have representation in Rome and thus tend not to take an active part in the Rome-based governance processes. The membership of the Asia and Pacific region places Japan, an OECD country and the second largest contributor to the Regular Budget, in a somewhat incongruous position. The region already includes two very large developing countries, China and India, as well as a number of rapidly emerging countries that are keen to participate in the Governing Bodies. Many countries in the Asia region consider that their population size and economic importance are not adequately reflected in the current composition of the Council or Programme and Finance Committees.

704. The IEE looked into the practice in other organizations of the UN system and found that there is no standard arrangement with respect to regional groupings - each has its own drawbacks and anachronisms.

705. **Programme and Finance Committees:** The low capacity of the Council has placed an increasing burden on its supporting committees, in particular the Programme and Finance Committees, to fulfil governance functions for which they have no mandate. These committees have 11 members each. According to the Basic Texts, Members should be selected on the basis of their technical expertise as well as representing the seven FAO regional groupings. In practice, the technical expertise requirement has largely ceased to be applied, even at the level of the chairs, and has been replaced by the concept of regional rotation among members or by political considerations. The two committees meet concurrently twice a year for one week each[117]:

a) the **Programme Committee (PC)** is intended to provide comprehensive guidance to the Council to support programme decisions. Its agenda for three of the four sessions in a biennium is dominated by the programme documents. The two meetings in Conference years discuss the programme for the next biennium. The first meeting in the year following the Conference budget decision is dominated by discussions on how to accommodate the budget cuts. As discussed in Chapter 7, programme and budget documentation does not facilitate a focus on strategic choices. An IEE content analysis of the proceedings of meetings concluded that, rather than engaging in substantive discussions on programmes and setting priorities, the discussions in the PC are dominated by enquiries to the Secretariat to clarify (at a rather micro-level) programme resource allocation implications - often in terms of what specific areas of work will be most reduced. The committee has been spending more time considering major evaluations and the management responses to them. But programme advice from the committee tends to refer more to the political stance of the various Members than to the findings of the evaluations;

b) the **Finance Committee (FC)** deals with all financial and administrative matters, including audit, but also sometimes addresses programme in the context of the budget. This could be considered an unnecessary overlap and duplication of efforts in the functions of both committees. The Finance Committee has also discussed some evaluations. It has an extremely crowded agenda with numerous Secretariat documents on the table, which are insufficiently user-friendly to allow for a focused and informed debate on critical options; and

[117] The Finance Committee also meets in short sessions for WFP matters.

c) the **Joint Meeting** of the PC and FC meets for half to one day during each session of the Programme and Finance Committees. It addresses the budget and a few issues which are in the purview of both committees. Despite recent efforts to reduce it, duplication between the discussion in the Joint Meeting and that in the two committees still occurs.

706. On some issues, the committees' sessions have less partisan debate than the Council and are not as dominated by prepared statements. This has, however, tended to break down in the Joint Meeting. Documents are quite often distributed after the established four-week deadline and are clearly often not read by Members. Translations sometimes come after distribution in the original language (invariably English), placing a few Members at real disadvantage. This is contrary to the Organization's policy of equal treatment of all languages. The meetings are too short to cover systematically and in-depth all agenda items. Some Members appear not to have the knowledge required to embark on substantive discussions and remain silent during much of each meeting.

707. On the major issue of the budget level, or of significant programme adjustments, the committees do not reach a recommendation. Therefore, discussion is repeated in the Council until reaching a final conclusion in the Conference.

708. **The technical committees of the Council:** The main fora for raising policy issues and achieving policy coherence are the technical committees of the Council. They have varied significantly in their capacity to play their policy role. All the committees tend to focus excessively on the work of the FAO Secretariat and give inadequate attention to driving a global policy agenda. This is in large part a fault of the Secretariat's individual departments, as they are anxious for each committee to discuss their special interests, defend their resources and further their work programmes. To varying extents, particularly around the Committee on World Food Security (CFS), there have been side-events organized on particular issues. The IEE welcomes this, but notes that countries with small delegations have found attending the side-events a problem if they are scheduled contiguously with the main meetings.

709. The Committees on Fisheries (COFI) and Forestry (COFO) have been the most coherent of the technical committees and COFI has been the most policy-orientated. The practice of having ministerial meetings with COFI and COFO is welcome, but the meetings should be scheduled so that ministers can agree on proposals from the committees, rather than the reverse, which is currently the case.

710. The Committee on Agriculture (COAG) has simply too wide a mandate and representation is often at too low a level to cogently identify or address issues. Its discussion is often repeated in the Council and Conference, including that on the Programme Implementation Report and the preliminary Programme of Work and Budget proposals. There is no separate body dealing with livestock issues, although this is a highly dynamic sector and livestock epidemic diseases are a major problem. Available data indicates some 23 percent of agriculturally dependent populations are primarily dependent on livestock for their livelihoods. This is a significantly higher percentage than in the forestry or fisheries sectors.

711. The FAO evaluation of commodities and trade (2007) questioned the relevance of the Committee on Commodity Problems (CCP) in its present form and of its intergovernmental commodity groups (IGGs). The IGGs are greatly appreciated for minor commodities by relatively small groups of countries, but overall there has been dissatisfaction with both the relevance and effectiveness of these groups. The decline of managed trade means many Ministries of Agriculture are less involved in trade and commodity policy, which is handled by Departments of Trade, while the private sector has emerged as the main actor. There has been dissatisfaction expressed by many Members, especially from the OECD, with the functioning of the CCP. It does not have a strong attendance from specialists and has not extensively included industry or civil society. It is also working in an area dominated by the WTO. Recently back-to-back meetings

with COAG have been tried with some economies, but it is not clear that there were other benefits.

712. The CFS has been dynamic in following up on the World Food Summit and has been the committee which best involves civil society. With the completion of discussions on the Right to Food, it is now losing some of its momentum and questions have arisen as to whether it meets for too long and too frequently.

713. The IEE's interviews revealed that a number of general problems have affected the performance of the technical committees. First, they have not been immune to the growing politicization and divisions among the membership. Second, their roles have often been confused between technical and political issues. This is particularly so in the cases where ministerial and technical meetings are run back-to-back, like the cases of COFI and COFO. Third, they have suffered from budgetary constraints resulting in reduced number or length of meetings, fewer agenda items, cuts in staff servicing meetings, and erosion in competencies in certain areas. Fourth, the deliberations are constrained by a lack of sufficient or adequate knowledge and expertise on the subject from representatives attending technical meetings (in most cases, members of permanent missions in Rome), although there is high-level involvement from capitals in the cases of COFO and COFI. Fifth, the agenda items and priorities for meetings are fixed by top management with little consultation with member countries, nor often with staff responsible internally for the subjects in question.

714. While the technical committees do discuss the programmes and recommend priorities, these are not well taken into account or given the proper weight in the decisions of the Governing Bodies to which they are referred. These sections of their reports are not reviewed by the Programme Committee, which tends to provide the defining voice on programme matters, while the balance in resource distribution between sectors is largely driven by the Council.

715. **Regional Conferences:** The status and terms of references of Regional Conferences are set out in a Conference Resolution now forming part of the Basic Texts. They are held regularly every two years. The findings of the IEE indicate a marginal role for Regional Conferences in providing contributions of real value to FAO governance.

716. Regional Conference agendas are elaborated in headquarters following only formal written consultation with the regions. They deal with many subjects, an excessive portion of the time is spent on speeches and protocol and they lead to few concrete results. Currently, these conferences do not form part of FAO governance. Their results go to the Director-General, who has discretionary power regarding their use, although he is required to report to the Conference and Council on how far he has been able to take the recommendations into account in framing the Programme of Work and Budget proposals.

717. As a result of these shortcomings, IEE's evaluation concurs with the majority view amongst interviewees that Regional Conferences are not cost-effective, as currently conceived. There is, however, recognition that there are problems specific to each region that need to be addressed from a regional or subregional perspective. It is also acknowledged that the relations between headquarters and the regions are not working well and that these are unlikely to improve unless the interests and priorities of the regions are properly conveyed to governance. There are potentials for governance synergies with some regional organizations. For example there could be considerable benefits in Latin America and the Caribbean from joint or back-to-back conferences with the Inter-American Institute for Cooperation in Agriculture (IICA). If, in future, Regional Conferences were better structured, with more focused agendas, they could potentially become useful institutional mechanisms.

718. **Agenda setting and style of reports:** Agendas are established by the Secretariat with only the most formal of mechanisms for consultation with Members. Emerging best practice in comparator organizations is that there is full consultation between the secretariat and representatives of the membership on both agendas and the supporting documentation to be

provided. All FAO Governing Body meetings adopt reports. These are drafted by the Secretariat, often cleared by the Office of the Director-General and then submitted to the committees for their approval. The Conference, Council and some of the technical committees employ drafting committees to review the report prior to its submission to the full meeting. FAO is one of the few organizations in the UN system which continues with the costly and time-consuming practice of having formal reports of meetings and adopting them through drafting committees. A review of a number of major multilateral organizations (IFAD, ILO, UNESCO, WHO, World Bank, WTO, UNDP, UNICEF and WFP) indicates that the emerging standard practice is for the secretariat to undertake the responsibility for writing précis of meeting proceedings. However, no examples were found of these records of meetings being subject to clearance by the chief executive's office. Member countries may query the minutes, but it was found that it was rare for this to happen. Decisions are recorded through the more frequent use of resolutions. FAO used a similar procedure for the Council Committee of the IEE itself, where an aide-mémoire was prepared under the authority of the Chair and circulated for any comments and changes by members.

719. **Selection and role of Chairs:** The Chair of the Council is elected at each Conference for a period of two years, and the Chairs of the Programme and Finance Committees and the members of these two committees and the Committee on Constitutional and Legal Matters are elected by the Council. The Chairs of the Conference and the technical committees of the Council and of Regional Conferences have no effective continuing role. They are elected in practice on the basis of a rotation between regions and only undertaking a purely formal role, where most limit themselves to giving the floor to participants during meetings, rather than being active in developing consensus around key issues.

OVERSIGHT (AUDIT AND EVALUATION)

720. Audit and Evaluation are both discussed in some depth in Chapter 7. Their relationship to governance is somewhat different. The external audit function provides oversight, on behalf of the Governing Bodies, of FAO's accounts and its systems - primarily its financial, administrative and internal audit systems. In general terms, it would seem that the system in place does adequately satisfy Members. The IEE governance survey found that 86 percent considered that the external audit function in FAO contributes to good governance by providing Members with information that is adequate, professional and trustworthy. Internal Audit (the Office of the Inspector-General) serves primarily management and its reports are utilized by the External Auditor. To assist in ensuring the essential independence and accountability of the function, the Governing Bodies, through the Finance Committee, are consulted on the appointment of the Inspector-General (see Chapter 7).

721. Evaluation provides oversight on FAO's substantive results, holding the Organization and its managers accountable on progress towards outcomes and impacts in line with the goals agreed by member countries. It also serves as a learning function to underpin strategic decision-making and allow strategies and programmes to be better designed. The Evaluation Service of FAO has a dual line of reporting, to management and to the Governing Bodies (through the Programme Committee). The Programme Committee has a standing agenda item on evaluation and receives corporate evaluation reports together with management's response. The Committee has increasingly been insisting on clear implementation commitments and schedules for recommendations, although Members have also reported that they are not making adequate use of evaluation results for priority setting and strategic decision-making.

722. As discussed further in Chapter 7, in the IEE governance survey, Members expressed a very clear preference for further independence of evaluation on the IFAD model.

UNDERLYING ISSUES AND CULTURE OF GOVERNANCE

723. The under-performance of Governing Bodies emerging from the IEE's comprehensive round of interviews, as well as the causes for it, are also supported by evidence emanating from the survey.

Box 4.2: IEE governance survey - Limitations on capacities

There is a clear view that FAO Governing Bodies:

- have several gaps in their mandates (64 percent) and that there are also overlaps in the mandates (69 percent);
- cannot easily access independent advice (58 percent);
- have lower levels of competence as questions move from the general to the specific (82 percent); and
- the balance in decision-making authority between the Governing Bodies and the Director-General has moved too far in favour of the latter and needs to move back (64 percent).

724. Content analysis from comments showed that 75 percent or more of respondents considered that:

a) the Conference does not provide effective macro-guidance;
b) the Council lacks authority, independent advice, and timely and clear information inputs;
c) the Council meets too infrequently, has insufficiently focused agendas, does not come to clear decisions, fails to provide the arena for member countries to dialogue, does not give the lead in strategic planning, and generally plays a weak role;
d) the representational basis of membership of the Council needs to be reviewed; and
e) Programme and Finance Committees are under-informed; there should be wider access by member countries to their proceedings; they require significantly better servicing by documents from management; and representation is unbalanced.

Box 4.3: IEE governance survey content analysis – Ownership and transparency strong consensus – more than 75% of views expressed

Only about half the Permanent Representatives expressed a high sense of ownership of the overall work of FAO. They believe that the FAO Governing Bodies generally do not perform either their formal or informal functions and the organizational culture of FAO is inconsistent with the requirements of good governance:

- there is a lack of transparency in management;
- the Director-General is insufficiently communicative and is lacking in responsiveness to Members;
- the Director-General and Secretariat are not sufficiently accountable to the Governing Bodies; and
- politicization is such that it tends to override evidence based analysis for decision-making.

725. The under-performance of governance, both with respect to the global governance role and the governance of the Organization's programmes and Secretariat have many root causes in common.

726. **Vicious downwards spiral:** As the Organization's resources and level of influence decline, so does the interest of member countries in its governance. IEE interviews detected, amongst a significant proportion of Members, little sense of ownership of the Organization's programmes and priorities amongst a significant proportion of Members. Mistrust between the

various groups of Members has been compounded by the declining budgetary resources available. It has meant that all interest groups have had to take cuts and are fighting over a shrinking cake. In a situation of real budget stability or budget growth, differences on priorities become much easier to accommodate. Rather than allocating the declining core budget in priority areas where the Organization has comparative advantages, the Governing Bodies have had a general tendency to reduce all areas equally (referred to as 'salami slicing').

727. **Trust and the split between various interest groups:** The split between the OECD and G77 members on substantive and political (ideological) grounds and the distrust between some of the membership and management are major factors rendering Governing Bodies ineffective, limiting their capacity for substantive discussion, constraining their ability to decide on major issues and programmes and preventing them from taking consensual decisions on priorities. Put crudely, a significant number of OECD countries, including some of the largest contributors to the Regular Budget, consider that their interests and voice are not given adequate attention by the Organization and that the G77 uses its overwhelming voting power in favour of actions (including those promoted by the Director-General), which they believe will increase FAO support in their countries. Developing countries, on the other hand, see these same major contributors as having a low level of commitment to the goals of reducing hunger and poverty and of using their substantial power to refuse to contribute to the budget as a way to block the will of the majority.

728. As discussed in Chapter 6, when the current Director-General came into office he inherited a situation in which successive Directors-General played upon the split in the membership, using the voting power of the G77 to push through budgets which did not have the concurrence of several major contributors. In a policy not limited to FAO, the USA went into arrears on payments (see Chapter 2) When the current Director-General first came into office he worked hard for a stronger consensus, used individual Members much less to present his own position and urged Members to seek consensus on the budget level. However, both developed and developing countries now often believe that the Secretariat is working to manipulate the Governing Bodies and roles have become blurred with the executive pushing through what should properly be governance decisions.

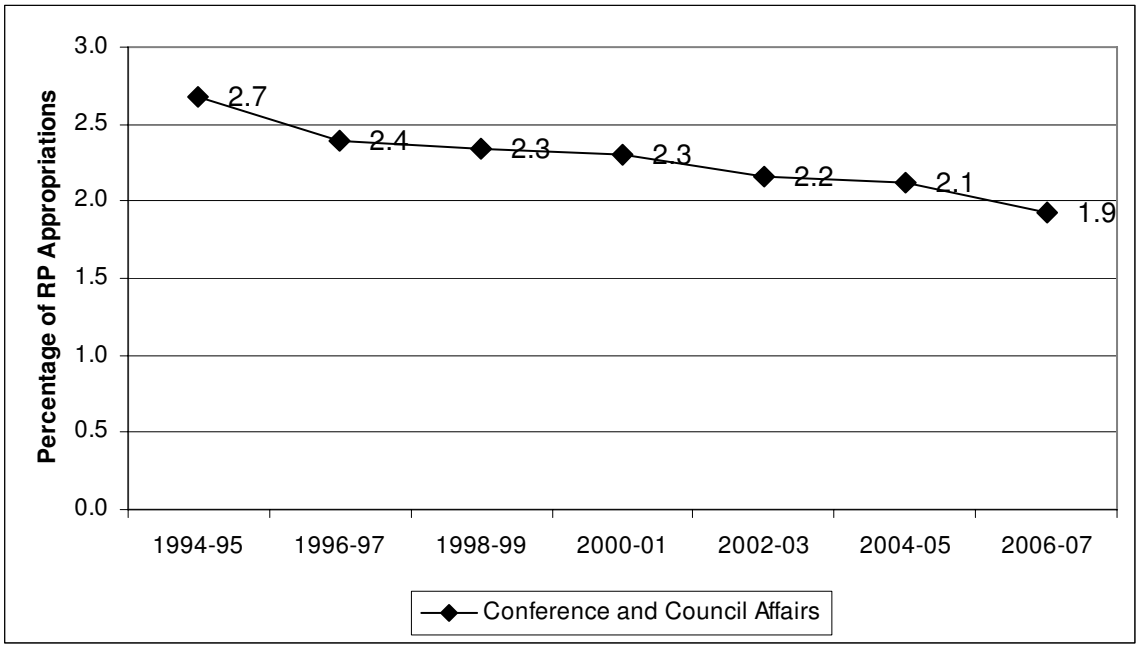
729. A tacit consensus emerged from the IEE's interviews, country visits and questionnaires that this lack of mutual understanding both underlies and compounds the politicization and polarization among Members, and that this constitutes the major bottleneck to effective governance. Questionnaire responses found that 77 percent of responding Members considered FAO to be marred by high levels of mistrust between its Members in relation to all major aspects of decision-making. This was reinforced by unhappiness with the lack of transparent and well-defined criteria for human and financial resource allocation (66 percent) and lack of transparency (63 percent) and inclusiveness in decision-making (60 percent). In response to IEE questionnaires, well over half the FAO staff at all levels also considered that FAO's Governing Bodies were unable to reconcile differences arising from varying country groups' interests and political positions.

730. A major consequence is the erosion of support for the Organization by many OECD countries, which have reacted to this situation by seeking to dictate policy through their power as major contributors. This has included the earmarking of trust funds to their own priorities (although it should be noted that the very great majority of these are for various forms of technical cooperation at country level – see Chapter 3).

731. The lack of trust also in part explains the desire of so many Members to work through committees open to all member countries, even though it is evident that it is very difficult and time-consuming to make decisions in such bodies. Moreover, the sheer size facilitates leadership being taken by the Secretariat. Such a way of working also makes it much more difficult for Members to take special responsibilities and spread the workload. All Members have to try and cover everything as Members simply do not trust a smaller group, selected from among themselves, to act in the interests of the membership as a whole.

732. While most Members agree that the Governing Bodies should concentrate on strategy and not stray into management. Conversely, in responses to questionnaires: 85 percent of Members believe that the Governing Bodies should have a greater role in the detail of budget allocations and 82 percent stated they should have a greater role in determining the detail of the organizational structure.

Figure 4.1: Percentage of Regular Programme Appropriations to Governance



733. **Resources for the operations of the Governing Bodies:** The proportion of the FAO Regular Budget for Conference and Council affairs has fallen by 30 percent in the period 1994-95 to 2006-07 (see Figure 4.1). This includes the running costs for all Conference and Council sessions and the budget for the non-technical Committees of the Council. Although this represents a major drop in the resources with which the Governing Bodies have to play their role, part of the decline is due to functional changes within the responsible division. For example: in the mid-1990s, management of the Regional Conferences, along with attendant resources for interpretation and the translation of documents, were transferred to the Regional Offices, resulting in a reduction of US$ 0.9 million; the work of Commission III of the Conference has been absorbed by Plenary resulting in savings in interpretation and running costs; in 2005, the duration of the Conference itself was shortened from nine to seven days; a reduction in the length of all Governing Body documentation and greater reliance on the outsourcing of translation over this period, has also resulted in savings of about US$0.8 million per biennium. Although the outputs remain essentially similar, the extent of these cost savings has either truncated debate or explanations in documents. Thus, beyond the overall real reduction in resources since 1994, the proportion of the Regular Budget appropriation devoted to Conference and Council affairs has fallen from 2.7 percent in 1994-95 to only 1.9 percent in 2006-07. Less than two percent of the budget directly attributable for Conference and Council affairs clearly does not reflect the importance of the Governing Bodies' role, not just in oversight of the Secretariat but in performing the global governance function for food and agriculture.

Box 4.4: IEE governance survey - Rebuilding governance
percentages of member countries which considered:

- There should be a major re-organization of the format and content of the FAO Conference (71%).
- There should be a major re-organization of the format and content of the FAO technical committees (82%).
- There should be a small secretariat for the Governing Bodies serving Conference and Council and Programme and Finance Committees, reporting to the Independent Chairperson of Council (75%).
- The Governing Bodies should have funds at their disposal in order to seek independent advice and analysis (69%).
- Council should meet more regularly for shorter meetings (67%).
- Programme and Finance Committees should meet more regularly for shorter meetings (81%).
- Greater use should be made of task forces serving Council (82%).
- There should be an increase in joint meetings of Programme and Finance Committees (85%).
- There should be a committee to oversee extra-budgetary work and the Field Programme (75%).
- Selection criteria, qualifications and independent verification procedures should be established for the Independent Chairperson of Council (66%), and Chairs and Members of Programme and Finance Committees (74%).
- The FAO Conference should be rescheduled in order to facilitate an early decision on the budget level (68%).

734. **Summary:** In addition to the weaknesses of the formal mechanisms of governance within the Organization, the attitudes and culture, which set the tone and provide the value system for the working environment, are not conducive to good governance practice. The capacity of governance bodies to perform the functions conceived for them in the Basic Texts has reduced, while the tasks they face have increased:

a) Governing Bodies do not provide strategic leadership but are reactive to the proposals of the Secretariat. They have reinforced the weakness of the Secretariat, which also fails to suggest priorities. Their defence of pet areas of work at the expense of a coherent strategy contributes to across-the-board budgetary cuts;

b) the Governing Bodies have suffered from politicization and a growing divisiveness. One major factor causing conflict has been the misunderstandings and false dilemmas created over the normative versus operational functions of FAO;

c) there is a lack of transparency in the operations of Governing Bodies, the way their decisions are prepared and the role played by management in supporting their work;

d) there is a lack of clear definition and observance by both governance and management of their respective functions and responsibilities; Governing Bodies are unable to fulfil their strategic and control functions vis-à-vis management and the Secretariat;

e) the central role of the Director-General and management and the lack of independent technical support available to the Governing Bodies have contributed to an imbalance and a corresponding tendency to micro-management by governance. The balance of decision-making authority has swung too far from the Governing Bodies in favour of management;

f) there are imbalances in the membership composition of Governing Bodies as a result of the historical anomalies in the composition of regional groupings in FAO;

g) weaknesses and limitations in the selection process for membership of Governing Bodies (regional rotation or political consideration, rather than expertise) result in a situation where not all the Members of Governing Bodies have the knowledge and skills required to contribute effectively;

h) there is an overlap of functions among different Governing Bodies, as well as gaps in their mandates;

i) there is inadequate provision of time and resources for meetings;

j) governance does not receive all the information and independent and unbiased advice that it needs in order to make sound decisions; and
k) Regional Conferences have only a marginal input into governance.

735. Members have appreciated the recent introduction by the Director-General of informal seminars, at which topical issues are presented and discussed. These are generally considered to have been a very positive opening-up to improved communications.

736. Sustained evidence emerged from the interviews that Members agree that the governance system needs strengthening in order to be able to fulfil its obligations. While the evaluation did not elicit a consensus on what the system should look like in the future, the dominant thinking is that there is a clear need for a more agile, modern, executive, business-like and less bureaucratic structure for the decision-making process and that this system should be more focused.

TOWARDS A NEW CONSENSUS – REBUILDING FAO GOVERNANCE

737. Governance is central to a strengthened FAO if it is to meet the expectations of its Members. The Governing Bodies, working together with management, will need to develop a long-term strategic vision for the Organization and act flexibly and responsively to meet the growing challenges in FAO's areas of mandate. Without a substantive improvement in governance the remainder of the recommendations in this evaluation will be at best sub-optimal in charting "the way forward, to better meet the challenges of the future in an evolving global environment", as called for by the IEE terms of reference.

738. At the same time, a few of the eventual changes discussed below would be premature before a better climate of trust has been built, particularly in performance of the executive functions by the Council and its committees.

739. **Recommendation 4.1:** The IEE thus recommends that:
a) many of the recommendations below be put into immediate effect on an interim basis, pending the necessary changes in the Basic Texts (where required). For example, changes to reporting lines for technical committees and role of the Independent Chairperson of the Council should be implemented immediately. If this is not done the whole process of reform will be jeopardized but this should not be misread as indicating all rules should be suspended, rather that new working practices should be immediately adopted;
b) the process of governance reform should be conducted under the leadership of the Independent Chairperson of the Council and as part of the Immediate Action Plan recommended in this report (see Recommendations 1.1 and 1.2); and
c) after six years, there should be a comprehensive review of progress on governance reforms and their effectiveness, including the possibility of initiating a further round of reforms grounded at that point in a much improved climate of trust. These measures could include, *inter alia,* the consideration of replacing the Council with an Executive Board open to official observers that could also absorb the functions of the Programme and Finance Committees.

Rebuilding trust

740. There is a need to tackle the distrust that currently prevails in the Governing Bodies and undermines the capacity to hold real dialogue and to reach decisions. Our multiple interviews and country studies have revealed that while the political split is certainly real, there are a number of nuances and differences among Members, among regions and within regions, and that all Members wish to overcome these divisions. A major shift of attitude is required, leading to a constructive engagement of Members with each other. The commonality of interests should be the source of inspiration for the search of common ground. The problem is fundamentally political, and can only be addressed by confidence-building measures that will gradually improve the climate and culture of international cooperation among Members and put an end to the conflict

that is disabling the Organization A higher degree of trust is one of the prerequisites for agreements on further change, but it should also be a consequence of the changes. If this problem of trust cannot be solved, little can be expected in terms of improving FAO's effectiveness and credibility.

741. Chapter 3 of this report and the discussion of the work in global governance above provides ample evidence of the value of many of FAO's programmes, while in other areas there is less justification for continuation. In several programmes, it is clear that expanded resources are fully justified, if a reform package is implemented in line with the recommendations of this evaluation. If Members can agree on a strategic framework of "reform with growth", including FAO's role in the global governance of world agriculture, food and nutrition, a giant step forward will be taken in dispelling some of the mistrust and misconceptions that have divided Members over time.

742. In this respect, an end must also be brought to the debate on the false dilemma of normative versus operational functions. This has contributed to the atmosphere of distrust and is largely a dialogue of the deaf. Normative and operational functions should be seen as complementary and essential if FAO is to fulfil its purpose. FAO has a major role to play on both aspects. Technical cooperation work can feed and effectively form part of normative work, and *vice-versa*. The IEE evaluation has found that this symbiosis is appreciated by a large number of member countries, yet the polarization continues, because of a fear that accepting this duality might tilt the balance of the Organization's activities either way. A truce has to be called, and both sides should accept the essential continuum between these two functions.

743. Informal meetings play a larger part of many other UN organizations. More frequent, intense and above all, informal dialogue among Members in frameworks such as the Council Committee for the IEE, would be conducive to a more relaxed atmosphere and proactive debate and to the establishment of a new consensus for collective political action.

744. **Recommendation 4.2:** Trust can only be restored in the Organization through the progressive and successful achievement of a series of confidence-building measures. In order to accomplish this, the various parts of the governance structure need to work together. Trust is a goal in itself, but also a basis to facilitate progress in the process of reform envisaged by the IEE. As discussed below, the enhanced role and functions of the Independent Chair of the Council will be of key importance in promoting and mobilizing this process. In addition:

a) the Independent Chairperson of the Council should convene informal information seminars for Members immediately before and after each session of the Council and of the Programme and Finance Committees; and
b) the Director-General and Secretariat are also urged to continue their efforts to reach out to the membership through seminars and the types of consultative groups employed for emergencies and for major evaluations.

Definition of roles of governance and management

745. There has been an overlapping of the roles of governance and management with management assuming some of the prerogatives of governance and the Governing Bodies involving themselves in the micro-management of the Organization. The divisions between governance, as the supreme legislative body of the Organization, and management, as the executive arm and serving governance, must be clearly delineated if FAO is to fulfil its potential and meet the needs and expectations of its Members. A clear separation of duties and functions between governance and management will contribute to a climate of transparency, trust and efficiency. Also in this regard and consistent with established practice in many other multilateral institutions, individuals who serve as official representatives of their governments to FAO should not subsequently become employees of the Organization until three years following completion of duties as government representatives.

746. **Recommendation 4.3:** The respective functions of governance and management should be more clearly specified in the Basic Texts, and include:

747. Functions of governance:

a) keep under review the major trends of world hunger, food and agriculture, the emerging needs, problems and opportunities for agriculture in the member countries and the comparative advantages of the Organization to maximize on its potential contribution to the well being of humanity;
b) play a proactive role in global governance of food, agriculture, fisheries, forestry, livestock, natural resources and the associated natural resource bases, including the global commons of climate and oceans, contributing to and establishing policy coherence and international agreements, regulatory frameworks and codes of practice as necessary;
c) define the strategy and performance measures for the Governing Bodies themselves and transparently monitor and report performance against them (see Recommendation 4.14);
d) define the overall strategy, priorities, and budget of the Organization and agree on its overall programme of work, ensuring that the agreed budget is adequate to the agreed programme of work;
e) decide major organizational changes;
f) define the Constitution and Basic Texts of the Organization (its laws) and take necessary measures to ensure that both the rights and obligations of member countries are met;
g) monitor the implementation of governance decisions;
h) exercise oversight ensuring that:
    i) the Organization operates within its financial and legal framework;
    ii) there is transparent and independent evaluation of the Organization's performance in contributing to its planned outcomes and impacts;
    iii) there are functioning results-based budgeting and management systems; and
    iv) policies and systems for human resources, information and communication technology, contracting and purchasing etc., are functional and fit for purpose;
i) appoint through election, the Director-General, establish performance targets for the Director-General and review performance against those measures (see Recommendation 4.20); and
j) undertake governing body to governing body contacts with other Organizations.

748. Functions of management include responsibility for all aspects of the internal workings of the Organization and its programme of work, in line with the decisions of the Governing Bodies and in conformity with the Basic Texts:

a) proactively propose to the Governing Bodies: priorities, programmes, areas for institutional improvement and areas for improvement in governance itself;
b) decide the detail of the programme of work and ensure its effective and efficient implementation;
c) appointment and management of the Organization's staff, subject to the exceptions specified in the Basic Texts;
d) all aspects of contracting and purchasing;
e) management of all aspects of the Organization's finances;
f) decide and undertake internal reorganizations commensurate with improved programme effectiveness which do not affect: a) the balance between staff and non-staff resources; b) the balance between headquarters and the decentralized offices; or c) the balance between administrative, oversight and technical functions;
g) support the Governing Bodies in the execution of their work;
h) monitor all aspects of the Organization's work and its finances and report on it to the Governing Bodies; and

i) maintain and develop relations and partnering at the secretariat level with other organizations both within the UN and more widely.

Increasing the effectiveness of FAO's work in global policy coherence and treaties and agreements

749. FAO must retain a significant global role, as a convenor, a facilitator and a point of reference. The Organization's strategic objective must be to rebuild an authoritative and effective voice on behalf of rural people, the hungry and all those who can benefit from agriculture playing its role in the economy. FAO is the only global organization to speak for this constituency. This, as with other areas of FAO's work, must look to where Members' needs lie; FAO's comparative advantages; and the potentials for partnerships and alliances. While FAO should seek to play its role in defining and guiding the global agenda, this does not mean it should always seek to continue as the forum itself or to develop legislation itself. The concern is that the needs of FAO's constituency are met, not necessarily that FAO does it.

750. FAO's comparative strength in reaching agreements on international issues is due to its underpinning with sound science, as was shown in the Codex and IPPC evaluations. This was also found by the IEE to be the case in fisheries. This comparative strength needs to be built upon.

751. **Recommendation 4.4:** There is always going to be a degree of unpredictability in the way international issues arise and become important for member countries from a global governance perspective. But the Governing Bodies need to prioritize those areas where FAO is going to be proactive in developing the global consensus:

a) based on a study and review of the global food and agriculture situation and the state of the world's legal frameworks on it and fully involving the technical committees of the Council, the Governing Bodies should develop a rolling strategic plan for tackling global governance issues (see also Recommendation 4.1). Criteria for this flexible agenda will include the extent of global significance for food and agriculture and the dependent populations and the extent to which other governing bodies are prepared to partner (the Codex Alimentarius Commission provides an example of such partnering). The capacity of the FAO Secretariat to support the discussion and the capacities of the Governing Bodies themselves will also be critical;

b) in some cases, FAO should take an early initiative, aware that parts of the discussion are likely to become the eventual prerogative of others. For example, bio-energy is an area where FAO could play a major governance role; on those parts of the debate most impinging on trade, leadership would be likely to move to the WTO. The whole area of climate change is likely to be one in which Governing Bodies, not just the Secretariat, must be proactive but for the most part as a junior partner; and

c) the Governing Bodies, not just the Secretariat, should seek partnerships on specific issues more often.

752. As far as the IEE could ascertain, at no time have FAO Governing Bodies examined draft texts of treaties and agreements being negotiated elsewhere than in FAO itself. This deprives both national governments and the secretariats of other treaty-making organizations of useful feedback from the agricultural and food perspective. FAO is not alone in this. The IEE found no examples of other UN organizations doing this either. Some of the summits have had lead agencies for different chapters but joint work or examining the work of others in draft is not the norm, be it policy and legislation for intellectual property or the oceans.

753. **Recommendation 4.5:** On behalf of its constituencies, FAO Governing Bodies should review international instruments being drafted elsewhere in order to influence the decision-making fora of those agencies.

754. Conventions and agreements which establish commissions may be concluded under Article XIV of the Constitution. Commissions and committees internal to FAO may be established under the authority of the Conference or Council under Article VI of the Constitution. There is growing dissatisfaction with certain FAO administrative provisions on the part of several commissions. Many intergovernmental global agricultural bodies have registered independently of FAO and a few others are considering severing their incorporation under FAO auspices. These administrative provisions require the use of FAO financial regulations, require that all funds be held by FAO and that the secretariats be appointed by the Director-General and subject to FAO terms and conditions of service. The IEE heard the criticism that FAO was excessively concerned with administrative control, applied to bodies which wished to be self-governing within the family of FAO. FAO was apparently not prepared to let these bodies mature while remaining in the family. Indeed, even their principal documents are generally required to pass through the same internal secretariat clearance procedures as those for FAO meetings.

755. Servicing the existing agreements is taking a steadily rising share of FAO's technical budget, limiting the Organization's flexibility to work on new areas of legislation. Questions thus arise as to the extent to which such agreements should develop a greater sense of ownership among the Members and gradually move towards self-governance and self-financing. This would require a change in FAO's Basic Texts. The benefits from remaining within the framework of FAO can include: economies of servicing for secretariats and member countries, technical underpinning, coherence with capacity building and sometimes global access. FAO has an obvious function as regulator for bodies registered and having their legal existence under its auspices. Nevertheless, there may be a need for a half-way house between this and the present situation where they are basically administered and controlled as if part of FAO.

756. **Recommendation 4.6:** A review should be undertaken, with the objective of enabling FAO to establish bodies with a high degree of self-governance and financing, while remaining within the framework of FAO (this could entail adopting an alternative to Article XIV).

Strengthened functional architecture of the Governing Bodies

The FAO Conference

757. **Recommendation 4.7:** No changes are proposed in the basic role of the Conference, but significant re-orientations are proposed to enable it to fulfil its role better and become more attractive for active ministerial participation. The State of Food and Agriculture should remain the key item for consideration. Conference sessions should be organized in such a manner as to stimulate debate among ministers on these key issues, leaving aside (if at all possible) the traditional speeches. If this is done, the Conference's role as the supreme global forum for achieving global policy coherence and action in the food and agricultural sectors will be strengthened and its role in deciding the budget and overall priorities of the Organization will be rendered more efficient and effective:

a) discussion on the State of Food and Agriculture will be strengthened by:
   i) concentrating each Conference on one or two major global themes;
   ii) the receipt of policy inputs directly from the technical committees of the Council which will become technical committees of the Conference (see below);
   iii) independent experts will be invited to address the Conference on issues in the state of food and agriculture; and
   iv) side events will continue to elaborate the main themes of the Conference;

b) the Conference's role in global governance for food and agriculture, and as advocate for the hungry and all those dependent upon agriculture, will be further strengthened by considering global legislation being developed not just by FAO but in other international fora. This will normally be considered first by one of the technical committees, which will advise the Conference; and

c) the Conference's more effective role in deciding the budget and overall priorities of the Organization will be achieved by changing the date of the Conference to May/June of the second year of each biennium. The Conference will then decide the budget level and the more detailed programme of work will be developed for consideration by the Council in October or November, allowing for major efficiency gains in the process and smooth implementation of an agreed programme of work (see Chapter 7).

The Council

758. The Council is a critical piece of the governing structure of FAO. It has wide-ranging powers, delegated to it by the Basic Texts, and the capacity to execute these functions, if it is prepared to use them. Many Members indicated to the IEE in interviews and questionnaires that they believe FAO would function most effectively and efficiently, if the Council were restructured as an executive board of about 30 members, able to represent FAO's diverse membership. This approach would fully accord with the best practice recommended by management consultants and utilized in many public sector organizations, NGOs and in other UN organizations. WHO, for example, has a 34-member executive board composed of health specialists. While this approach has many strong attractions, there are still many Members who do not favour such a major step at this time. There are also reservations on whether a smaller body of this kind could adequately represent the membership as a whole. This attitude is an additional indication of the present lack of trust pervasive in the Organization and described extensively above.

759. The IEE is convinced that creating an environment that will promote this mutual trust is of paramount importance. So it is not recommending in this first phase of reform any bold institutional changes in the current governance structure, such as a move to an "executive board" option. The recommendations point, however, to concrete definitions of the functions of the different Governing Bodies and technical committees and the lines of reporting and decision-making among them. The IEE recommends that a comprehensive independent review of the governance performance take place after six years, by which time an improved level of trust between Members should have been established (see Recommendation 4.1). At that time, various additional governance options – including an executive board - should be considered in the light of the practical experience gained from introduction of the large package of IEE recommendations. The goal now and in the future, which as noted above, was the dominant view of IEE interviews with Members, is that FAO needs a phased introduction of a more agile, modern, business-like, and less bureaucratic structure for its decision-making process.

760. **Recommendation 4.8:** The IEE recommends that, in this first phase of governance reform, the Council should emerge as the executive arm of the Governing Bodies. Thus, global governance discussions and decisions will take place in the FAO Conference and technical committees and the Council will oversee the work programme of the Organization. Costly overlaps in discussions between the Programme and Finance Committees, the Council and Conference will be reduced. In order to achieve this it is recommended that:

a) the Council should meet more frequently – up to four times a year - but for shorter sessions. This will enable it to address issues on a regular and systematic basis and with reduced agenda formality and active participation of Members in setting the agenda;

b) the Council will no longer consider items related to global governance, treaties, and conventions, including the state of food and agriculture. These will be discussed in the technical committees and the Conference. This recognizes the non-specialist and limited membership of the Council and helps to eliminates duplicate discussion;

c) the Council will discuss all items previously discussed in the Programme and Finance Committees on the basis of the Committees' recommendations, not on the original documents, including for the Programme of Work and Budget. This will

reduce the extent of duplicate discussion, promote more effective and focused decision-making and encourage more substantive and less politicized debate;

d) the Council will receive the reports of the technical committees and the Regional Conferences on work priorities and programme and budget matters. It will take these into account in its recommendations to the Conference and its final decision on the biennial programme of work. Such reports will have been previously reviewed in the Programme Committee;

e) the Council will exercise, on behalf of the Conference, the following functions of governance introduced above:
   i) the major role in defining and advising on:
      1) strategy and performance measures for the Governing Bodies;
      2) monitoring and reporting performance against these measures; and
      3) strategy, priorities and budget of the Organization;
   ii) agree on the overall programme of work;
   iii) decide on major organizational changes;
   iv) monitor the implementation of governance decisions;
   v) exercise oversight ensuring that:
      1) the Organization operates within its financial and legal framework;
      2) there is transparent and independent evaluation of the Organization's performance in contributing to its planned outcomes and impacts;
      3) there are functioning results-based budgeting and management systems;
      4) policies and systems for human resources, information and communication technology, contracting and purchasing, etc are functional and fit for purpose;
      5) extra-budgetary resources are effectively contributing to the Organization's priority goals; and
      6) the performance of management is monitored against established performance targets;

f) the Council should no longer meet immediately before the Conference as this has been found to only produce discussion which is then repeated in the commissions of the Conference. Thus, the requirement for the Council to review certain documents and transmit them formally to the Conference would be dropped;

g) as the Council is intended to develop as an executive body and policy will be discussed in the technical committees and the Conference, consideration could be given to withdrawing the right to speak for observers not representing regional groups; and

h) the Council, as with other governing bodies, will have limited resources to seek independent advice (see below).

Programme and Finance Committees

761. **Recommendation 4.9:** The main support to the Council's work will come from the Programme and Finance Committees:

a) each committee will meet more often and for shorter periods than now. Agendas and background documents will be prepared so as to highlight critical issues;

b) for the limited number of occasions when there is an overlap of agenda items, such as on the budget, the two committees will meet in joint session, thereby avoiding the duplicate discussions of the past;

c) aide-mémoires of the committees will cover only recommendations to the Council, will no longer summarize the debate and will be prepared under the authority of their Chairs (see below);

d) in order to increase transparency, in addition to the Independent Chairs' open seminars (see above), the meetings will be web cast to FAO Members only and the tapes of meetings will be available for consultation on the website; and

e) adherence to competency criteria for selection to these committees will be reactivated in line with the Basic Texts.

762. The Committee on Constitutional and Legal Matters (CCLM) will be retained in the strengthened architecture. To increase the clear impartiality of the role, it is recommended that the appointment of the Legal Counsel be the subject of appropriate consultation with the Council.

Enhanced leadership and management role in governance of the Independent Chairperson of the Council

763. **Recommendation 4.10A:** The Independent Chairperson of the Council would be elected, as now, for a period of two years, but with the possibility of extension limited to a single further period of two years. He/she will work to strengthen the functioning of the Governing Bodies both in their global governance and internal oversight roles. He/she will fully respect the clear delineation of lines of responsibility between FAO management and the Governing Bodies. As a result, the functions of the Independent Chair, leading governance to exercise its political authority in fixing clear strategic directions and that of the Director-General, leading the work of the Secretariat in line with the decisions of the Governing Bodies, will complement each other and provide coherence and synergies for the benefit of the Organization. He/she would seek to exercise leadership in and act as a strong catalyst towards building understanding and trust across the membership. An essential immediate task will be to guide the delicate process and work of the Joint Working Group entrusted to deliver the Immediate Action Plan (see Recommendation 1.1) and, in particular, to act as a bridge to a new shared vision and strategy for FAO to "meet the needs and challenges of the 21st century". This immediate task would require almost continuous presence in Rome during the formulation of the Immediate Action Plan and subsequently a considerably greater presence than has been recent practice. The enhanced functions envisaged for the Independent Chair comprise:

a) chair all Council meetings and the joint meetings of the Programme and Finance Committees;
b) conduct informal consultations regarding pending issues, acting as an honest broker and looking for common ground among parties; convene *ad hoc* meetings when required, as part of the confidence-building measures mentioned above, and ensure a better preparation and ownership by governance of all formal meetings of the Organization;
c) monitor procedures for the selection of Members to serve on governance bodies to ensure their effective working, which may include appropriate induction and training measures;
d) ensure that independent expertise is drawn upon, as necessary, for technical and governance bodies;
e) liaise with the chairs of technical committees (see below) to ensure the effective contribution of those bodies;
f) liaise frequently with the Director-General and senior managers to strengthen the relationship and build trust between governance and the management;
g) establish task forces and working groups as necessary to support the work of governance, within the operating budget established for the Governing Bodies; and
h) involve governance in the preparation and agendas of all Governing Body meetings and technical committees, and deploy efforts to improve governance proceedings by incorporating internationally accepted best practices in governance such as ownership, effectiveness, transparency, coherence and accountability.

764. The Chair will be assisted by a small, completely independent governance secretariat, to be established with sole allegiance to the Governing Bodies. This secretariat will support the Chair and member countries to fulfil all governance functions. It will also undertake necessary research and monitor the preparation of background or policy papers. In so doing, it should ensure that issues of particular relevance to developing countries are brought forward to the attention of Governing Bodies. It is envisaged that at a minimum the secretariat would consist of four

professional posts (one at the D level). The secretariat would have the final responsibility of reporting to the various chairs for the preparation of aide-mémoires recording decisions of meetings. Such reports would no longer be cleared within the FAO Secretariat.

765. **Recommendation 4.10B:** In order to perform its functions, the Independent Chair and its small secretariat will be financed by an independent separate budget allotted by the Governing Bodies. The budget would also allow for the contracting of independent advice to serve the Governing Bodies including the technical committees. It should be highlighted that currently there are a number of FAO staff working partially or fully for the Governing Bodies. The establishment of the independent secretariat should therefore be seen – at least to a certain extent – as a reallocation of resources rather than additional finance.

766. Providing for Governing Body leadership and continuity in this way, including a small separate secretariat, will be of major assistance in avoiding future ambiguity between the roles of governance and management and thus a significant contributor to the building of trust. It would comprise a ground breaking move in the UN system but parallels best practice in public institutions.

Technical committees

767. **Recommendation 4.11:** Fundamental to the development of FAO's role in global governance for greater coherence in policy and international agreements is the role of the technical committees of the Council. They need to be less focused on the functioning of the FAO Secretariat and become the main fora for consideration of policy, legislative and technical matters and for recommending to the Governing Bodies the policies and programmes that FAO should follow in their respective areas of competence:

a) in order to prepare Conference decisions, they should continue to report on programme and budget matters to the Council and, with a change in the FAO Basic Texts, report directly to the Conference on the policy areas of their mandate. The Council, which is non-specialist and does not include the full membership, is not expected to add value in this policy area and is expected to concentrate on executive functions;

b) ministerial meetings are particularly appropriate for the forestry, fisheries and livestock sectors and when there is a major global issue on the agenda. They should deal strictly with policy issues requiring world attention and only meet when there are such issues to discuss. The technical work should remain in the committees. Ministerial meetings should take place immediately after the committees and receive the recommendations on policy of the technical committee for their endorsement. This endorsement should then be the document reviewed by the FAO Conference as having the agreement of the ministers in the sector (this requires a change in the Basic Texts);

c) consideration should be given to dividing COAG into four quite separate segments: Crops, Livestock, Natural Resources' Management and Agricultural Policy, to ensure full attention to the totality of FAO's agenda. Within the segments, flexible attention should be given to emerging issues. COAG should cease to discuss the Programme Implementation Report and debate on the Programme of Work and Budget should not be a general overall discussion but take place in the specialist segments;

d) greater use should be made of high-level expert panels held immediately prior to committees, with an informal occasion for the committee members to meet with the high-level experts prior to formal start of the meetings. External expertise should also be available to the committees through the Chair of the Council (see above);

e) formal sessions should be shortened and more seminar/informal discussions held with non-governmental representatives encouraged to participate;

f) the Committee on Commodity Problems (CCP) should, from now on, hold its meetings in Geneva, thereby encouraging participation also from delegates to WTO

and UNCTAD or arranging to meet jointly with those two organizations. This would add value to the current discussions on commodity problems, which figure on the agendas of all three organizations, reduce overlaps and encourage synergies and mutual understanding. The IEE noted the reservations of the Programme Committee on this recommendation of the Commodities and Trade evaluation. But it considers that the suggestion of a Geneva-based meeting does not prejudice FAO's role on trade issues, on which there are differing views among the membership, or reduce the commodity focus. The focus of the meetings should be analysis of the problems and opportunities for international cooperation on commodities, for which FAO has a legitimate and recognized role. The Intergovernmental Groups (IGGs on hard fibres, meat, etc.) should not, as is currently the practice, be convened on a regular basis, but only when needed. Meetings on a regional basis could be called where appropriate. Convening them contiguously to the CCP would further the involvement of specialists in the main meetings. The informal seminars referred to above will be particularly important to a revitalised CCP by including industry and civil society representation. In this way the CCP would not only fulfil a policy role but a capacity building one on agricultural issues for trade negotiators and lobbyists and on trade for agricultural and commodity specialists; and

g) the governing bodies of the main agreements and treaty organizations have no line of reporting to the FAO Governing Bodies and should have direct access to the appropriate committees of the Council (requires specification in the Basic Texts).

768. The chairpersons of the committees should be selected on the basis of their technical competencies and should have continuity of office between sessions. They should work in close consultation with and report to the Independent Chairperson of the Council. It is particularly important that the agendas of the technical committees be developed in close consultation with the membership; the chairs, working with the Chairperson of the Council, will have the responsibility for ensuring this. To ensure effectiveness, technical committee meetings require good technical documents. These will be provided in most cases by management, but it is the responsibility of the chairperson to ensure that the required documents are requested and produced. If necessary, the chairperson must be able to seek outside advice for the preparation of documents and advisory presentations on key issues.

769. The reports of the committees should address recommendations and be prepared under the authority of the chair. They should be in two parts. The first part should contain programme and budget recommendations for the attention of the Council. The second should identify global policies that need to be addressed by the Conference. Executive summaries containing policy recommendations from all the technical committees, with clear indications of priorities and costs, should be prepared under the authority of the Council Chair well in advance of the Conference and sent to Members. The chairs of the technical committees should be present at the Council and Conference sessions where their reports are presented and be available to provide clarifications.

Ministerial conferences

770. **Recommendation 4.12:** In addition to the ministerial conferences held in concert with technical committees, the Council should continue to strengthen its role in convening ministerial meetings on subjects of global importance that could benefit from the existence of international agreements, arrangements, and codes of conduct or other means of concerted international cooperation.

Regional Conferences

771. The IEE acknowledges the majority view that, as currently conceived, the performance of Regional Conferences has been inadequate. It also recognizes a broad opinion that, given certain changes, Regional Conferences could potentially play a useful role in both regional and FAO governance.

772. **Recommendation 4.13:** On an experimental basis (subject to independent evaluation after six years) the Regional Conferences should be maintained and strengthened. The main aims of the Regional Conference should be to reach agreement for concerted regional or subregional action, to contribute from a regional perspective to global governance issues, and to define priority areas for policy and normative works in the region. Unlike the WHO model, they would have no direct decision-making role but act as advisers to the Council and Conference (like the technical committees), thus integrating the regional perspective into global governance and central decision-making. The following measures are proposed:

a) they should become part of the governance of FAO and report, as do the technical committees, to the Conference on global and regional governance matters and to the Council on programme and budgetary matters, including priorities at the regional level for use of extra-budgetary funds;
b) the Regional Office, in close consultation with governments, should draw up a concrete and focused agenda for the Regional Conference, dealing with major regional issues; and
c) executive summaries containing policy recommendations from all the Regional Conferences, with clear indications of priorities and costs, should be prepared under the authority of the Independent Chairperson of the Council well in advance of the Conference and sent to Members. The chairs of the Regional Conferences or their nominees should be present at the Council and Conference sessions where their reports are presented and be available to provide clarifications as needed.

Other measures to improve the functioning of governance

773. **Recommendation 4.14: A performance contract for governance:** The Governing Bodies should establish a medium-term performance contract for themselves on what they intend to deliver, a set of priorities for governance, an indicative timetable and possibly efficiency targets. This contract would form part of the medium-term planning documentation of the Organization and progress would be monitored and reported with a major independent review of performance after six years (see Recommendation 4.1). Thus a framework would be provided for FAO member countries to judge not only the performance of the Organization's Secretariat and management but also its Governing Bodies, covering both the:

a) global governance agenda; and
b) executive governance of FAO.

774. Such contracts for performance are now becoming standard in the corporate world and an increasing number of non-governmental and public sector boards are also setting such targets for themselves and reporting performance against them, as are national governments. In the international community, this would place FAO in the forefront of governance reform.

775. The global governance elements of this agenda must be addressed as well. Based on a study of the state of the world's legislation for food and agriculture, the Governing Bodies should determine those high-priority areas needing international policy coherence and agreement in which FAO should be proactive (Recommendation 4.4). Draft texts of treaties and agreements being negotiated outside FAO should be reviewed (Recommendation 4.5). The whole area of climate change is likely to be one in which FAO Governing Bodies, not just the Secretariat, must be proactive though usually as a junior partner. Criteria will include the extent of global significance for food and agriculture; the dependent populations; and the degree to which other governing bodies are prepared to partner. In prioritization, the capacity of the FAO Secretariat to support the discussion and the capacities of the Governing Bodies themselves will also be critical criteria.

776. **Recommendation 4.15: Improving governance proceedings.** Every effort should be made to incorporate internationally accepted best practice in governance such as ownership, effectiveness, transparency, coherence and accountability. This will include, with a proactive role for the Independent Chairperson of the Council:

a) a critical review of the performance of the Governing Bodies at least every four years, facilitated by the Independent Chairperson of the Council and utilizing independent external expertise;
b) development of proactive practices for establishing agendas, with the Basic Texts reviewed to determine if the number of standard agenda items can be reduced; and
c) reports should be developed by the chair or a rapporteur. Decisions should be agreed during meetings but not the text of the aide-mémoire, which should concentrate on those decisions. The aide-mémoire will be submitted under the authority of the chair with the assistance of the governance secretariat. Verbatim transcripts or tapes of meetings can be provided on the internet. The IEE strongly recommends the elimination of formal drafting committees. They are time-consuming, costly, cumbersome and inefficient. If member countries consider aide mémoires to be incorrect, they will be able to request a correction directly to the Chair or at the following meeting (as has been done for the Council Committee for the IEE).

777. **Recommendation 4.16 - Consensus:** The desire for consensus has become an uneasy compromise and has now gone too far. If a very few Members are blocking major decisions, such as that on the budget level, the Conference should revert to voting.

778. **Selection of the Chairs of all committees and the members of the Programme and Finance Committees**: Maintenance of regional balance and rotation between the OECD and Group of 77 is important in selecting the Council Chairs, as well as Chairs of technical committees. Currently, and contrary to what is stipulated in the Basic Texts, the election of the chairs and members for the Programme and Finance Committees is dominated by political factors, without candidates being considered according to their competencies. Lack of the necessary broad general technical expertise by some members of the Programme Committee, and a common insufficiency of financial and administrative expertise by some members of the Finance Committee, are certainly factors that have limited the effectiveness of these bodies.

779. **Recommendation 4.17:** The concept of regional balance among member countries as well as rotation, should be retained as important criteria in selecting the chairs of all committees and the members of the Programme and Finance Committees. Equally important criteria, if governance is to fulfil its functions efficiently, is the question of competence and experience in economic, social and technical matters pertaining to the various fields of the Organization's activities as well as experience in administrative and financial matters. (These requirements are already indicated in the Basic Texts.) Regions should present a list of candidates to a panel of members appointed by the Council, which should represent the seven regional groups. This panel would scrutinise candidates' competencies and advise the Members which of the proposed candidates they jointly consider to be best equipped to perform the functions.

780. **Composition of regional groupings:** The IEE has noted the various anomalies and imbalances regarding the composition of regional groupings for purposes of election to the Council and its subsidiary bodies. This issue has not been tackled in the past in the Governing Bodies, probably in view of its highly sensitive political nature and the reservations of Members that would lose influence under any new system. There is no standard practice with respect to regional groupings in the UN system. Any attempt to depart from the current structure would necessarily have to weigh the economic and political realities that led to its establishment, and the fact that it has not been officially challenged since the Organization was created.

781. **Recommendation 4.18:** The Independent Chairperson of the Council should engage in consultations with the membership regarding this important issue and set up an *ad hoc* group to consider different grouping options.

782. **Involvement of civil society and private sector representatives:** Registered NGOs representing civil society and the business sector participate in FAO meetings as observers and

are permitted to speak after Members. FAO has also had parallel meetings for NGOs/CSOs and informal interchanges where government and NGO delegations can exchange views. For the development of some international instruments, as discussed above, NGOs have been heavily involved.

783. **Recommendation 4.19:** For technical committees one or two-day informal meetings open to broader representation prior to the start of the formal meeting should become more standard practice. Expert panels could also feature in this architecture.

784. The Conference should continue being open to the participation of recognized observers from NGOs representing civil society and the business sector, and they should continue to have the right to speak. In addition, consideration should be given, as a more dynamic Conference agenda develops, to facilitating a parallel global forum or fora for non-governmental interest groups.

785. **Interchange between FAO and other Governing Bodies, particularly the UN in New York.** Leadership on many issues in the UN system is with the UN in New York. It is important for FAO Governing Body members to interact with their counterparts there at the informal level, both on the basis of regional groups and areas of interest such as oceans and forests.

786. **Election of the Director-General:** The Director-General is currently appointed for six years, with one possible renewal for four years, although it has been subject to various changes in the past. At the end of his current term the present Director-General will have served for 18 years, as did his predecessor. A situation of two Directors-General in 36 years is clearly not in the best long-term interests of the Organization. In the past, the Director-General's term of office has been subject to changes during the tenure of some Directors-General, as the incumbents have manoeuvred for re-election. The current Director-General was last re-elected at the 2005 Conference, at a time when a revision was made in Article VII of the Constitution that allows re-appointment thereafter only once for a further term of four years. He has made clear that he does not intend to stand again after his present term. The time is thus ripe to reinforce this decision as well as to increase the objectivity and somewhat reduce the politicization of the election and appointment process. There is scope for professionalizing the present appointment procedures in line with emerging best practice.

787. **Recommendation 4.20:** A job description and competency profile for the post of Director-General should be professionally developed and the appointment widely advertised. Candidates should have an opportunity to address the Council to provide their reflections on their objectives, views and vision regarding the Organization, and answer questions from the membership; and

a) as regards the tenure for the post, and in line with the majority view as determined in the interviews and the governance questionnaire, the IEE recommends a four-year term, with the possibility of a single re-election for a second term of four years; and
b) in order to make it more difficult for an incumbent Director-General to seek a further change in the Constitution to prolong his/her term of office, the IEE recommends that the Basic Texts be modified to require a two-thirds majority of the total membership (rather than those present and voting) for a constitutional change on the term of office of the Director-General.

788. **Extra-budgetary financing** largely reflects the priorities of those contributing the resources, whether this be for unilateral or donor financed trust funds. These resources, which account for almost half the Organization's total resources, have been only marginally subject to governance oversight. (Chapter 7 discusses in detail this issue and makes recommendations for how extra-budgetary finance can both be brought more in line with the fundamental priorities of the Organization.) It is expected that improved policy coherence and oversight of extra-budgetary funds will also contribute to greater member confidence. IEE recommendations include:

a) aligning extra-budgetary resources with FAO priorities through their use exclusively in support of agreed priority themes and national medium-term priority frameworks;
b) closer integration into the programme and budget framework (Chapter 6 also proposes that they be brought into the same managerial line as the Regular Programme budget); and
c) increased pool funding in line with good donor practice as specified in the Paris Declaration.

789. **Oversight – Audit and Evaluation**: Chapter 7 addresses evaluation and audit. Recommendation 7.9 states that the Internal Auditor (Inspector-General) should have clear access to the Finance Committee, and:

a) the internal audit committee should be fully composed of independent experts and the committee should advise the Director-General but should also report directly to the Governing Bodies. Membership on the committee should be jointly agreed by the Finance Committee and the Director-General; and
b) FAO's audit work plans should be submitted to the Governing Bodies as is called for in the standards of the Institute of Internal Auditors.

790. Recommendation 7.9 also states that FAO's External Auditor should be specifically mandated by the Governing Bodies to conduct regular audits of the functioning of the Organization's senior management with adequate funding for this work to be ensured by the Governing Bodies.

791. In line with the view of Members expressed in the governance questionnaire, a strengthened relationship between evaluation and the Governing Bodies is envisaged on the lines of the IFAD model. Under this model, appropriate institutional arrangements will be put in place to ensure that strong internal feedback links for organizational learning and improvement are also established. The IEE is convinced that this learning loop will be stronger when evaluation is established in a separate independent office reporting directly to the Governing Bodies (see Recommendations 7.9 and 7.10). The FAO Evaluation Service currently has a direct line of reporting to the Governing Bodies, through the Programme Committee. It is desirable that this link with the Governing Bodies' decision-making on programmes be further strengthened.

Chapter 5: FAO in the Multilateral System - Partnerships

INTRODUCTION

792. Chapter 2 outlined the extent to which the global environment has changed since FAO's creation over sixty years ago. One of the most striking features of this changed terrain is the presence of many new actors with substantial interests and competence in areas of priority to FAO. Almost all international development organizations confront similar situations, although arguably that of FAO is more pronounced. This has produced declarations at numerous international summits and conferences that call for new and intensified efforts of collaboration and cooperation between official agencies, governments and the non-governmental community (both non-profit and for-profit). Among the most important of these is the Paris Declaration. Endorsed on 2 March 2005, it is an international agreement to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered. It committed their countries and organizations to harmonization, alignment and managing aid for results with a set of monitorable actions and indicators.

793. The subject of partnerships is not new for FAO. In 1995, the Director-General launched an initiative specifically aimed at building partnership relationships with the non-profit and private sectors. The Strategic Framework[118] published in 1999 sets as one of its targets "broadening partnerships and alliances" and this is repeated in successive Medium-Term Plans. In addition, the reform proposals of 2005 emphasize the importance of strengthening FAO structures in order to enhance external relationships.

794. Indeed, from its beginnings, FAO has entered into formal partnerships with other organizations in areas of its specialization. This has been especially true in relation to multilateral organizations, including other United Nations agencies, the CGIAR research institutes and the World Bank. More broadly, there have been innumerable less formalized networking arrangements throughout the Organization that provide FAO with important linkages in all parts of the world and on all aspects of its mandate.

795. The IEE investigations of FAO partnerships and of the place of the Organization in the international development system result in two headline messages:

a) the first is that, while the most common external perception is that FAO is an unwilling and/or unreliable partner, the evidence does not support this. The review of technical programmes in Chapter 3 demonstrates beyond any reasonable doubt the breadth and depth of FAO partnerships. It furnishes unequivocal evidence of FAO as an effective leadership partner at the global area in many undertakings and also as a secondary partner in others; and

b) secondly, in spite of the above and of institutional policies to the contrary, FAO is not currently well-equipped, especially at the country level, to garner the full benefit of many existing partnerships or to develop new relationships that will enhance its effectiveness. An IEE survey specifically on FAO partnering revealed it to comprise only an exceedingly minor component of staff activity. The majority of units allocate less than five percent of their resources to their major partnerships and nearly half of technical staff report that they allocate less than two percent[119]. The Organization lacks at both corporate and country levels the strategic tools required to determine the purposes, modalities and thematic areas in which

[118] FAO, 1999: *The Strategic Framework for FAO 2000-2015.*

[119] In no case do resources dedicated to partnerships exceed 15 percent of total resource availability. FAO's Plant Protection and Production Division (AGP) and the Joint FAO/IAEA Division for Nuclear Techniques in Food and Agriculture (AGE) are the highest on this list – AGE is a partnership itself, AGP hosts the secretariat for various conventions within UNEP.

partnerships are desirable. In addition, although budgetary constraints impose undeniable limitations, other factors, which recur throughout this report, are at least equally restraining. These include FAO's heavy, slow and burdensome bureaucracy, centralization of authority, risk-averse culture and inflexible means of securing technical expertise. Many of these difficulties are not unique to FAO[120], but the culture of FAO (see Chapters 6, 7 and 8) may make them particularly intractable.

796. In May 2006, FAO completed a major evaluation of its partnerships and alliances[121]. The findings of the IEE lead it to agree with most of that evaluation's conclusions and recommendations, including its general conclusion that, in spite of past efforts and many successes, FAO needs to "think more strategically and adjust the Organization's relationships with some of its partners"[122].

797. An important cross-cutting partnership issue relates to FAO's mandated advocacy and communication activities. The evidence in Chapter 3 shows that only through effective and strategic partnerships with member governments, other international agencies, academia, civil society and the private sector can FAO fulfil its mandate as the global broker of essential agricultural knowledge as an international public good. Chapter 3 also makes clear that this will require a new, genuinely corporate-wide strategy to replace the limited number of ad hoc and unconnected efforts now in place. To be effective, the strategy will need to establish clear priorities and point to specific requirements, for example agreement with WFP and IFAD on a World Food Day common programme (as recommended in the Evaluation of FAO's Cross-Organizational Strategy Communicating FAO's Messages). The strategy would also need to address the specifics and requirements for other partnership initiatives in the Ambassadors' Programme, TeleFood and the International Alliance against Hunger, if these are to move beyond the proliferation of slogans and logos[123].

798. The sections of this chapter that follow will address the specific relationships of FAO with the United Nations and its constituent parts, the special situation facing the three Rome-based agencies, the World Bank and other international financial institutions, the agricultural research community as represented by the CGIAR, the private sector and civil society. The importance of informal networking will be noted throughout the chapter.

799. The definition used in FAO's evaluation of partnerships and alliances is also used here – i.e. "partnerships and alliances refer to cooperation and collaboration between FAO units and external parties in joint or coordinated action for a common purpose". This chapter does not present the details of that evaluation, but draws from it to reinforce the analysis based on IEE work that included country visits, conversations with major partners, discussions with FAO staff and the review of structured questionnaire responses from FAO's and partners' staff[124].

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[120] Bezanson, K. *et al*., 2004: *Independent Evaluation of the Partnership Committees of the CGIAR* - Final Report.

[121] FAO, 2006: *Evaluation of Partnerships and Alliances*. PC 95/4b.

[122] ibid, Preface, p. 6.

[123] FAO, 2006: *Evaluation of FAO's Cross-Organizational Strategy Communicating FAO's Messages and Evaluation of TeleFood*.

[124] All but two of the FAO technical units at headquarters, as well as all Regional and Subregional Offices, responded to the partnership questionnaire. Units were requested to identify their "top five" partners and competitors, as well as the "top five" actors within their mandate. The findings are used throughout this chapter.

FAO AND THE UNITED NATIONS

800. It is important to distinguish between FAO's partnerships with United Nations organizations at headquarters and those in the field. They are, of course, linked in many ways, but the degree to which the two levels differ is highly significant.

Global level partnerships

801. IEE interviews at the United Nations headquarters and the evaluation of partnerships and alliances[125] both conclude that FAO has, in recent years, been an active participant in interagency fora and agency coordination mechanisms (e.g. United Nations Development Group [UNDG] and the United Nations Evaluation Group [UNEG]). It has been exercising leadership at the global level in UN Water and UN Energy, where the aim is to overcome duplication and overlap, eliminate fragmentation and strengthen policy work. In intergovernmental fora (e.g. ECOSOC, the Law of the Sea and the United Nations Forum on Forests), FAO is a willing partner, actively involved in session preparation and side-events. According to senior personnel within the United Nations headquarters, this contrasts sharply with FAO's approach of earlier years, when it mainly stood aloof and separate from the system overall, mindful of its unique history and organizational independence.

802. As the evaluation of partnerships and alliances has noted, FAO has established many global partnerships with UN agencies. Many are embedded in the Organization's regular programme of work and have become, therefore, an integral part of FAO "core" activities. These include the areas of food security information (e.g. FIVIMS[126]), environment (e.g. GPA[127] and GTOS[128]), water, forests (e.g. Collaborative Partnership on Forests and International Partnership for Sustainable Development in Mountain Regions), nutrition (e.g. UN Standing Committee on Nutrition), ecosystems (e.g. Ecosystems Conservation Group), disaster reduction (e.g. ISDR[129]) and sustainable agriculture and rural development (e.g. the SARD initiative).

803. The Organization has also successfully played a leadership role (chairmanship and/or hosting of secretariat) in a number of fora, including the Collaborative Partnership on Forests which FAO chairs, and the Secretariats which it hosts of the Mountain Partnership, the International Network of Food Data Systems, and a convention on pesticides. It is also Task Manager of Chapter 14 (Sustainable Agricultural and Rural Development) of Agenda 21.

804. The World Health Organization (WHO) is one of the FAO's most important partner agencies[130]. The two collaborate on many programmes, including animal health, nutrition and food safety. The most important and successful is probably *Codex Alimentarius*, the long-established arrangement considered a vital component in promoting food standards systems designed to protect consumer health. It is managed by a joint WHO/FAO independent commission, which jealously protects its freedom from external interference. Its authority derives in part from the 1994 WTO Agreement on the Application of Sanitary and Phytosanitary Measures and the agreement on Technical Barriers to Trade, which gave *Codex* standards legal status, thereby enhancing its legitimacy and effectiveness. The 2002 evaluation of *Codex*[131] concluded *inter alia* that neither the role of *Codex* as impartial broker among different parties nor the establishment of

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[125] FAO, 2006: *Evaluation of Partnerships and Alliances*, PC 95/4b, paras. 148-150.

[126] Food Insecurity and Vulnerability Information and Mapping System.

[127] Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities.

[128] Global Terrestrial Observing System.

[129] International Strategy for Disaster Reduction.

[130] Among the multiplicity of United Nations agencies, the five identified by FAO technical staff as the most important partners (and sometimes competitors) are (in order of importance) WFP, WHO, UNEP, UNDP and IFAD.

[131] See FAO, About Codex, Evaluation of Codex, www.codexalimentarius.net/web/evaluation_en.jsp.

its integrated approach to food safety could have emerged if either FAO or WHO had tried to develop them independently.

805. The relationship between FAO and WHO is paradoxical. IEE's survey revealed that FAO technical units consider WHO both as one of their major partners and as one of their main competitors for funding and in communicating development messages. FAO technical units draw attention to what they sometimes find an "aggressive imbalance" in WHO communication that takes "wholly inadequate account" of the linkages between human health and the upstream requirements and issues of animal health. A further concern expressed by FAO technical units is that WHO has an easier task in communicating its message on human health than does FAO on agriculture and that this creates an "uneven playing field" for public attention and for resource generation. Tensions in the relations were apparently quite acute early in the avian influenza crisis. The FAO view was that WHO's successful advocacy allowed it to access funds that would better have been used for veterinary activities than medical ones, and that WHO began to take up strictly veterinary activities. The difficulties on avian influenza collaboration were subsequently resolved in an agreement between the two organizations (and also including the World Organisation for Animal Health (OIE)) clearly outlining roles and responsibilities. The result has been highly positive, and the three organizations are satisfied with the outcomes.

806. UNEP is another of FAO's most active partners. Collaboration increased considerably in the last decade as part of broader efforts to integrate environmental and socio-economic development issues. The two organizations are members of several partnerships concerning forests and land degradation[132], and have formed an alliance linked to pesticides as persistent organic pollutants[133]. They jointly provide the secretariat for the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade and FAO's lead role in pesticide disposal is key to the implementation of the Stockholm Convention on Persistent Organic Pollutants. In addition, they together provide the secretariats for two technical coordinating groups of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC) at the field level. Other members of the IOMC are ILO, WHO, UNIDO and OECD.

807. The evaluation of partnerships and alliances considered the collaboration between FAO and UNEP to be "generally smooth, despite occasional tensions stemming from diverging technical approaches (...) or competition around scarce resources"[134]. The tensions, as was the case with WHO, have sometimes been acute. In the case of the Land Degradation Assessment in Drylands project, for example, the divergence between the two agencies on the concept of desertification became very severe at one point. The establishment in 2003 of UN Water (following the 2002 World Summit on Sustainable Development) also reflected to some degree differences between the two organizations: FAO considered that UNEP assigned too little importance to the rural populations as main water users.

808. Forestry is an area "where FAO is recognized as being a worldwide technical leader"[135]. The Collaborative Partnership on Forests (CPF), which FAO chairs, is a good example of the international acknowledgment of FAO's partnering role. The CPF, together with the UN Forum on Forests (UNFF), was founded in 2001. The intended role of the CPF is to support the implementation of forest standards, enhance cooperation and coordination on forest issues, and provide expertise and advisory services to the UNFF. The CPF has a very large membership, which includes civil society. Based on interviews with both FAO and non-FAO stakeholders, the

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[132] Including, for example, the Collaborative Partnership on Forests, the Mountain Partnership, the Global Land Network, the Global Terrestrial Ecosystem Observation, and the Land Degradation Assessment in the Drylands (LADA) project.

[133] Under the Stockholm Convention on Persistent Organic Pollutants.

[134] FAO, 2006: *Evaluation of Partnerships and Alliances*, PC 95/4b, para. 153.

[135] ibid., para. 215.

IEE concluded that, while the CPF formal proceedings probably are marginal in terms of impact, the informal partnership and communication among the key actors in the international forestry arena, spurred on by the CPF, and the linkages that have been formed between various combinations of such entities, make this a very attractive and productive partnership.

809. Another area of active FAO partnership is in addressing the ever-growing number of major emergencies around the world. IEE interviews and the results of the corporate evaluations reported in Chapter 3 indicate a very positive view among sister agencies of the effectiveness of the partnerships FAO has formed to respond to emergencies and the resulting overall performance. Over the past decade, FAO is credited as having recognized the growing role of the UN in emergency operations and having responded positively with improved products and services. Evaluations have indicated that, while there is significant confidence in the FAO headquarters capabilities to respond to emergencies, field capacity to effect workable partnerships needs to be considerably strengthened.

810. Not all United Nations agencies hold positive views of FAO as a partner. The evaluation of partnerships and alliances also found that some agencies, including UNESCO and the International Trade Centre, considered FAO unresponsive to partnership overtures. In some cases, evaluations have reported FAO as territorial and as exerting an excessively dominating role in the partnership. This was the case in FIVIMS[136], the International Alliance against Hunger and the UN Network on Rural Development and Food Security. All three of these were initiatives launched by FAO, based in FAO, led by FAO and funded, essentially, with funds channelled through the Organization. As opposed to the Collaborative Partnership on Forests, the partnership arrangements and the role to be played by FAO relative to the role of its partners seem to have been unclear when these partnerships were formed.

811. Overall, however, headquarters-led alliances and partnerships in numerous areas have been effective. They have been "particularly fruitful in those programmes of high relevance to member countries, embedded in FAO's regular programme of work and for which the division of labour and complementarity is natural and based on respective mandates"[137]. Prior to the evaluation of partnerships and alliances, there had been no effort to take systematic stock of partnership experiences and analyse what factors contributed to their success, in what areas FAO is best placed to partner and what modalities the relationships should assume. As a result, there are no institutional guidelines or reference points to help guide staff working to set up partnerships and alliances.

Country-level partnerships

812. IEE country visits found a general desire by FAO country representatives to improve United Nations interagency relationships and a willingness to participate actively in the UN Development Group activities. In quite a number of instances, many of them are playing a coordinating role within the UN family for food security and rural development thematic issues, either directly or as a facilitator for the UN Resident Coordinator. There are other cases, however, where WFP or others have assumed this role because FAO's capacity was considered too limited.

813. The IEE country visits also reinforced the finding of the evaluation of partnerships and alliances that partnerships at country level are few and mostly occur under umbrella frameworks negotiated at the corporate (headquarters) level. Very rarely do country offices initiate partnerships themselves. The survey carried out in 2005 for the purpose of the evaluation found that partnerships at country level usually:

a) stem from headquarters initiatives such as World Food Day, TeleFood, the International Alliance Against Hunger and the International Year of Mountains;

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[136] McCalla and Mock, April 2004: *Report of the External Asssessment and Strategic Planning Exercise. For the Interagency Working Group, Food Insecurity and Vulnerability Information Mapping Systems.*

[137] ibid., para. 162.

b) arise from coordinated UN approaches; and
c) involve scientific institutions or associations for the purpose of capacity building, information exchange/dissemination and facilitating contacts/networking (workshops, conferences, symposiums, meetings and round tables).

814. Several FAORs underscored that they simply do not have resources to be taken seriously in any discussion of potential partnerships and also that partnerships would require more time and energy than they have.

815. When UN country programmes (e.g. UNDAF) make references to FAO, the IEE missions seldom found funding commitment attached to them. This reflects FAO's inability to mobilize and allocate resources easily at the local level. Thus, partnerships at the country level with other agencies reflect good intentions but little capacity for follow-through, except as a personal commitment of time and energy by the FAO country representatives.

816. In addition to a lack of resources, the main reasons given to the IEE by FAORs for not engaging in local partnerships were the lack of delegation of authority and FAO slowness in providing responses to opportunities. IEE found that FAORs are universally hampered by the array of problems that recur throughout this evaluation. The litany of concerns expressed to the IEE by UN partners – and by the frustrated FAO country representatives – during visits to developing countries is long, and includes the following:

a) FAO needs to create a more empowered environment, which will permit decisions to be made in a timely manner. At the country level, the absence of such authority and financial resources make it very difficult for FAO to contribute to UN family activities and priorities. This results in seemingly endless delays, and leaves FAO unable to respond to changing circumstances on the ground – including for timely response to crises such as the outbreak of avian influenza among farm animals; and
b) while many FAO technical staff are well-respected, they are seen as fighting an institutional culture characterized by a critical lack of human and financial resources, a shortage of delegated authority, an onerous administrative structure and the absence of a clear organizational direction. This perception has reduced FAO's credibility as a partner in the field.

817. These concerns and issues also emerged strongly in a survey conducted in 2005 by FAO's Unit for Strategic Policy Advice on the UN System. When FAORs were asked about their contributions and commitments to interagency field mechanisms, such as sector-wide approaches (SWAPs) and the UN Resident Coordinator system and its country teams, they overwhelmingly responded that the major obstacles to their active participation were lack of country office resources (financial, human and technical) and lack of headquarters support in contributing usefully to the thematic groups. This is reflected in untimely responses; lack of technical support; the absence of guidelines, guidance, interest, and a corporate strategy; and, in general, little channelling of information on developments in the United Nations Development Group (UNDG).

818. These difficulties have not prevented FAO from committing itself fully to increased integration into the UN system at the country level and, in particular, to the eight ongoing pilot exercises in 'Delivering as One'. FAO management has demonstrated genuine leadership in this regard, although, like other specialized agencies, the Organization lacks many of the essential ingredients for credible and effective participation, including both its limited resources and restricted delegations to the field. Even the most creative, productive and technically proficient FAO country representatives have less authority and flexibility to engage in common activities under the UN flag than their counterparts in other agencies. In Chapter 6, the IEE recommends a number of steps and measures to facilitate FAO efforts to become more effective at country level and in partnerships at that level.

819. At this point it is far from clear whether member countries will adopt many of the High-Level Panel's recommendations in its report, "Delivering as One". Should certain

recommendations be adopted, it also remains unclear when and what form these might take. Whatever the fate of the full report, however, it does seem clear that the push for more functional partnerships and shared approaches at country level will continue. As mentioned above, FAO has extended firm support to this proposition and is demonstrating leadership in discussions on the subject. From the point of view of FAO and the other specialized agencies, however, there are also concerns that the report is overly focused on the issues of UN funds and programmes, with some of the recommendations perhaps ill-suited to the realities of the specialized agencies. This is a matter that will require careful monitoring and analysis, if and as discussions on the report evolve.

820. Given the many uncertainties regarding the future of the panel's report, it is not considered useful at this point to present a systematic review of the possible and hypothetical implications for FAO of all of the panel's recommendations. Rather, the IEE presents in the box below a summary typology of the seven main sets of recommendations and the implications they suggest for FAO, should they ultimately be adopted.

Box 5.1: Implications for FAO of Panel Recommendations	
"Delivering as One" Recommendation	Implications for FAO
Global Leaders Forum	Space for FAO to advocate for issues of importance to the Organization with policy-makers other than agriculture ministers. Become acquainted with issues in the forum for harmonization with its own strategic plans if deemed appropriate.
Four Ones: • one leader • one programme • one budget • one office • only with the support of the home country	Ensure that FAO priority activities in the country are part of the 'one programme' and that those activities are funded from the pooled resources. Review present procedures for allocation to country activities in view of need to harmonize with 'Delivering as One'. Double accountability for the FAOR: to the UN Resident Coordinator and FAO for performance and results. Will Conference approve these powers for the Resident Coordinator? If not, what are the implications for the image of FAO as a team player in the UN? Harmonize the current vertical project-based system with a new programme-oriented system with authority at the country level and an empowered FAOR.
UN Sustainable Development Board with powers to endorse country programmes ensuring agency alignment with joint agreed UN priorities	Negotiations on what are agreed UN priorities will be crucial. What room will exist for activities that will be important for development but may not necessarily be system-wide priorities? Some of FAO's activities may well fall into this category. How much of FAO's activities will be within the framework and how much outside of the framework. Will normative work be given priority? Opportunity for active role for FAO in development coordination and system-wide policy decisions for the system as a whole.
UN Development Policy and Operations Group Development Finance and Performance Review Unit (DFPRU)	All of these mechanisms present an opportunity for FAO to engage more in strategic policy decisions for the system as a whole, and to better make its case for the importance of food and agriculture in the evolving state of affairs. The Development Finance and Performance Review Unit (DFPRU) will advise the United Nations Sustainable Development Board (UNSDB) on 'setting and delivering efficiency measures' as well as 'to provide a common internal audit system for all UN sustainable development activities'. Such a mandate will clearly have important implications for FAO. The main challenge would be in harmonizing the country-level results-based management system with that used in FAO and in reconciling the use of integrated support services with the Organization's existing systems and processes.
New Funding Mechanism	If resources are truly pooled and un-earmarked, this could be a new source of funding for FAO, based on performance and an incentive to participate.
Reconfiguration of Regional Offices and co-location of Regional Offices	At present, the Director-General may define with the approval of the Conference the location of Regional Offices.
Standardizing business practices	FAO already engaged in this exercise in the system.

821. All of these main themes essentially argue for much more closely coordinated activities between all of the UN system agencies. The key question is whether the international incentive systems will function as catalysts to this goal or will work in the opposite direction. It is clear that many of the panel's recommendations that aim to bring about a "One UN" at country level are predicated on significant changes to the current incentive systems in the form of donor funding policies and practices. To date, there are few indications that these changes will occur.

COLLABORATION BETWEEN THE ROME-BASED AGENCIES

822. The three agencies resident in Rome represent three different organizational types of the UN structure: FAO is a specialized agency; WFP is a programme, while IFAD is a fund. Together, the three manage a twin-track approach to issues of food security - balancing immediate assistance for the poor and hungry with longer-term development programmes that boost productivity, create employment and increase the value of people's assets[138]. What some see as a current imbalance between support for humanitarian activities and development perhaps represents the unsettling reality that it is easier to mobilize resources to deal with symptoms than with their root causes.

823. Because they are located in Rome and are all connected in different ways to the issue of food, the need for three quite separate UN agencies has frequently been called into question by those concerned with what they see as the fragmentation of the UN system[139]. While superficially appealing, such argumentation is weakened by the fundamental fact that they do quite different things and have different ownership and governance structures. FAO is the world's agricultural knowledge agency, including activities in policy development, capacity building, technical cooperation, response to agricultural emergencies, collection and dissemination of global information, and the development and implementation of major international treaties and agreements. WFP was historically based on the concept of using food commodities to pursue both developmental and humanitarian goals. In recent years, the explosion of emergencies has moved it towards a much greater focus on its humanitarian role and development activities now represent less than ten percent of its total programme resources. IFAD was established essentially along the model of the international finance institutions but without recourse to private capital markets. It is different from other UN development agencies in that it is heavily based on loans rather than grants and has a voting structure not based on "one country-one vote", but on distinct country groupings.

824. The November 2006 High-Level Panel Report on UN System-Wide Coherence recommended that "to build long-term food security and break the cycle of recurring famines, especially in sub-Saharan Africa, WFP, FAO and IFAD should review their respective approaches and enhance interagency coordination", rather than pursue integration. This practical approach has considerable support among those interviewed by the IEE, with a consensus that the three organizations could work much more closely together, while preserving their distinctive characteristics and contributions.

825. Among these Rome-based institutions, there is some confusion over not only what food security means, but also which agency should assume responsibility for it. Given its orientation towards humanitarian assistance, which has resulted in a stronger funding base, WFP has increasingly emerged as the dominant player. It has developed an increasingly strong field presence and logistic capacity, and has attracted large amounts of financing. In addition, as an agency structured specifically for humanitarian goals, it has been accorded much more flexibility than FAO to respond to unexpected situations. The result is an increasing food aid orientation on food security issues for the UN system overall. Given the somewhat natural tendency of organizations to do things in-house, particularly if others are seen to have a limited capacity to respond to emerging needs, this has led to some duplication of functions. As one example, WFP has recently established a unit for the analysis of the economics of food aid, a function for which it might conceivably (indeed, perhaps even logically) have relied on FAO.

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[138] FAO/IFAD/WFP: *Reducing Poverty and Hunger: The Critical Role of Financing for Food, Agriculture and Rural Development.* Paper prepared for the International Conference on Financing for Development. Rome, February 2002.

[139] Delegation of Belgium to OECD/DAC: *Towards a Re-design of the UN Development Architecture*. Room Document 6. Senior Level Meeting, December 2005.

826. Despite the changing overall dynamics, there is considerable mutual respect for the technical competencies of all three organizations in their respective areas. It is not so much a concern about competence, but rather organizational dynamics that is shifting the relationship between the three organizations. Often an agency has chosen to carry out activities in-house simply because it is present in the area of need, rather than deflect a request to one of the other agencies. IEE interviews suggest that relations between all three at the working level are almost unanimously qualified as being "very good". Increasing cooperation at senior levels on broad policy and advocacy is also recognized. A large part of the professional interactions among the staff of these three agencies relate to emergency and rehabilitation activities. Their joint efforts at the Monterrey Conference and in recent agreements to establish country-level food security working groups are examples of this type of broader cooperation.

827. On more operational issues, both FAO and WFP pointed to some overlap in the area of needs assessment. Both WFP and IFAD believe that better use of FAO in some of their own functions is limited by FAO's strained human resource and financial situation and by FAO's slow response times and heavy administrative processes. In theory, the synergies between IFAD and FAO should be strong. IFAD has resources for rural development projects and FAO has technical know-how and a field presence, which IFAD as yet does not have. Discussions with IFAD, however, reveal hesitancies about closer technical collaboration with FAO. The issues that seem to concern IFAD do not appear to be programmatic, but rather mainly those of administrative inefficiencies, heavy bureaucracy and high transactions costs.

828. WFP and FAO did share administrative resources at one time, but a desire by the WFP secretariat and its main donors to ensure managerial autonomy during the 1980s led to the establishment of largely separate structures. Similarly, during the preparatory stage leading to its establishment, IFAD elected to set up a separate administration. In both cases, the decisions on separate administrative services and resources were reached at the insistence of the main OECD donors, many of whom today are vocal in criticizing all three organizations for the high costs that this entails. While donors may now be criticizing the organizations for problems of their own creation, the IEE nevertheless agrees with the criticism. The triplication in Rome, and in some field locations, of all supporting functions is clearly inefficient. Most of these are basically generic in nature and, within limits, do not need to be differentiated because of the organizations' differing roles.

829. All three organizations evince at least some interest in making further progress in working together on common services – but this interest is tempered by the caveat that "it is not as easy as it sounds". One obstacle appears to be the attitude of member countries, as reflected in the different governing boards. A common perception in all three organizations is that narrow national interests or rigid positions frequently arise in Governing Bodies that make officials very cautious in proposing creative and innovative solutions.

830. Despite this, modest progress has been made in a number of areas, such as the shared medical service. This has improved efficiencies, while lowering costs. Regular meetings are now held among the key staff of all three organizations to explore new possibilities. Despite this interest, progress to date has largely been only on the most obvious issues. For example, in Italy's de-regulated electricity market, the three organizations combined as one to achieve important cost savings. Travel services are another area where joint tendering is currently underway. It should also be possible to develop a joint communications strategy focused on the common interest of reminding the international community of the importance of the agricultural sector in combating/reducing global and national poverty.

831. Progress on larger issues is more complex (see Chapter 8 for a more complete assessment). For example, all three Rome organizations use different Enterprise Resource

Planning (ERP)[140] systems – running the full range of all the major suppliers – SAP, Oracle and PeopleSoft. This represents a major missed opportunity for savings to all three agencies through a shared payroll administration (again see Chapter 8). Also relevant is the different structure of financial standards between organizations. As an IFI, IFAD operates to the highest standard of the three by meeting the International Financial Reporting Standards. All United Nations agencies, however, are committed to implement a new common benchmark standard – the International Public Sector Accounting System (IPSAS). This can be turned into a major opportunity for efficiency gains by the three agencies - or at least in ensuring that shared foundations are established for future efficiency gains. . Other potential efficiency moves, such as a possible common move by the three organizations to offshore certain financial transaction processing, raise important considerations for UN agencies as employers. Staff agreements introduce many rigidities. Even auditing standards can have important differences, with FAO auditing biennially, while IFAD (under IFRS) must audit annually.

832. The net result for management is that limited progress will continue to be made on the smaller issues, while the larger challenges will probably remain generally off-limits, at least for the time being. The managements and Governing Bodies of the three organizations should try to arrive at joint positions that might allow this potential area for important savings to be better addressed. In a hypothetical example (which, if it is to be explored, would need to be examined in detail for feasibility), all three might benefit from a situation in which leadership in collaboration on common services would be assigned to: 1) IFAD for financial management, financial transaction processing and treasury; 2) FAO for information and communications technology, facilities management including security, and payroll and related; and 3) WFP for procurement, contracting, transportation and shipping. General support for such an approach – if not its details – is clearly evident in the administrative staff of all three agencies. Moreover, the IEE recommends in Chapter 6 that substantial savings and greater effectiveness can be derived from establishing joint IFAD/FAO representation in certain countries, and in Latin America, these two agencies should join with IICA in a single country office as well. Furthermore, as discussed in Chapter 3, IFAD and FAO should examine jointly the barriers to IFAD making better use of FAO's potential to provide technical support both through the Investment Centre[141] and the technical units in headquarters and the regions.

FAO AND THE WORLD BANK

833. The World Bank is considered by FAO technical staff to be the Organization's single most important partner[142]. The relationship started in earnest in 1964 with the Cooperative Programme, through which Bank and other IFI staff would be able to ensure reliable access to FAO technical specialists for support in project preparation. This work of the Investment Centre remains the mainstay of the FAO-Bank partnership. As described in detail in Chapter 3, its performance raises many serious issues.

834. There are also extensive contacts and interactions between FAO and Bank professional staff through conferences, meetings and other similar activities – all of which offer strong networking possibilities. These are mostly informal partnerships scattered throughout various departments. The Bank has recently "rediscovered" agriculture and rural development, having largely abandoned the sector in the 1990s. FAO needs to connect as systematically as possible with the Bank's new work in the sector by building its informal interactions into strong networks in order that the Organization may perform well its global role as agricultural knowledge broker.

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[140] ERP systems integrate (or attempt to integrate) all processes and data of an organization into a single system.

[141] As seen in Chapter 3, the Investment Centre requires urgent attention and fundamental change if it **is** to continue to merit financial support from the FAO Regular Budget.

[142] IEE questionnaire responses indicate that the World Bank is the partner to which the FAO dedicates the largest amount of staff resources.It is considered the major partner by the greatest number of organizational units. The Cooperative Programme data is not included in this result.

The foundations for this appear to exist already. The Bank called upon highly valued FAO expertise, for example, to draft the lead chapter of the 2008 "flagship" publication, the World Development Report on Agriculture and Rural Development. The two organizations have also successfully collaborated on FAOSTAT, benefiting from each others' data production.

835. There are also, however, examples of partnership tensions with the Bank. This has perhaps been most evident in the decline in the role and influence of FAO in the governance and programme direction of the CGIAR (see below). Issues of power asymmetries also arose in the Africa Stockpiles Programme, where unbalanced participation in decision-making processes and a lack of clarity on the legal mechanisms for implementation proved damaging to the partnership.

836. In the field, FAO cooperates with the Bank in various technical areas in work financed under World Bank loans and credits. These include activities in land administration, in fisheries and aquaculture, and partnering in regional strategy development in both Africa and Latin America. This demonstrates that field level collaboration not based on tied funds (as is the case with the Investment Centre) is possible. It is also apparently not easy. While natural alliances at country level between the Bank country director and the FAO country representatives would be expected to be common, seldom did the IEE find this to be the case. Most Bank country directors contacted during IEE visits consider that the perceived high cost, complicated administrative procedures and perceived declining quality of FAO expertise do not justify its extensive use. The constraints noted earlier about the burdens imposed by the highly centralized FAO headquarters bureaucracy also cause the Bank staff to shy away from drawing on FAO expertise.

FAO, THE CGIAR AND OTHER INTERNATIONAL ORGANIZATIONS

CGIAR

837. International concerns that the best of agricultural science was not being applied adequately to research into the food and agriculture needs of developing countries led, in 1971, to the creation of the Consultative Group on International Agricultural Research (CGIAR). FAO was initially reluctant about this separate initiative, since FAO's constitution clearly assigned to FAO the role of "scientific, technological, social and economic research relating to nutrition, food and agriculture" (see Chapter 2, Box 2.1). After considerable effort, FAO was convinced to become an original CGIAR co-sponsor and was given donor status, even though its only contribution was partial support for the Technical Advisory Committee (TAC) Secretariat. As conceived, the overlap with FAO was to be limited and major synergies were to result. In practice, however, a new international agricultural organization (albeit characterized as a "group" and not an "institution") had been formed and the World Bank, not FAO, was in the lead. Over the coming years, the relationship between FAO and the CGIAR, particularly at the corporate level, would periodically be buffeted by serious disagreements because of these tensions.

838. By the end of 1991, the CGIAR had grown to 18 centres (now reduced to 15) and its mandate had been substantially expanded. Their span of activities was no longer restricted to certain commodity crops nor exclusively focused on scientific research. They were now involved in a wide range of rural development issues. To test and demonstrate their technologies, they moved to implementing pilot projects and working on technology transfer, two activities which, under the initial "division of labour", belonged to FAO. Moreover, in 1995, the World Bank was persuaded to put up the substantial sum of US$20 million, if donors would match it on a two-for-one basis with new core money. The result was greatly increased competition by the CGIAR centres for project funds, because the higher their projected budgets, the more World Bank funds they would receive up front. This put the CGIAR in direct competition for donor funds. In addition, since there were more funds available from donors for development than there were for research, the CGIAR centres reformulated their messages to ones firmly grounded on the development value of their work.

839. There were many significant implications of these changes in the nature and coherence of the CGIAR relationships with FAO, as follows:

a) the importance of the FAO-led Technical Advisory Council (now called the Science Council) as an independent and influential source of guidance for the CGIAR was greatly reduced. The setting of priorities without any impact on budgetary allocations proved to be an empty exercise;
b) centres increasingly became competitors for donor funds at precisely the same time that FAO was also seeking more extra-budgetary support and when overall donor funding for development was declining (as it did throughout the 1990s); and
c) the fact that a larger share of centre funds came from bilateral and regional sources meant that the centres intensified their linkages directly with national agricultural research centres, in competition with the historical role of FAO.

840. FAO interactions with the CGIAR have taken place at various levels. As mentioned above, the Organization is a co-sponsor of the Group, a member of its Executive Committee and hosts the secretariat of one of its Governing Bodies (the Science Council), of which it is a senior member. However, FAO's role in the decision-making process is very limited. "Conversely, the CGIAR and its centres take part in FAO intergovernmental meetings and committees, in recognition of the intergovernmental authority of FAO and its bodies in setting and facilitating policy development. Examples of long-standing participation are involvement of IRRI, WARDA and CIAT in the International Rice Commission hosted by AGPC and in the Commission on Plant Genetic Resources."[143] In addition, FAO participates in various capacities in the governing boards of a few CGIAR centres, and provides the legal framework for the centres' *ex situ* collections. Finally, at the programme level, the centres "participate both in the normative and operational work of FAO at headquarters and field level through analytical work, data/information exchanges and technical support. Collaboration takes place with the individual centres and also with the regional research associations through discrete activities and projects."[144] There are also a number of individual interactions, such as scientist to scientist networking.

841. FAO technical staff identify the CGIAR centres as their most important partners after the World Bank. The evaluation of partnerships and alliances indicates that the CGIAR also considers the collaboration as important. Yet, the IEE interviews with 14 of 15 centre directors, the views of FAO staff as reflected in questionnaire results and the evaluation of partnerships and alliances all indicate that there are major concerns. These are the absence of corporate strategy on either side for planning, implementing and evaluating the multiple interactions that do take place; the lack of an effective means within FAO for sharing information internally about developments in the CGIAR; and the lack of specific mechanisms for CGIAR centres to learn of developments in FAO.

842. The past conflicts at the level of the overall corporate relationship – e.g. issues of overlapping mandates on genetic resources and on dealing with national agricultural research centres – seem to be in remission. CGIAR interactions with FAO genetic resources, forestry, fisheries, livestock and policy are all reported as substantial and positive. However, in the traditional core areas of food crops, plant improvement, research and extension, plant protection and country policy assistance, relationships appear to be limited and declining.

843. The views of FAO and CGIAR technical staff indicate clear continuing and significant tensions. IEE interviews with CGIAR senior staff found that they believed that there is an FAO "attitude" problem, which seems to suggest an FAO desire to dominate the relationship and to treat the CGIAR centres as contractors, rather than as real partners. On the other hand, FAO staff believe that the centres, facing a severe reduction of their core budget, have sought to obtain funding by expanding their activities to the point where they duplicate those of FAO and impinge

[143] FAO, 2006. *Evaluation of Partnerships and Alliances*. PC 95/4b, para. 126.

[144] Ibid., para. 127.

on the Organization's mandate. In some technical areas, the IEE interviews also revealed concern that CGIAR services to member countries are technically below standard. Moreover, while FAO staff recognize that the CGIAR centres have more effective communication strategies to the general public, the scientific community and the donors, this is resented as overshadowing FAO's work in the public eye. To some extent but with the exception of staff in forestry, FAO staff also believe that the competition for funds has inhibited cooperation with the centres.

844. Even with all these problematic factors and indicators, the dominant view detected by the IEE across all centres, especially the crop centres, is that a more effective and positive partnership with FAO would be desirable. It is not, however, immediately clear what form this might take. There are numerous areas of relative neglect in applying science and technology to the agriculture and food needs of developing countries, including the need for research on many basic crops on which poor people depend. There are areas of upstream research of a public goods nature, which cannot be easily done by national agricultural research systems and is of no interest to the private sector. There is also a case for the CGIAR carrying its technical work closer to implementation in LDCs, especially in Africa, although elsewhere this should be the preserve of national systems. As an organization representative of a wide body of stakeholders, FAO could furnish an essential and productive sounding board for the CGIAR to address such issues at the level of the donors who drive the CGIAR.

Other international organizations working in agriculture, forestry and fisheries

845. FAO has an ongoing partnership with the Common Fund for Commodities. Inter-Governmental Commodity Groups provide the consultative bodies on project approvals for a range of commodities and FAO serves as supervisor. Partnerships, however, need to be strengthened with non-FAO commodity organizations, particularly with regard to short- and medium-term market prospects (see Chapter 3).

846. In the area of animal health, FAO has an essential relationship with the World Organisation for Animal Health (OIE), the global standard-setting body recognized under the WTO Sanitary and Phytosanitary Standards (SPS) agreement. A recent memorandum of understanding clarifies further the relationship between OIE and FAO but frictions remain. Both organizations fear mission creep by the other. In fisheries, FAO maintains a close relationship for information-sharing and analysis with a wide range of international organizations and fisheries bodies, many of which are outside FAO.

FAO AND CIVIL SOCIETY

847. The 2006 evaluation of partnerships and alliances explored carefully the relationships between FAO and non-governmental and civil society organizations (NGOs/CSOs). It usefully examined these associations at several levels: in international policy fora; joint programmes, including normative work; regional consultations prior to Regional Conferences; and country-level contact. The study's findings are reviewed in each area[145]. Overall, there are a number of useful interactions with CSOs at the global level, but relatively little of FAO's staff time and resources are spent in developing ongoing and active partnerships with civil society.

848. **International policy fora:** The 1996 and 2002 World Food Summits marked an important point in FAO relations with the civil society community with the active participation by CSOs/NGOs and the parallel NGO fora. CSOs/NGOs aggregated into networks (formed by themselves) and presented their views at the plenary. They held side-events and influenced the

[145] ibid., paras. 52-85.

Summit conclusions in a positive and constructive fashion[146]. To some extent, these meetings have spawned follow-up work with and by a number of NGOs.

849. About 200 international NGOs now have formal status with FAO and participate as Observers to FAO Conferences, FAO Technical Committees and other official gatherings, including various intergovernmental commissions, expert panels and working groups. These formal relationships are highly regarded by the NGOs and the UN Non-Governmental Liaison Service[147]. FAO staff also express appreciation for their participation. The evaluation of partnerships and alliances found that "NGO/CSOs have often demonstrated professionalism and technical competence in the promotion, negotiation, drafting, monitoring and implementation of international regulatory and voluntary frameworks, complementing the expertise of the FAO Secretariat and national delegations on such issues as human rights approaches to food security and food sovereignty"[148].

850. **Regulatory frameworks:** NGOs were instrumental in the process leading to the International Code of Conduct on the Distribution and Use of Pesticides, the International Treaty on Plant Genetic Resources as well as the Code of Conduct on Responsible Fisheries. Their expertise and advocacy helped build bridges between governments, FAO and the NGO community to permit agreement to be reached, and they are also active in monitoring and implementation of some Codes. *Codex* is considered more open and accepting of NGOs than many comparable international standard-setting organizations – an assessment agreed upon by both member countries and NGOs[149], although it is to be noted that over 70 percent of the NGOs represented within *Codex* are business and industry associations.

851. In recent years, NGOs have been important to the preparation of Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security (2004). They provided the technical background to the issue, advised delegations, held workshops, prepared briefs and presented their views during the negotiations on an equal footing with the governmental delegations.

852. **FAO programmes:** NGOs are involved to some degree in a number of FAO programmes, such as the Food Insecurity and Vulnerability Mapping System. The Organization has also taken on board NGO proposals for implementation of certain international actions and norms (for example, the African Stockpiles Programme emerges from a proposal put forward by the World Wildlife Fund and the Pesticide Action Network-UK).

853. **Regional consultations:** NGOs are now involved on a regular basis in the FAO Regional Conferences. But given the weaknesses of the conferences themselves (described in Chapter 4), the NGO impact on FAO itself through this route is currently relatively marginal.

854. **Country-level partnerships:** It is at this level that one might expect to find the most active FAO-NGO relationships, and yet – with the exception of cooperation and sub-contracting with NGOs for emergency work – there is relatively little tangible evidence that this is the case. There is certainly some sporadic contact, but the number of truly joint activities appears to be quite small. IEE field visits found little proactive outreach by the FAORs to NGOs in most countries, including particularly to local NGOs. The work of FAO was often not known to key NGOs. This is true as well for other civil society organizations, including think tanks and those focused on gender issues.

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[146] NGOs launched the concept of food sovereignty at the WFS in 1996, and pushed for the inclusion of the concept of Right to Food in the Declaration of the World Food Summit: *five years later*. In addition, FAO itself published documents prepared by NGOs (FIAN, EU-NGO Liaison Committee).

[147] ibid., para 75.

[148] ibid., para 75.

[149] See www.fao.org/docrep/meeting/005/y7871e00.htm

855. The primary impediments to closer collaboration at the country level include the same limitations reflected throughout this report, notably limitations on the ability of FAO country representatives to make many of even the smallest decisions themselves, and the virtual absence of resources to work with NGOs. Some NGOs with an interest in FAO areas of concentration would like closer relations and greater FAO support vis-à-vis their governments (which, not surprisingly, the FAO country representatives are rarely in a position to offer, given FAO's own governance structure). They find FAO's bureaucracy and shortage of funds difficult to fathom and overcome. A further impediment to partnering with civil society in undertakings such as TeleFood, the International Alliance Against Hunger and World Food Day, is that FAO provides very little guidance or support to such partnerships.

856. Thus, while at the global level the international NGO community has been quite effective in establishing its presence and point of view on important international conventions, at the country level there has been little involvement of – or impact by – NGOs on FAO's work. FAO needs to do a better job of engaging the NGO/CSO community at the national level, but it needs to do so against clear strategies with explicit priorities. It will also need to communicate its activities, capacities and relevance better and build the resources required in cash and kind to support effective and durable joint activities. At a minimum, FAO should update its outdated guidance and policy on the role of civil society and strengthen its efforts to mainstream such partnerships in the Organization. But until FAO sorts out the fundamental problems identified elsewhere in this report – including the absence of an overall institutional strategy, the lack of adequate delegation of authority to the field level, and decisions about priorities in resources allocations – there is little hope for significant change in this situation.

FAO AND THE PRIVATE SECTOR

857. The short story in this area is that FAO has had relatively little contact with the private sector and does not understand well the role of private enterprise. To the degree that there has been contact, it has mostly been with large multinationals concerned with FAO's normative work[150]. There is no visible corporate approach to the private sector, and currently no strategy – formal or informal – to change this. The modest level of existing contact is essentially dispersed and sectoral. FAO's perspective from the position of the private sector is that it is almost exclusively based on avoiding risk. There is little outreach, and the occasional contacts with the private sector call for extensive reviews and conditions considered unacceptable by likely partners. The Private Sector Partnerships Advisory Committee is largely reactive, operating mostly as a control mechanism. The negotiation and review process is long and complex, even with partners strongly committed to working with FAO and offering a substantial level of funding. There is no system to learn lessons from other UN agencies or develop alternative models.

858. At the country level, IEE teams sought meetings in several countries with chambers of commerce, business associations and export bodies. This was met with quite universal astonishment on the part of these agencies. Most had never heard of FAO. Those which had heard of it, had rarely had contact. Even national private associations for agricultural production or export indicated no relationship at all between their efforts and FAO[151].

859. This virtually complete divorce of FAO from the private sector was not always the case. In the 1960s and 1970s, there was an active Industry Cooperative Programme (ICP), funded totally through private sector contributions. At its height, more than 100 industries participated.

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[150] FAO staff responses to the partnership questionnaire found the private sector almost absent. Only four organizations representing this constituency were mentioned, two of which are charitable entities. None is considered a major competitor in any way.

[151] The recent evaluation of FAO's work in commodities and trade arrived to similar conclusions. FAO, March 2007: *Evaluation of FAO's Work in Commodities and Trade*. Paras. 126, 130, 178 and 224.

By 1975, the ICP had 18 working groups and joint task forces at work on numerous important food and agriculture issues. But "... the original concept of the private sector as a source of technical know-how, of scientific expertise and of capital became overshadowed by the notion of the private sector as a source of funds for FAO's programmes. The ambiguity on the role of the private sector, the rise of environmental movements opposed to industrial agriculture and general distrust of multinationals led to the termination of the ICP in 1978"[152]. Since that time, there have been at least two sets of policy guidelines issued on working with the private sector (1994, 2000), but these led to little improvement in the overall situation.

860. The private sector participates very actively in *Codex* standard-setting. About 70 percent of the 156 international organizations with Observer status to the *Codex* Commission are private sector interest groups. Private sector groups are also active in other voluntary frameworks, such as on Plant Protection and on Responsible Fisheries. Data is exchanged in other areas, such as in the FISHINFO network, where agreements have been reached with 80 companies to supply needed market information. The Advisory Committee on Paper and Wood Products is an official FAO advisory body, formed by individuals who participate in a personal capacity, and whose background is almost exclusively linked to the wood and paper industry (except for the rare academic or two). In many such areas, the participation of the private sector is essential and highly constructive. There are also areas, however, where FAO has to be careful about how "expert opinion" is provided by those corporations with direct commercial interests at stake, as there have been instances where commercial support led to distrust of the neutrality of findings (e.g. sugar intake).

861. As noted above, the limited association FAO has with the private sector is with multinationals linked to FAO's normative activities. This association is very important and should continue, particularly on global legislation in *Codex*, for fisheries, pesticides, etc. A growing area of interest involves integration into value chains (e.g. "from farm to fork"). The knowledge required for successful integration – whether on commodity markets or technologies - is sometimes proprietary and usually in the private sector. How the poor gain access to that knowledge is an important development question.

862. As noted, there has been and remains very little, if any, engagement with small- and medium-sized firms at the national level. In part, this is because these firms do not see FAO as critical to their interests, but in part, it reflects as well a lack of outreach by FAO country representatives, gaps in staff understanding of the private sector's roles and the absence of an overall corporate strategy towards the private sector. Given the increasingly important role of such firms in agriculture in developing countries, it would be important to follow the recommendation of the evaluation of partnerships and alliances to "refine" the strategy for partnerships with the private sector. There will probably always be significant limitations on the scope of such relationships, but there is a great need for FAO staff to have a much better and more balanced understanding of the positive contributions private sector entities can and do contribute to agricultural development in poor countries[153].

863. Another area of FAO partnership has been with the media sponsors of TeleFood and the Organization's communication strategy to the public and opinion formers. In this, we again see that strategy has been hampered by the risk-averse culture of the Organization. FAO has been reluctant to risk releasing editorial control on documentary material, which has the effect of making partnership of much less interest to the mass media. FAO has applied the same centralized screening procedures to local entrepreneurs interested in sponsoring communication events as it would to a large multinational corporation (even though no knowledge of the entrepreneurs exists in Rome). A more dynamic approach is now being applied, but the TeleFood evaluation found that opportunities continued to be lost for these reasons.

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[152] FAO, 2006. *Evaluation of Partnerships and Alliances*. PC 95/4b, para. 88.

[153] ibid., para. 123.

864. A new development in the UN holds some promise for future cooperation with the private sector. The recent Geneva meeting (July 2007) of the Second UN Global Compact Leaders Summit found that around 3 100 private companies have now signed up for membership in the UN Global Compact, with its ten core ethical principles related to human rights, labour rights, the environment and anti-corruption measures. In summing up the Summit, the UN Secretary-General Ban Ki-moon emphasized that "market leadership and sustainable leadership go hand in hand. This will help us build the supportive measures needed to create more sustainable markets. And it will ultimately help improve the lives of many people around the world." He then called on business leaders to convene board meetings to share the developments at the Summit, on civil society and labour leaders to remain vigilant and engaged and continue to hold businesses accountable for their commitments, on governments to sustain their support for the Global Compact, and for members of the UN family to integrate the Global Compact principles through each organization.

865. FAO can take advantage of this new development in many ways. Among the most immediate steps that can be taken is to focus on the relevant private sector members of the Global Compact, encouraging them to participate actively in events linked to major FAO meetings and in substantive discussions of issues of importance for markets and access to knowledge. This could help reduce the Organization's long-standing risk-averse and inhibited relations with the private sector, facilitating their substantive contributions to global governance discussions at FAO fora, and ease development of a comprehensive and holistic approach to partnerships that includes government and private sector interaction with the civil society and non-governmental organizations.

PARTNERSHIPS AT REGIONAL LEVEL

866. FAO has pursued partnerships with regional economic organizations, mainly to establish technical capacity for development or emergency functions. It has also assisted efforts to develop regional markets, for example in West Africa. The partnership with the African Union and the New Economic Programme for African development (NEPAD) for investment in African agriculture has been important at the policy level, but actual impact has been less encouraging.

867. While until recently, there was little cooperation, a Memorandum of Understanding (MoU) has now been agreed with the Inter-American Institute for Cooperation in Agriculture (IICA). It offers considerable potential for the beginning of a more significant partnership and sharing of resources. Collaboration can be further strengthened, as discussed in Chapters 4 and 6. This includes the possibilities for more concerted joint regional and country-level action, joint country or Subregional Offices and collaboration in holding coordinated Regional Conferences of Ministers.

868. FAO's Asia Regional Office established a number of important professional networks many years ago, but FAO support (both from headquarters and the Regional Office) to these organizations has declined in recent years. IEE field visits suggest that the Asia-Pacific Rural and Agricultural Credit Association (APRACA) remains the most dynamic of these groups. Also for the immediate future, the IEE has concluded that more flexible and strategic use of the FAO Regional Conferences holds considerable potential for the Organization (see Chapter 4).

CONCLUSIONS AND RECOMMENDATIONS

869. In many constituencies and agencies, FAO has a "bad name" as a partner organization. Some of that reputation would seem to be a continuing hangover from the past, when FAO projected a narrower and more territorial image. Whatever its causes, the reputation is largely undeserved today. The FAO technical areas reviewed in Chapter 3 have furnished clear and compelling evidence of the broad and deep range of important and successful partnerships and this chapter has added to that evidence. The senior leadership of FAO has placed the Organization at the forefront of efforts to make the initiative for "Delivering as One" a success.

870. FAO's partnerships are, however, of a highly uneven character. They are most developed with a few sister agencies of the United Nations, the World Bank and the CGIAR. They are exceedingly weak with the private sector. They have demonstrated important results in several global programmes, but they are weakest at the country level, where FAO has few resources, in terms of engaging with other development agencies, NGOs and the private sector.

871. Moreover and in spite of the successes it has achieved, FAO has neither a strategy nor specific plans for partnerships and for the ways in which they would contribute to defining the Organization's comparative advantage, communicating its message and locating its role clearly in the new international development architecture. Until the 2006 evaluation of partnerships and alliances, FAO had not examined systematically its experiences in partnerships, the conditions and requirements for success and the pitfalls to avoid. Yet many of the recommendations of that evaluation have still to be implemented. Staff are almost entirely without guidance as they seek to respond to the increasing requirement of donor agencies for the demonstration of robust partnerships, of joint and shared actions where outcomes and results (the whole) exceed the sum of the parts.

872. The reality of FAO in this new century (as indicated above and in Chapter 3) is that it will be only through effective and strategic partnerships - with the UN family, the wider international community, civil society and the private sector - that FAO can hope to fulfil its mandate as the global broker of essential agricultural knowledge as an international public good. This will require a new, genuinely corporate-wide strategy to replace the limited number of ad hoc and unconnected efforts now in place. To be effective, the strategy will need to establish clear priorities and point to specific requirements. It will need to be tightly aligned to and embedded within a new FAO corporate-wide strategic framework, stipulating clear priorities and means to ends resource requirements.

873. Effective partnership is the single most critical requirement for FAO's principal mandate as the global knowledge-based organization on food, agriculture and nutrition. FAO itself produces only a fraction of the knowledge required for sound stewardship in these areas at the global, regional, national and local levels. To fulfil its mandate and meet the needs of its Members, however, FAO needs know where such required knowledge is to be found and how it can be accessed. This can be achieved only through well-constructed, durable and sustainable strategic partnerships.

874. Such partnerships can also help FAO out of one of its current weaknesses – namely, that it is not well known generally and, more specifically, not considered an effective provider of international knowledge about food, agriculture, rural development and natural resource management. However, it should be clearly understood that progress on enhancing the role of FAO in the international system and strengthening its partnerships with various important constituencies will not be possible without agreement to, and implementation of, the major changes proposed throughout this IEE. Should these changes occur, and be accompanied by a high-level political commitment by senior management[154] to seek and encourage opportunities to work together with key partners at the global, regional and country levels, FAO can expect considerable benefits to accrue. These partnerships will strengthen FAO as a knowledge organization over the longer term and help it regain the respect of the international community in ways that will pay off in financial terms as well. The recommendations that follow below are small steps that can be helpful, but their usefulness will be very limited if taken in isolation from this broad perspective.

875. It must also be underscored, however, that partnerships have costs and that many are highly cost-ineffective. The present mantra in some quarters of establishing partnerships for

[154] This is one of the lessons from the FAO Evaluation of Partnerships and Alliances, para. 16 of the Executive Summary, Recommendation 9 and lesson no. 1, para. 211.

partnerships' sake presents a danger of introducing high transaction costs for unclear objectives - as evident in some technical areas (see Box 5.2).

Recommendations

General

876. **Recommendation 5.1:** In developing the IEE-recommended Organization-wide strategy, and in undertaking its concomitant priority-setting exercise, it must be recognized that there are now many other actors in the territory FAO once held on its own. FAO must enlarge its vision if it wishes to influence the governance of agriculture in the 21st century. This places a high premium upon *strengthening partnerships and alliances based on comparative advantage and the search for greater effectiveness and efficiency*. Drawing on the lessons and recommendations of the Evaluation of FAO's Partnerships and Alliances, FAO should develop a corporate-wide partnership strategy to (i) build a stronger culture of partnership within FAO, making it a part of the way it does business rather than an after-thought, and (ii) foster a more strategic and less fragmented approach to initiating, implementing and assessing partnerships. The strategy will also want to take account of many of the general lessons learned in attempted development partnerships over the past several years. The IEE would suggest as a starting point the five outlined in Box 5.2.

Box 5.2: **Some lessons on partnerships to consider in FAO strategy**[155]

There has been too much emphasis on partnerships as ends in themselves and too little recognition that partnerships can create burdensome transactions costs. Partnerships can be cost-ineffective just as they can be cost-effective. Many donors ask for and insist upon partnerships without ever taking cognizance of what they really mean and imply in terms of cost-benefit.

Recent partnerships in international development demonstrate a tendency to be driven by relatively non-specific notions such as 'inclusiveness', 'participation' and 'voice'. Such notions may be of the highest order of importance, but they have tended to divert attention away from the painstaking detail required for successful partnerships. As the old adage holds, the devil is in the detail and the detail requires specification of clear objectives and agreement on the respective comparative advantage of the parties to partnership agreements and efforts.

There are major issues and problems in partnerships of asymmetry of power, influence, capabilities, experience and credibility, but these are seldom dealt with directly and transparently. The result has been that international development partnerships often create the patina of an equality that simply does not exist and that serves to generate disappointment, frustration and resentment. This patina of equality can be especially bewildering to the private sector whose 'business culture' tends to articulate such asymmetries at the outset of any partnership and to regularize or regulate these via specific legal and financial instruments. The dominant international development paradigm of a 'universalism of partnerships of equals' may be noble in its intent, but it avoids dealing with essential realities. It requires modification to meet the needs of every specific application. This lesson may be especially important to FAO in shaping in partnership within "One UN" at the country level.

As a basic rule, generic partnership arrangements should be avoided. Partnerships should be specific to function and objective and should be entered into only on the basis of prior utilitarian agreements bound by specific rules and agreed divisions of labour.

The most successful partnerships between multilateral organizations and civil society organizations have included prior agreement on specific outcomes and on how these are to be measured and time-bound agreements that include stipulation of mutual responsibilities, a work plan and an agreed exit strategy.

877. **Recommendation 5.2:** As discussed in Chapter 4, Governing Body processes should include FAO partners to a greater extent, including in the development of agreements relevant to and required for the global governance role of FAO. In order to play a relevant and effective role in the governance and in the positioning of agriculture and food security in the changing

[155] Adapted from K. Bezanson, April 2004. *Independent Evaluation of the Partnership Committees of the CGIAR.*

multilateral system, FAO should give priority to partnerships as a means to heighten impact, scaling-up, effectiveness and efficiency, as well as to address multisectoral challenges facing the sector. Both civil society and the private sector should continue to be involved, both formally and informally, in Governing Body processes, contributing to the development of viable and inclusive global policies and agreements.

878. **Recommendation 5.3: United Nations -** Ensure that FAO partnerships – through collaborative arrangements, interagency coordination mechanisms and interaction with UN intergovernmental bodies – contribute to the accomplishment of the FAO mission and, in turn, contribute to that of the UN system as a whole. And specifically:

a) promote the Collaborative Partnership on Forests model as a useful way to address key issues and build networking opportunities;
b) promote partnerships that reduce FAO's direct role in implementation where it is less strong;
c) foster opportunities for real partnerships at the country level by empowering FAO country representatives to make decisions on substance and budget;
d) promote results-oriented partnerships that configure the comparative strengths of UN system entities, in which FAO may lead, facilitate or participate;
e) continue to contribute to UN reform and to help shape UN system policies, through interagency coordination mechanisms; and
f) play a constructive role in initiatives that enable more joined-up and effective UN system support at the country level, while recognizing the overarching need to ensure: national ownership and coordination; building and using national systems and scaling up through partnerships beyond the UN system (e.g. bilaterals, IFIs and NGO networks).

879. **Recommendation 5.4: the Rome-based agencies**:

a) the three agencies should continue working together on merging common services in Rome, including, as soon as possible, IT and communications applications that could be operated under common ownership, such as library management system platform and, eventually, enterprise resource planning;
b) they should also undertake – and the Governing Bodies should encourage – more ambitious efforts in strategic and programmatic partnerships, including:
   i) joint representation in field offices with IFAD (and in Latin America, with IICA);
   ii) ensuring synergies with WFP at the technical level which would include early warning, food and nutrition assessments, and policy issues in safety nets and food aid; and
   iii) ensuring synergies with IFAD in a broad range of technical interfaces from rural finance to agribusiness and gender, and including project development, supervision and national policy dialogue (PRSP); and
c) build a joint communications and advocacy strategy with WFP and IFAD (see also Recommendation 5.10).

880. **Recommendation 5.5:** World Bank and IFIs (FAO partnerships with the World Bank and the IFIs are also examined in Chapter 3 and recommendations are also made there).

881. **Recommendation 5.6: CGIAR**: Serious discussions at the levels of senior management and Governing Body of both FAO and the CGIAR are long overdue on the development of a genuine coalition for agriculture, rural development, and knowledge availability and transfer. FAO and the CGIAR would form the core of this coalition, but it would be open to much wider partnerships. Lessons may be learned from the agreement under which FAO holds the CGIAR genetic resources in trust as a global public good.

882. **Recommendation 5.7: World Organisation for Animal Health (OIE)**: The time has also come for FAO and OIE to examine the potential for a much closer relationship, which could include a merger of their secretariats (but not their governance structures) for animal health. The

examination should also include attention to ways and means for joint collaboration on global governance requirements in animal health.

883. **Recommendation 5.8: Civil society/NGOs**

a) update FAO policy and procedures, and expand information flow, to help educate FAO staff of the importance and benefits – and risks – of partnerships with NGOs. The policy should recognize that partnerships based on mutual respect can help FAO gain greater exposure and professional credibility at global, national and local levels. It should focus particularly on developing partnerships with CSO/NGOs with a strong interest and experience in rural areas;

b) FAO should also have an active outreach programme to environmental NGOs with an interest in FAO's commitment to environment in agriculture and natural resource management;

c) FAO should also continue to maximize collaboration with NGOs on emergencies, including the deepening of relationships on the basis of a clear strategy, thus increasing the acceptance and legitimacy of FAO's coordinating role;

d) while effective public awareness campaigns are important and need broad advocacy, FAO should cease TeleFood projects as they are largely ineffective in reaching their objectives and expensive and burdensome to administer for both FAORs and recipients;

e) FAO should seek to draw civil society and private sector representatives into national policy processes facilitated by FAO; and

f) empower FAO country representatives to make project and budgetary decisions that will make associations with NGOs on common interests feasible.

884. **Recommendation 5.9: Private sector**: Establish a clear corporate strategy and policy framework for working with the private sector, including particularly with small- and medium-sized firms. Undertake to strengthen FAO staff understanding of the varied and increasingly significant roles played by private firms in agricultural development. Focus on partnership opportunities in the fields of agriculture and rural development with members of the UN Global Compact.

885. **Recommendation 5.10: A corporate strategy on communication and advocacy** should be developed in close partnership with key players in civil society, the private sector, the media and other counterpart organizations. In particular, the Rome agencies should together develop a common strategy to exploit World Food Day and other events to promote greater understanding of critical food and agriculture issues – and of the agencies themselves.

Chapter 6: Situating FAO's Culture, Organization and Structure[156]

FAO'S ORGANIZATION CULTURE

886. One of the main conclusions from studies of institutions, whether these are in the private, public or voluntary sectors, is that the culture of an organization is at the core of its successes or failures. This has been central to organizational theory from at least the early 1940s.[157] It has become a principal pillar in the examination of organizations and in attempts to improve their performance[158]. This section of the report draws from this work and the broader research on organizational culture and structure in management literature.

887. The sources of basic data for this chapter involve several instruments, including an FAO-wide staff survey which included employees working under all forms of FAO contracts - from continuing staff appointments to consultants. The survey involved collection of two distinct types of information:

a) the first involved the BAH "Org DNA Profiler"[159], a standardized diagnostic based on the distillation of nearly 50 000 surveys from all over the world of the corporate, government and non-profit sectors, including international institutions. The result is a benchmarking survey instrument of organizational culture. This allows us to compare FAO's organizational profile with organizations defined as "healthy", including organizations which operate in the non-profit sector ("Mission-oriented"); and

b) the second entailed a structured questionnaire of 83 questions developed specifically for the IEE based on instruments applied in other international institutions (e.g. the World Bank, the African Development Bank and UNDP). Survey respondent demographics were compared with the overall demographics of FAO to ensure responses were representative.[160]

888. A separate survey was commissioned on gender issues within FAO as an organization.

889. All data collected were further tested and verified by:

a) structured focus group discussions involving some 190 staff; and

b) validation interviews following from and based on the results of the above with "key informants", including senior staff of FAO and Permanent Representatives.

890. This culture section first presents a number of very general results that differentiated different populations within FAO. It then presents the standard DNA Profiler diagnostic to provide an overview picture of the institution. It follows this with an examination of the culture of the Organization, working through the structure starting with a broad staff overview of the Organization from perspectives of motivation and job satisfaction. It then continues with a presentation of issues of teamwork, the management cadre, leadership and the cultural characteristics required for an effective knowledge organization.

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[156] Background working papers prepared by Ernest Wilson and Vanessa Bertelli.

[157] See, for example, Lewin, Kurt, 1947, *Group Decision and Social Change* in T. N. Newcomb and E. L. Hartley, eds., *Readings in Social Psychology*. Troy, Mo.: Holt, Rinehart, and Winston.

[158] Peter Senge et al (1994) *The Fifth Discipline Fieldbook,* Doubleday, New York.

[159] We wish to thank BAH for permission to use their standard survey and for their assistance in analysing the survey *pro bono* and providing a comparison to equivalent organizations in their global database.

[160] Employees in the field responded more often than those in headquarters. Among field employees, those in Asia and the Pacific responded more than those in other regions. Men responded more often than women.

General observations

891. As has often been found in other organizations, several distinct groupings emerged clearly from our examination. The first distinguishes between headquarters and the field. Survey respondents and focus group participants in the field were consistently more positive and hopeful about FAO than their headquarters colleagues. At the director and professional staff levels, the difference is very sharp - 80 percent of headquarters respondents expressed pessimism about the culture of FAO and its ability to change, in comparison with only 30 percent of respondents in the field. Non-headquarters staff express more pride in being FAO employees; they are more satisfied with their decision rights and with their management environment; and they have much greater confidence in senior management.

892. FAO is not alone in this split; the same result was obtained from a similar survey undertaken by the World Bank[161]. It could be postulated that "distance lends enchantment" and that the more action-oriented focus of a field office and the greater *camaraderie* often found in a small office provides a more satisfying environment in which to work. For example, survey respondents whose direct line manager is a national professional officer in a Country Office were most satisfied with the level at which decisions are made.

893. A second sharp distinction is between general service (GS) and professional (P) staff. GS staff express high levels of resentment about P-level staff on the grounds that they are taken for granted, their contributions unappreciated and their voices unheard. A third distinction relates to staff at the most senior levels of the Organization reporting to the Director-General[162], who also have the greatest contact with the Governing Bodies. As a group, respondents in this category scored highest (along with the Forestry and Sustainable Development Departments) in support for major (and urgent) organizational culture change. At the same time, however, in answer to the question of whether they thought that genuine organizational change could be achieved, they expressed the greatest scepticism.

894. Finally, a significant majority of female staff find FAO decision-making as male-dominated**,** especially at headquarters. Overall, twice as many staff feel that women's voices are heard less than men's in decision-making, and women hold this view to a greater extent than men (76 percent to 52 percent). Moreover, the highest percentage of open-ended written comments (24 percent of the total) expressed concern over the lack of women in senior positions.

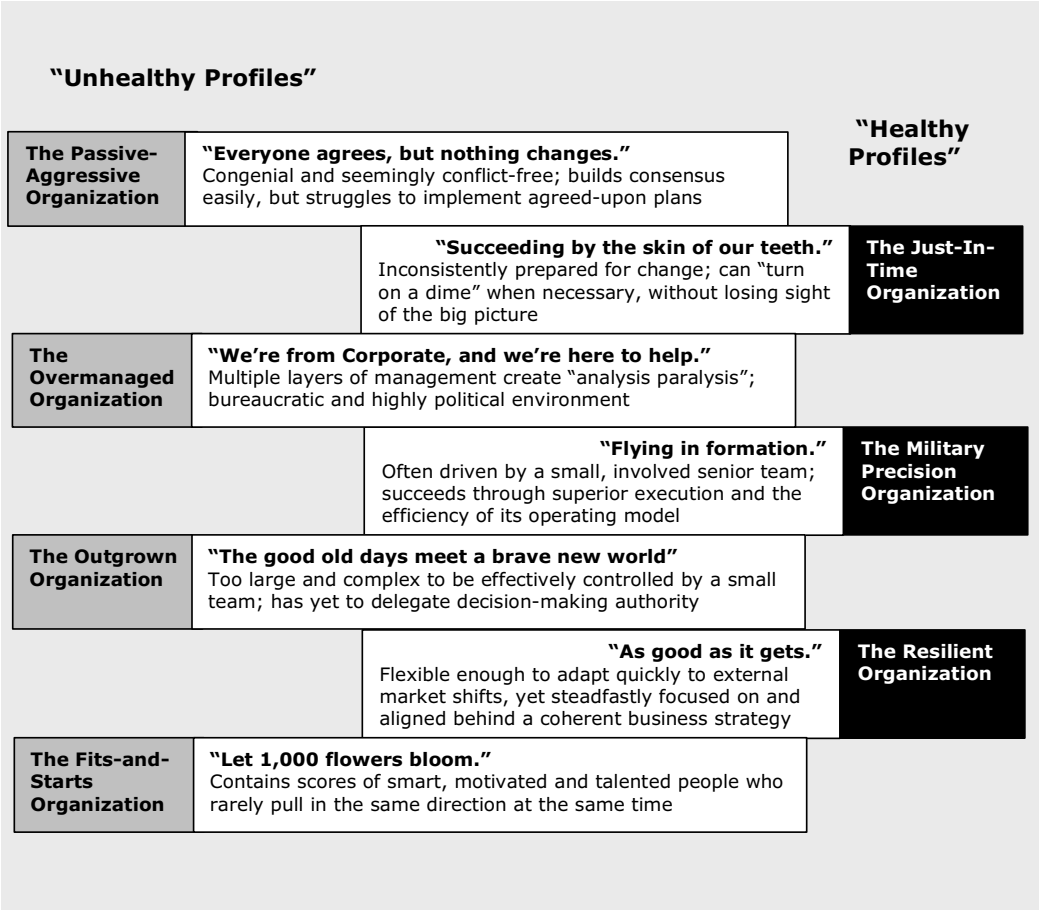
The BAH survey

895. The BAH benchmarking profile is based on seven categorizations of organizational culture, three of which are classified as "healthy" and four of which are "unhealthy". An important feature of this instrument is that it has moved away from simple classifications of organizations as hierarchical versus participatory or open versus closed. The seven categories are set out and described in Figure 6.1 below.

[161] World Bank staff survey 1997.

[162] Defined in the context of the IEE report as ODG and independent offices reporting directly to the Director-General.

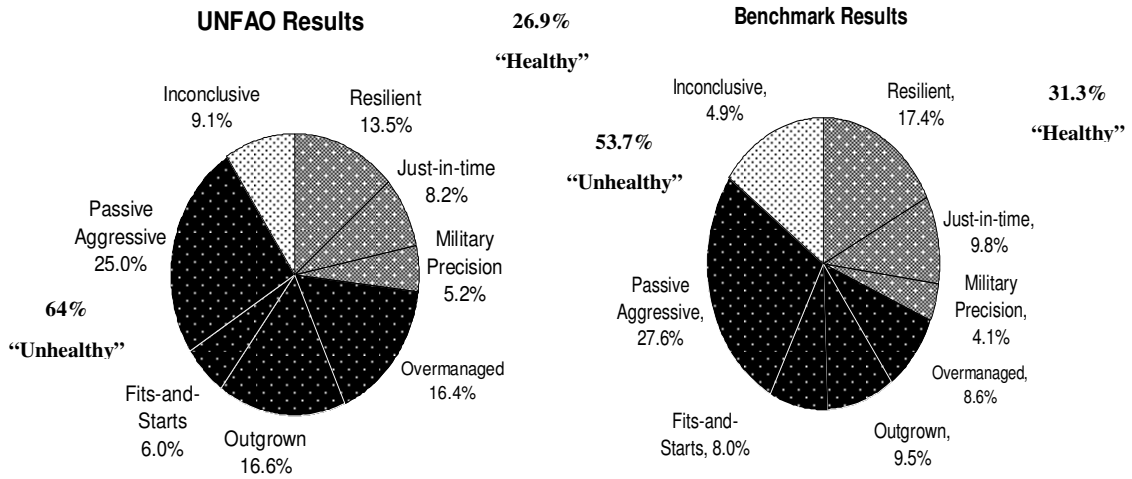
Figure 6.1: Org DNA Profiler principal types of organizations[163]



896. Based on this, the organizational profile of FAO emerged as more unhealthy than healthy and as less healthy than the average organization in the BAH benchmarked average based on 50 000 respondents. Twenty-seven percent of the FAO profile emerges as "healthy" (compared with 31 percent in the benchmark average), 64 percent as "unhealthy" (compared with 54 percent in the benchmark average) and the balance of nine percent as inconclusive.

[163] Booz Allen Hamilton.

Figure 6.2: Comparison between FAO's organizational profile and overall benchmark



897. The average of all organizations in the BAH profile shows a relatively high passive-aggressive profile and FAO does not depart from the benchmark by more than two percent. That part of the profile on its own, therefore, should not be considered particularly significant. However, FAO scores significantly more highly in the organizational categories of **outgrown** and **over-managed**. The outgrown and the over-managed profiles are very similar and usually go hand-in-hand, particularly when the organization has a career focus based on hierarchical progression more than lateral movement. When combined with the passive-aggressive profile, they suggest an organization in need of organizational and managerial changes.

898. In comparison to the BAH "Mission-oriented" benchmark, FAO's profile moves somewhat closer to the average but still remains significantly higher in the categories of over-managed and outgrown. The difference is explained by the fact that the comparator group of mission-oriented organizations includes many smaller NGOs which score higher on "Fits and Starts", which is a logical consequence of the type of organization they are.

899. As defined by BAH, the typical characteristics of an outgrown organization are that:

a) it is too large and complex to be effectively controlled by a small team. It needs to distribute and diffuse power, authority and decision-making if it is to become an effective organization;

b) because power is centrally held at the top while information is decentralized, the outgrown organization tends to react slowly to market developments and/or other important external changes; and

c) senior management is involved in too many issues while local managers lack decision-making authority and/or incentives and information to make good decisions.

900. The typical characteristics of an over-managed organization are that:

a) the absence of lateral career moves promotes multiple artificial layers of management which create "analysis paralysis"; and

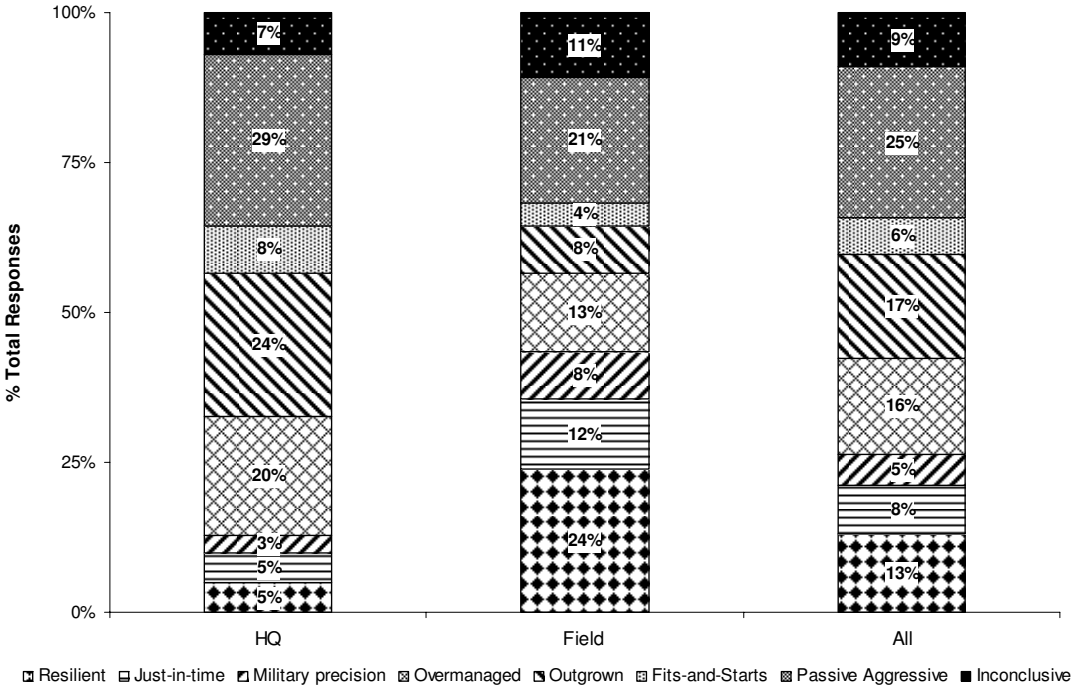
b) they are bureaucratic and their environment is highly political.

901. Finally, the characteristics of a passive-aggressive organization are outlined as:

> "*A friendly place to work, people are congenial…but at the end of the day even the best proposals fail to gain traction. The (organizations) are filled with mostly well intentioned people who are the victims of flawed processes and policies. Commonly …half-hearted or poorly thought out attempts to decentralize give rise to multiple layers of managers, whose authority for making decisions becomes increasingly unclear. In such organizations information does not circulate freely…. breaking free from this pattern is hard; a long history of seeing corporate initiatives ignored and then fade away tends to make people cynical*."[164]

902. As is the case in the FAO-specific section of the questionnaire, the BAH profile also shows a significant difference between FAO headquarters and field staff (see Figure 6.3 below). While the weights given to most BAH profiles differ only somewhat between field and headquarters, field staff classify the Organization higher in "resilience" (a weight of 24 percent compared with only 5 percent for headquarters staff); correspondingly, field staff have less of a perception that the Organization is "outgrown" (a weight of 8 percent compared with 24 percent for headquarters staff). When the data are analysed separately for field and headquarters staff, the headquarters profile falls overwhelmingly (80 percent) into the "negative" category with the balance being 13 percent positive and 7 percent inconclusive. For the field staff, the negative category reduces to 46 percent and the positive category rises to 44 percent compared with the benchmarked figures of 54 percent and 31 percent respectively.

Figure 6.3: Headquarters staff see the Organization as much less healthy than field staff



[164] Neilson. G (BAH), Pasternack. B, Van Nuys. K (BAH). October 2005. The Passive-Aggressive Organization, *Harvard Business Review*.

The IEE staff survey

903. The second part of the questionnaire survey combined questions from other well-accepted surveys (e.g. the World Bank staff survey) and questions constructed specifically to test how representative were the statements made to the IEE during initial interviews within FAO. The questions were divided into six categories: My Job; My Work Group; FAO as a Whole; FAO's Organizational Culture; FAO's New Vision and FAO's Governance. For ease of scoring and to ensure a reliable metric, questions mainly required responses on a seven-point scale from "very strongly disagree" to "very strongly agree" or a "don't know or no response".[165] With the exception of the section of the questionnaire dealing with FAO's New Vision, "Don't Know" answers were well below ten percent for all sections. For the "New Vision" section the percentage was 30 percent, indicating unfamiliarity by a significant number of FAO staff.

The organizational culture from a staff perspective

904. **Motivation:** A large majority of respondents are proud to be FAO employees and support the goals of the Organization. As one staff member summarized it in follow-up interviews to the survey: "FAO has a dream mandate" - an opinion that was shared by a number of focus groups. Over 93 percent of respondents strongly agreed with the statement: "I strongly support the goals and objectives of FAO". For the statement: "I am proud to be an FAO employee", the percentage was 84 percent. The overwhelming consensus of staff at all levels is that FAO's mission, goals and objectives are noble and that these merit the full commitment of staff. The motivation of staff is clearly related to the mission of the Organization and 72 percent of staff believe that many other things besides pay motivate them to do a good job. This is a higher percentage than in the overall BAH benchmark although slightly lower in comparison with the mission-oriented organizations (81 percent). Overall, staff also give FAO reasonably high marks on two gender-related statements ("The organizational culture makes it easy for women to work in FAO" - 64 percent - and "FAO takes issues of gender equity in the workplace seriously" – 62 percent), although there was also a gender difference here (50 percent affirmative responses from female respondents).

905. When asked to consider how the overarching principles of FAO translate into day-to-day activity, however, staff responses become far less positive (a sample of these is provided in Table 6.1 below).

Table 6.1: Staff survey responses

Statement	Percent Negative
I have a high level of confidence in FAO's Senior Management	59
The views of FAO staff can influence the decisions of FAO's Senior Management	64
There is mutual trust in the overall relationship between Senior Management and staff	66
FAO is effective in delegating the right levels of authorities and responsibilities to its employees	66
FAO brings about the necessary changes in the Organization in ways which build on the strengths and talents of its human resources	72
Positive organizational culture change cannot occur until major changes are made to the way FAO is managed	90

[165] The percentage of respondents who chose not to answer specific questions does not exceed 2 percent and is therefore disregarded for the purposes of this analysis.

906. **Job satisfaction**: A majority of respondents believe that their job gives them the opportunity to use their experience, skills and training. This general satisfaction seems to arise more from the inherent value attached to being part of FAO's mission than to satisfaction with career development. In this regard, the questionnaire indicates a majority sentiment of feeling "boxed in" and of frustrated desires for opportunities for greater learning and diversification. For example, 79 percent of all respondents would welcome rotation in and out of headquarters and 82 percent would welcome opportunities for lateral moves from one position to another, even if that is within the same grade (see also Chapter 8).

907. Almost 86 percent express the view that the management of human resources in FAO does not allow for staff development. This sentiment received especially strong reinforcement in focus group interactions. GS staff, in particular, felt that their jobs did not give them sufficient opportunity for growth. In an age when office technology requires many general staff to take on and master multiple semi-professional tasks, attention was drawn to the fact that 698 of GS staff are described with the outdated and non-descriptive term "clerk". With regard to professional staff, follow-up interviews with many brought out concerns that they were becoming "de-skilled" in their field of expertise because of the relative absence of training support or career development measures to allow them to work as leaders in their profession. Others expressed frustration that their area of specialization was no longer required (or was fast declining) in FAO. As one specialist commented: "I have to hang on and accept becoming more and more irrelevant because there is no buy-out package that would allow me to leave with dignity".

908. **Reaction to recent reforms**: When it comes to reform, there are divisions within FAO. Field staff are supportive whereas headquarters staff are overwhelmingly opposed. However, this questionnaire finding requires cautious interpretation. For example, the visits to Country Offices provided conclusive evidence that field staff in general have little knowledge of the reform proposals other than that they involve strengthening field operations, a proposition which they support. On the other hand, many headquarters staff, especially GS staff, regard the reform proposals mainly as threats to their continuing employment.

909. Further analysis of both questionnaire survey and interview data reveals concerns, even alarm in some areas, that the reform proposals will inflict deep and even irreversible damage on the core technical competencies of the Organization. A very large number of headquarters-based specialists in areas such as forestry, fisheries, and animal and plant health affirm that FAO has already fallen to or below the level of resources required for excellence in these technical areas, especially in the execution of global functions and quality control that must be undertaken from headquarters. They assert that, without significantly increased resources, further decentralization undertaken at the expense of their technical areas will result in a permanent loss of FAO technical capabilities and consequent erosion of FAO's comparative advantage. This concern is widely shared in FAO partner organizations and professional counterparts.

910. These concerns should not be interpreted as rejection of decentralization, *per se*, as almost all headquarters technical specialists were also clear on the importance of measures that would increase the development impact of FAO "at the country level". The essence of the matter in their eyes relates to resource constraints and the opportunity cost of choices. The words of one senior level FAO technical specialist are particularly thoughtful and illustrative: "FAO cannot have its cake and eat it at the same time. We are already stretched to breaking point …. If my (technical staff) are put in Subregional Offices we will break completely. Of course, I would like to see more ... (decentralization)… but that makes sense only if it is done with additional (technical specialists)…. FAO cannot keep pretending that it can do more with less. We can do more with more, less with less or less with more but not more with less. Unless we are honest about this…(it) will end very badly for the Organization".

911. As to consultation on the reforms, there is no difference between headquarters and field or between professional and general service staff (80 percent of staff believe that there was little or no consultation). Consequently, there is little sense of collective ownership.

912. There is also an overwhelming consensus among staff (96 percent or 1 187 out of 1 233 questionnaire respondents) that **major organizational and institutional culture change is a prerequisite to successful reforms** and for the Organization to achieve its mission. There is, of course, no clear and universally shared pattern of what changes staff would like to see. Moreover, in follow-up interviews and focus groups it also became clear that the majority view is that FAO is difficult to change. Indeed, a frequent interview comment made about the IEE itself was to welcome it but to add that, no matter what it produced, its recommendations would not survive the subsequent review and decision-making process.

913. **Teamwork within FAO:** There are generally strong positive perceptions of the efficacy of staff members' teams or immediate work groups. In comparison to a similar survey at the World Bank, FAO staff are more affirmative about their proximate work circle. This is a distinctly positive element for the future and could provide an opportunity for real bottom-up initiatives. The limitation is that these widespread positive perceptions do not extend much beyond the immediate work circle. When extended to the divisional and the departmental levels and then to more senior management, the expressions of inclusion and teamwork diminished steadily. The following section of this chapter underscores the severe weaknesses of teamwork between Regional Offices, Subregional Offices and Country Offices.

914. **FAO management culture and leadership:** The IEE survey reveals a distinctly hierarchical FAO management culture[166]. This is not new and has existed in FAO for several decades. It has developed as a consequence of structural factors and of management style. The structural factors are numerous and include communication channels that are predominately vertical, a tradition of working in silos that has been reinforced in recent years by competition for increasing scarce financial resources, few opportunities for lateral movement and rotation and the style of management itself.

915. From its inception, FAO has been a top-down organization. Two of the earliest Directors-General, Lord Boyd-Orr and B.R. Sen, were described in one report as autocratic in nature.[167] By comparison, UNESCO (where the first Director-General was the academic and popular science writer Sir Julian Huxley) started off as a very open environment. Huxley was a person described as "bubbling with ideas who infected colleagues with enthusiasm but by his own admission he was not a good administrator".[168] More recent reports[169] describe how former Director-General Saouma took autocracy in FAO to exceptionally high levels. Despite the strong trend towards inclusive modes of management and leadership in today's world, FAO has developed a high tolerance for top-down and authoritarian management.

916. The present Director-General was appointed at a time when older hierarchical structures of organizational management were breaking down, especially in knowledge-based organizations such as FAO. With new technologies and the speed by which new knowledge is now created, the success of such organizations depends on procedures to integrate content from multiple sources and mobilize it to achieve organizational goals and objectives. They require a learning culture that promotes not only individual learning but also results in a shared understanding. Such organizations also embrace continuous evolutionary change to sustain themselves in a constantly changing environment.[170]

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[166] 93 percent of FAO surveyed staff characterized FAO's management culture as hierarchical, top-down and rigid. 89 percent disagreed with the statement "FAO culture is open and inclusive".

[167] Weitz, C. 1997. *Who Speaks for the Hungry?* Dag Hammarskjold Foundation..

[168] Baker, R. H. 1976. *Bibliographical Memoirs of Fellows of the Royal Society, vol. 22*.

[169] See Ingram, J. *Bread and Stones. 2007. Leadership and the Struggle to Reform the United Nations World Food Programme.* BookSurge Publishing.

[170] See Senge, P. 1990. *The Fifth Discipline: The art and practice of the learning organization.* Doubleday, New York.

917. Among the defining characteristics of deeply hierarchical organizations such as FAO is the amount of time taken up in formal meetings. Throughout the interviews and focus groups, adverse commentary was made by employees and managers alike on the amount of time that senior staff meet in committees. While the purpose of internal committees may have been to promote corporate ownership and participative decision-making, they seem to have become viewed in FAO at least in part as a means of avoiding individual responsibility for decision-making, thus reducing the accountability of staff. The IEE counted 33 formal committees in FAO, the majority of which require Director-General, Deputy Director-General (DDG) or Assistant Director-General (ADG) participation. These have been subdivided into three groups: management committees (of which there are nine), administrative committees (12) and committees dealing with welfare and staff-related matters (12). The last group has not been commented upon by the IEE since the need for such committees reflects an ongoing dialogue between management and staff which is outside our purview. Below this structure are a series of subcommittees involving working levels of management and specific technical staff, some of which are also chaired by ADGs.

918. Two committees are chaired by the Director-General and are a part of his structure of top management – the Senior Management Meeting (SMM) and the Programme and Policy Advisory Board (PPAB), a meeting of the Director-General and his whole management team (D2 staff and above). Although this latter is clearly not a decision-making body, it was also found by most D2 staff and above as "a one-way forum" and not one where an interchange of ideas takes place. The majority of ADGs are members of seven committees and individual ADGs chair or are members of nine others; the DDG chairs 10 committees.

919. No cost-benefit study on this committee structure exists, nor has the Office of the Inspector-General conducted a value for money audit. Various efforts at streamlining have been undertaken winding up interdepartmental working groups and subsequently many of the Priority Areas for Interdisciplinary Action (PAIAs). However, even the most cursory of examinations, confirms that this is a management culture of committees, heavily aligned towards centralization and top-down systems of decision-making. The most recent reform proposals refer to increased delegations of authority and responsibility. A streamlining of committees with attention to the principle of subsidiarity has recently been initiated by management and its timely completion, taking due account of the above-mentioned concerns, would be most desirable.

920. The strongly hierarchical and authoritative management culture of FAO has changed little over the years. Staff regard the Director-General as aloof, distant and unapproachable. FAO senior management acknowledges that it does not work as a team; regional ADGs have little relationship with each other or with their headquarters counterparts; past ADGs refer to their access to the Director-General as having been almost exclusively through the intermediaries of his cabinet and that any direct access is sporadic at best and with the agenda determined entirely by the Director-General. Structural factors impede change in this regard. With 13 persons as members of FAO's top level of management, formal meetings with the Director-General in the chair would appear to be unavoidable.

921. In interviews and focus groups on how FAO could strengthen its delivery capabilities and its effectiveness, the IEE team was surprised by the frequency with which staff pointed to small matters that they obviously view as symbols of isolation of the Director-General from contact with his staff and suggested that the IEE report would help FAO greatly by suggesting their removal. The security surrounding the Director-General may be particularly instructive. Many other executive heads (some with a considerably higher security profile) work in a more open environment and interact with staff more actively than is found in FAO. Openness and easy interaction with a chief executive is possible when there is good perimeter security, as is now the case in FAO. Removal of small but significant barriers would send strong signals of change and would have a good chance of invoking positive reactions on the part of staff and breaking down artificial barriers.

Decision-making, accountability and delegation

922. FAO staff overwhelmingly describe FAO's clearance and review processes as heavily *ex ante.*[171] Only 17 percent believe decisions in FAO are made at a level which makes their work effective and only 13 percent believe FAO is effective in delegating the right levels of authorities and responsibilities. There have been recent but limited attempts to delegate greater authority and to decentralize some decision-making. For example, the Director-General's Bulletin 2006/19 on Delegations of Authority and Streamlining of Administrative Procedures listed a number of measures for immediate implementation, ranging from higher thresholds for delegated approval of letters of agreement, procurement, the TCP facility and recruitment of local field staff. It also anticipated that further streamlining actions would follow, underlining the Organization's commitment to pursue a guiding principle of the Director-General's reforms. The IEE discovered in its field visits, however, that many of those to whom the new authority had been assigned were uncertain what authority they need and were also reluctant to use it. Even when authorities are delegated, a common practice is to minimize risk by formally seeking higher approval before proceeding. Over the decades, risk avoidance has become a deeply imbedded feature of FAO culture.

923. This is not just a minor administrative inconvenience. One of the more frequent observations made to the IEE during its field visits was the excessive time required for FAO responses. The FAO culture is not inherently conducive to the essential characteristics of emergency operations. These limitations notwithstanding, FAO has performed with credit in many emergency situations[172] (see Chapter 3), but a stronger long-term role in future emergencies will require administrative and policy instruments of a considerably more flexible and enabling nature.

924. **A knowledge organization (see also Chapter 3):** The founding documents of FAO clearly defined FAO as a knowledge organization from its inception. The architects of the Organization also explicitly foresaw the type of knowledge organization they intended (see Box 6.1); they did not envisage FAO as the world's stand-alone organization on agriculture and food, but rather as an organization that would be part of a knowledge network or partnership engaged jointly in the production, dissemination, application, adaptation and assimilation of knowledge.

Box 6.1: FAO: From its inception a networked knowledge organization

"Knowledge about better production methods, better processing and distribution, and better use of foods is (a first step only)…. How to get it put into practice on the necessary scale is the problem... To surmount these difficulties will call for all the wisdom and will that nations, acting by themselves as well as through FAO and other international organizations, can muster."

"To (contribute to this, FAO must have) as working partners... bodies concerned with the international problems of labour, credit, monetary stabilization, commerce and trade, health, education, and other matters vital to the welfare of nations."

Extract from The Work of FAO: A General Report to the First Session of the Conference of the Food and Agriculture Organization of the United Nations, prepared by the United Nations Interim Commission on Food and Agriculture, August 1945.

[171] *Ex ante* refers to approval and control measures applied **before** the event that is subject to control takes place.

[172] Real-Time Evaluation of the FAO Emergency and Rehabilitation Operations in Response to the Indian Ocean Earthquake and Tsunami (2007); and Multilateral Evaluation of the 2003-2005 Desert Locust Campaign (2006).

925. As outlined in Chapter 2 of this report, the number and types of partnerships required for effectiveness as a knowledge organization in 1945 were relatively few. The same chapter makes clear that the situation today is vastly more complex. The speed at which knowledge is now being created is unprecedented. A universal complaint of policy-makers today is that they are faced with information overload. The explosive growth in knowledge has been described in the following terms: "It took from the time of Christ to the mid-eighteenth century for knowledge to double. It doubled again 150 years later and then again in only 50 years. Today it doubles every 4 or 5 years. More new information has been produced in the last 30 years than in the previous 5 000"[173].

926. In institutional terms, areas that were once exclusive to FAO are now heavily populated by other organizations, many of which are better equipped, better placed and better funded than FAO. FAO's main knowledge partnerships at the country level have remained heavily rooted with Ministries of Agriculture and have not expanded to include Ministries of Finance, Economy, Energy, Commerce and Trade which are now more central as actors in issues, trends and policy making on food and agriculture[174]. The private sector is in many respects even more dominant, but "there are very few examples of FAO, large companies and farmers' organizations working together…"[175]. In addition, as will be explored later in this chapter, the structural characteristics of FAO involve heavy rigidities and high levels of organizational segmentation. These factors impose severe limitations of the current and potential role of FAO as a knowledge organization.

927. Moreover, the "culture" of knowledge management in FAO is strongly grounded in an antiquated "linear" model which functions on the basis that knowledge is created in one area (or in one set of institutions), transferred by a second area and then used by a third. Effective knowledge management today is not only a question of bringing about better connections between existing institutions (e.g. between knowledge producers and knowledge users), it is also a matter of the suitability of existing institutions. The institutional structures of knowledge management in FAO are generally bureaucratic, whereas knowledge-based economies and knowledge-based institutions function today in a new context. This setting requires almost seamless interconnections and processes whose main characteristics are agility and flexibility and where incentives exist to information that flows upwards, downwards, across departments, inwards and outwards.

928. The IEE staff survey and interviews indicated that very few employees are able to comment on what people in other departments do. This may seem paradoxical at first glance, as FAO's intranet provides a newsroom as well as a regularly updated knowledge forum, information on key programmes, invitations to seminars and workshops, and a section devoted to special initiatives. Equally, the FAO internet furnishes extensive information on FAO programmes, including project and programme evaluations, although it should be noted that the website is not easily navigated.

929. The situation, however, is not paradoxical. Studies on organizational management of knowledge have found consistently that knowledge management initiatives (such as the ones just mentioned) do not succeed when they are 'bolted on' established activities. The strong consensus of the studies is that the longer-term success of knowledge organizations depends on activities that are "embedded" cross-institutionally and supported by strong incentive systems and by a

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[173] Sagasti, Francisco. 1999. *Development Cooperation in a Fractured Global Order.* IDRC Books, Ottawa, p. 21.

[174] See Evaluation of FAO'S Work in Commodities and Trade, March 2007.

[175] FAO. July 2004. *Evaluation of FAO's Cross-Organizational Strategy Broadening Partnerships and Alliances*, Final Report, p. vi.

coherent sourcing, planning, reporting and results framework[176]. This is not the case within FAO (see Chapter 7). The 2005 evaluation of communicating FAO's messages concluded that: "Communication needs to cease to be a separate activity within FAO. If the Organization is to move forwards its development agenda, it needs to incorporate communication in its approach to delivering its policy message at departmental, regional and country levels…This requires full corporate ownership"[177].

930. The Director-General has been driving FAO to become a more effective knowledge-based organization. Success should be possible in this endeavour, as FAO holds the comparative advantage of a wide body of specialized knowledge built up over 60 years. Perversely, however, the management culture of the Organization and its deeply hierarchical structure continue to run counter to that objective. This will not be rectified through the single step of recruiting a "knowledge manager". It will require explicit organizational measures to reduce hierarchy, streamline structures and establish procedures based on the principle of subsidiarity. Risk-taking must be encouraged and more open and inclusive managerial processes instituted. Horizontal linkages need to be facilitated through appropriate incentive and reward systems. As discussed in Chapter 3, these changes would place FAO as a partner in interlocking and overlapping knowledge networks. It would become a facilitator rather than a central knowledge manager.

931. In the course of interviews and focus groups examining 'knowledge management', the IEE identified a second minority culture in FAO. This culture manifests itself in the growth of *ad hoc* working groups, which, for example, is the way that the Biodiversity Working Group developed – first informally through the second culture, until embraced in FAO's official structure and awarded a formal status. Only at this point were catalytic resources allocated to its work. This second culture welcomes sharing, is open to outside alliances, and promotes ties to allies within the Organization to move new ideas forward. It demonstrates that the essential traits of flexibility and a predisposition to collaborate across departmental lines already exist in some quarters.

932. As yet, this second culture is not the dominant one, nor is it universally embraced in the Organization. Nevertheless, it is a 'home-grown' model, offering proven potential for building knowledge management from the bottom up, provided it can be tapped and expanded in ways that are genuinely participatory and stimulating. It can be envisaged as footpaths through a grass lawn marked by pedestrians seeking shortcuts away from the formal concrete sidewalks. The groundskeepers would be advised to lay new sidewalks where people actually walk, as demonstrated by the worn paths.

Conclusions

933. The preceding assessment of FAO's institutional culture has depended heavily on the experiences and views of FAO staff, including a benchmarking of FAO's organizational culture and a tailored staff survey. It has also drawn from the mainstream literature on organizational theory and practice, particularly that dealing explicitly with knowledge organizations. Our survey shows FAO staff to be motivated and committed to the overarching mission of the Organization and satisfied with their proximate work circle. The organizational culture, however, involves a strong shared sense across staff of not belonging and of being excluded from decision-making and general debate. The staff of FAO indicate a readiness for change, but at the same time they have also become deeply distrustful of changes that occur without inclusive and consultative processes.

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[176] See Finger, M. and Brand, S. B. 1999. The concept of the "learning organization" applied to the transformation of the public sector in M. Easterby-Smith, L. Araujo & J. Burgoyne (eds.) *Organizational Learning and the Learning Organization*, London: Sage.

[177] FAO, 2005. *Evaluation of the Cross-organizational Strategy on Communicating FAO's Messages*, pp. 6-7.

934. From the IEE examination of the organizational culture of FAO, the Organization emerges clearly in the category of an "outgrown organization." This assigns to it the following main defining cultural characteristics:

a) it is too large to be managed centrally by a small team and can achieve effectiveness only through much greater diffusion of power, authority and responsibility. A centralized decision-making structure cannot achieve the efficiencies and effectiveness that the Organization requires. Senior management is involved in far too many issues at far too low levels of activity; and

b) its management culture is hierarchical, centralized and rigid and its communication channels are mainly vertical. Because power is highly centralized and only relatively low levels of authority are delegated, while information is decentralized, FAO has become risk averse, slow to seize new opportunities, slow to react to changes and is characterized by low levels of individual responsibility.

935. A possible reaction to this assessment might be that the views of FAO staff are particularly negative at this time because of the extent of change and the proposals for further changes. As a result, some might conclude that staff views should be discounted. Such a reaction would be misleading. In addition to the survey instruments and the extensive follow-up interviews with a broad cross-section of current staff, an identical assessment was provided in IEE interviews of FAO retirees with retirement dates going back fifteen years. The evidence points unequivocally to the conclusion that the assessment summarized in this chapter is not at all new but rather is an accurate representation of perspectives that have pertained for many years. Moreover, the reality of FAO is how it is today. The evidence again points strongly to the conclusion that major and systemic changes will be required if that assessment is to be shifted into more positive territory and if the organizational culture of the Organization is to align with what FAO will need in order to meet current and future challenges as a knowledge organization.

936. The IEE agrees with the overwhelming majority of survey respondents (96 percent), who believe that organizational culture change within FAO is a prerequisite to successful reform. The general prescription given to deal with this is a programme of re-engineering or culture change and the IEE would agree with this for FAO. The fact, however, is that there are countless examples of companies and organizations that embarked on ambitious programmes of this sort and the research done on these tells us that most of such efforts ended in failure (see Box 6.2). The change programmes that have succeeded seem to be those that began by taking into full account the lessons that have been learned from the successes and failures of previous efforts. The main lessons reported in the literature on organizational change are summarized in Box 6.3.

Box 6.2: Examples of reported research results on the success rates of institutional re-engineering or culture change initiatives

- Two-thirds of Total Quality Management (TQM) programmes fail, and re-engineering initiatives fail 70 percent of the time (Senge, 1999, pp. 5-6[178]).
- A seminal study found a 64 percent failure rate among new technological innovations introduced into municipal public service programmes (Yin, 1978, p. vi[179]).
- Change initiatives crucial to organizational success fail 70 percent of the time (Miller, 2002, p. 360[180]).
- Of 100 companies that attempted to make fundamental changes in the way they did business, only a few were very successful (Kotter, 1995, p. 59[181]).
- Companies that successfully implement a strategic plan are a minority, with estimates ranging from 10 to 30 percent (Raps, 2004, p. 49[182]).

Box 6.3: Main reasons for failure in programmes of institutional culture change

PERCEPTION: If the problem addressed or the solution offered doesn't resonate, then the programme will not work.[183] This can happen because of strong beliefs that cannot be overcome, public reactions, or unintended consequences.

TOP MANAGEMENT: The programme doesn't have the support of top management. Top management must change too. Research has shown that a transformational leader who gains the support of the senior management team is a crucial factor to successfully implement and sustain a change programme and, when absent, spells doom for the programme.[184]

NON-ENGAGEMENT OF STAFF: If the programme is top-down and does not adequately engage people throughout the organization, it inevitably fails.[185]

REALITY: The programme doesn't address "real" problems facing the organization.[186]

FEAR: A culture of trust is not fostered.

RESOURCES: They are not properly resourced with time, money, and/or people.[187]

TRAINING: Training is not provided.

RESISTANCE: For the above reasons, the change initiative is either resisted or treated passively by managers, supervisors and staff.[188]

COMMITMENT TO SUSTAINABILITY: The problem for many innovations is not that they don't work, but that the organization has not worked out how to scale them up and embed them as defining features of the organization. The innovations and changes become successful pilots that never go further than pilots.[189]

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[178] Senge, P. 1999. *The dance of change*. New York: Currency Doubleday.

[179] Yin, R. K. 1978. *Changing urban bureaucracies: how new practices become routinized*. Santa Monica: The Rand Corporation.

[180] Miller, D. 2002. Successful change leaders: what makes them? what do they do that is different?, *Journal of Change Management, 2*(4), pp.359-368.

[181] Kotter, J. P. 1995. Leading change: why transformation efforts fail. *Harvard Business Review, 73*(2), pp. 59-67.

[182] Raps, A. 2004. Implementing strategy. *Strategic Finance, 85*(12), pp. 49-53.

[183] Rogers, E. M. 1995. *Diffusion of innovations* (4th ed.). New York: The Free Press.

937. Successfully changing behavioural patterns that have grown over the years requires a concerted and sustained effort on the part of all staff. It requires leadership and change at the top and also changes in habits from all other staff. For example, when greater authority is genuinely delegated, initiative must be taken and greater responsibility accepted. As emphasized above, in FAO there are high levels of staff commitment to the Organization's mission and strong belief that change is essential. However, only 20 percent believe top management is committed to organizational change and 30 percent do not know if they are. This combination carries a high risk of early disillusionment and needs to be taken into account in design of the change programme.

938. It is not possible for the IEE to diagnose all the issues and map out the culture change process required in detail. The recommendations below, including cross-references to recommendations in other chapters of this IEE report, are intended to give clear guiding principles on the direction for culture change. Together, they will partly enable and partly actually constitute the change in "the way we do things around here" – that is, the organizational culture.

Recommendations

Recommendation 6.1:

939. Building on the high levels of commitment of staff to the mandate, goals and objectives of the Organization, and of staff motivation related to the Organization's work (see above), management should lead in rallying this positive asset around a much clearer vision of how FAO will work towards its mission with clearly articulated objectives and measurable indicators (see Recommendation 7.1). This cannot be top down or formalistic, but must reach into the Organization for shared ideas on ways forward. It must be done through processes of genuine consultation and participation aimed at building a practical sense of common purpose and be a first step in re-orientation to a culture of high performance.

940. Deep and extensive changes are then needed to policies and procedures on human and financial resources in order to ensure that they are aligned with and focused on that clearer vision, and engaged as efficiently and effectively as possible to achieving those clearer goals. In other words, aligning all the Organization's means with its ends explicitly (see Recommendation 8.1). FAO's human resources should be treated as the primary and strategic asset they are. Human resources policy and systems should be re-oriented to attract the calibre of people and enable teamwork in the way FAO needs to fulfil its aims[190] (see specific Recommendation 7.5 and Recommendations 8.2 through 8.8).

941. Administrative procedures should be fundamentally reviewed, simplified and re-oriented to be more 'client-focused', encouraging and supporting staff to be effective and accountable for achieving the results agreed above in an efficient way (see Recommendations 8.1, 8.9 and 8.10). Proposals should aim to advance transparency, promote the principle of subsidiarity and facilitate and enable horizontal and vertical communication.

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[184] LeBrasseur, R., Whissell, R., & Ojha, A. 2002. Organisational Learning, Transformational Leadership and Implementation of Continuous Quality Improvement in Canadian Hospitals. *Australian Journal of Management*, 27(2).

[185] Senge op.cit.

[186] Miller, D. 2002. Successful change leaders: what makes them? what do they do that is different?, *Journal of Change Management, 2*(4).

[187] Raps, A. 2004. Implementing strategy. *Strategic Finance, 85*(12), pp. 49-53.

[188] Yin, op. cit.

[189] Repenning, N. P. 2002. A simulation-based approach to understanding the dynamics of innovation implementation. *Organization Science: A Journal of the Institute of Management Sciences, 13*(2), pp. 109-127.

[190] The recently introduced FAO Human Resources Management model aims to address some of the issues raised in Recommendations 6.1-6.5, but it is only at its initial stage.

Recommendation 6.2:

942. A special working group should be constituted to lead development of and oversee an overall programme of culture change as part of the follow-up to implementation of the recommendations of the IEE. Its members should be selected from different parts and levels of the Organization. Its work should be serviced by one specially assigned member of staff who should have both management and staff acceptance. He/she should be advised and accompanied by consultant specialists in culture change. Preferably, this would be one of the consultant firms also engaged on other change processes in FAO for consistency of approach and reduced transaction costs. It would:

a) monitor coherence between the principles outlined above and implementation of IEE recommendations (for example via annual or more frequent employee surveys);
b) on the basis of widespread staff consultation, advise Senior Management and the Human Resources function on complementary measures to be developed; and
c) act as a coach and facilitator of desired changes.

Recommendation 6.3:

943. To enable and encourage cross-departmental contact and take steps towards creating a dynamic map of where knowledge lies (which is a key to the effectiveness of knowledge-based organizations):

a) those responsible for critical technical work and divisional administration should be shown in an organizational directory on the intranet. This could be further extended by including the job titles of all employees in a division;
b) informal discussion groups should be facilitated by creating an easy mechanism for anyone in the FAO intranet to set up such *ad hoc* groups; and
c) a well-written and strictly informal staff newsletter and website page should be developed with news about the Organization, staff, managers and other matters of interest.

Recommendation 6.4:

944. Early and transparent action on the fundamental changes described above - some of which will take a long time to complete – should be supported by immediate actions by the Director-General to signal his readiness to lead and engage in change and to present a more open and accessible image. Building on the openness demonstrated in the recent seminars for Permanent Representatives to FAO and the higher frequency of other informal presentations by senior staff, these might include: actively encouraging senior staff to informally brief Permanent Representatives on technical and administrative issues; announcing, *post factum*, on the intranet the Director-General's official overseas visits and his major meetings with external contacts of importance; and meetings with small and informal groups of staff on topics of internal importance to FAO. Such meetings should not be focused only on issues of staff-management relations but should in the main relate to the work of the Organization.

Recommendation 6.5:

945. FAO needs to accelerate development of a leadership cadre who consistently model good management practice, including "open door" styles to increase informal, direct communication; the giving and receiving of feedback; regular staff meetings to inform them of developments and solicit their ideas; and periodic retreats. To achieve this:

946. Expand the courses of the Joint Management Development Centre to include regular courses for senior management as well as lower levels.

947. Involve the Human Resources function as a strategic partner in planning and executing management training, focused on the needs of specific individuals. This might include an increase in management training or coaching.

ORGANIZATION AND STRUCTURE

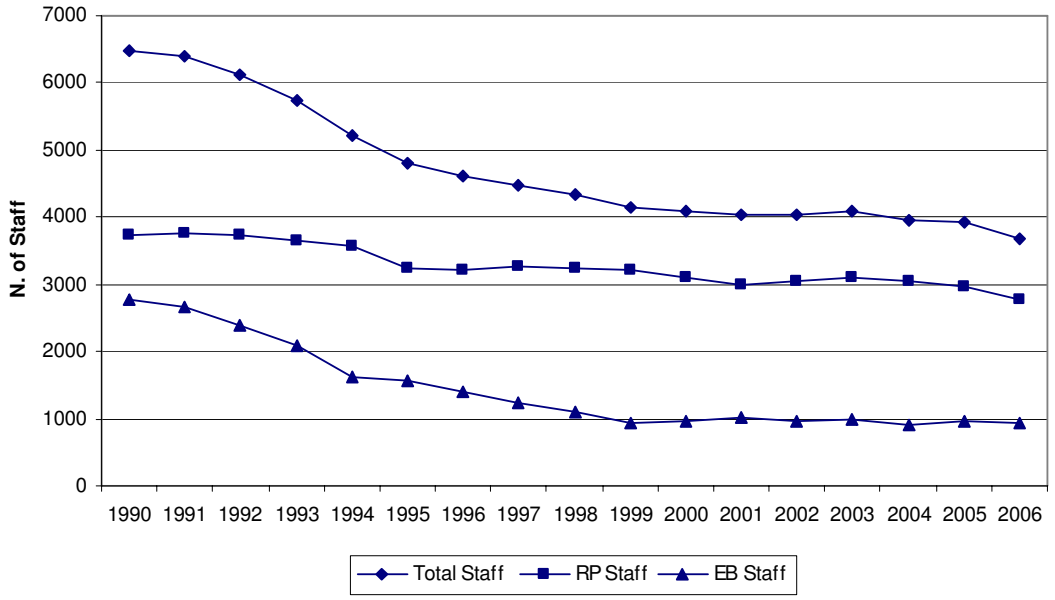
948. Since the late 1980s, a main driver of the organizational and structural configuration of FAO has been the state of its finances. The FAO Regular Programme appropriations have declined in real terms from US$673.1 million in 1994-1995 to US$522 million in 2006-2007, a reduction of 22 percent. In the period between 1994-95 and 2004-05, total extra-budgetary expenditures have also decreased in real terms by 26 percent, from US$609.2 million in 1994-95 to US$452 million in 2004-05. These declines have posed an enormous challenge to adjust the organization and structure of FAO to accord with the resources at its disposal (see Chapter 5).

949. In organizational terms, FAO has had three main responses to this situation. The first, **staff reductions** and a greatly increased reliance on short-term contracting modalities, has been driven mainly by financial considerations but also, to a more limited extent, to increase flexibility in FAO's skills mix. The other two, which are of much greater and more enduring importance, are modifications in the **headquarters structure** and an **increased emphasis on decentralization (field structure).** These have been partly driven by the financial realities, but also by strategic and programme considerations, especially with regard to decentralization.

Staff reductions and short-term contracting

950. Since 1990, FAO has reduced aggregate staff totals by more than 40 percent. At the end of 1990, FAO had 6 487 staff members, including 2 764 staff members working worldwide on extra-budgetary funded activities. By year-end 2006, total FAO staff numbered 3 713, of whom 2 776 were funded from Regular Programme (RP) resources and 937 from extra-budgetary (EB) activities.

Figure 6.4: FAO staff 1990-2006 (as of 31 December 2006)



951. At the same time, the Organization has placed increasing reliance on short-term contracting modalities. This has provided FAO with greater flexibility and the capacity to adjust to financial uncertainties. It has also required, however, a continuous and demanding process of contracting and re-contracting. In 2006, for example, the contingent of FAO short-term staff and

non-staff human resources[191] resulted in a total of 9 180 separate contracts for 1 906 person-years (ranging from single short contracts, through multiple short contracts for the same person to contracts of up to 11 months' duration), a doubling when compared to the 5 015 contracts for 734 persons-year recorded six years ago.

Table 6.2: FAO short-term staff and non-staff resources

Location	1 June 1999 to 30 June 2000		1 January – December 2006	
	Number of contracts	Persons year	Number of contracts	Persons year
FAO headquarters	2 262	311	4 353	751
Outside headquarters (including field projects)	2 753	423	4 827	1 155
All locations	5 015	734	9 180	1 906

952. As explained further in Chapter 8, the institutional flexibility gained from these arrangements is essential for the Organization. Chapter 8 also draws attention to an FAO imperative to increase the Organization's access to the highest quality human resources available by moving to a variety of contracting modalities. In moving in this direction, however, three factors should be taken into account:

a) firstly, there is no unified policy framework in FAO that provides an overall institutional examination of the issues involved and the implications for the Organization over the short, medium and longer terms. The need for flexibility, cost-effectiveness, productivity, retention of institutional core competence, training costs, and teamwork goals all have to be factored into the decision to use contingent staffing. A clear, transparent policy framework is needed for this. The current budget foresees a 65/35 cost ratio of regular staff to non-staff resources, which can include recourse to contingent staffing. A recent survey by Manpower International indicates that larger multinational companies employ a contingent workforce of between 20-25 percent[192], but this is not a benchmark based on comparative studies on the costs and benefits of different ratios of regular to contingent staff. What does seem clear from management studies is that the advantages of different combinations of regular and contingent staff are quite specific to the features of different organizations and that "one size does not fit all". The UN common system makes it difficult, if not impossible, to operate a flexible staffing policy with heavy reliance on regular staff contracts. Within FAO, there will be obvious requirements for differentiation;

b) secondly, as also analysed in Chapter 8, the situation has produced a number of different contracting modalities. The limits and restrictions on each type of contract have posed problems for users, particularly in the field. They create unnecessary entitlements, legally define different relationships to FAO and in some cases have created unintended and perverse incentives to use certain forms of personal service contracts to the exclusion of others; and

c) thirdly, FAO needs to ensure that it takes all possible steps to avoid the contingent liability of entitlements via sequential short-term contracting. In this regard, important steps are underway to revise the FAO Manual to minimize that liability.

[191] FAO uses the term "non-staff human resources" for contractees who are not FAO staff members, while "non-staff resources" also includes operational elements such as travel, equipment, meeting costs, etc.

[192] Manpower International, Engaging the Total Workforce, 2006.

Nevertheless, even when individual contracts have been separated by the mandatory one-month break between contracts, ILO Tribunal decisions have sometimes accorded the benefit of doubt to the employee. In 1999, the World Bank chose to absorb large numbers of long-term contractors into its regular staffing to alleviate growing inequities and structural problems.

Other responses: South-South contracting for technical cooperation

953. With the aim of maximizing the impact of its technical assistance within the context of declining financial resources, FAO has also launched a number of efforts in 'South-South Technical Cooperation'. This involves the provision by one developing country to another of technical personnel, generally in the context of the Special Programme for Food Security/National Programmes of Food Security. Although this modality has theoretical potential and enjoys important political support, significant problems have been experienced in FAO efforts to date.

954. In countries visited by the IEE, interviews with FAO staff and in other evaluations[193], problems with this modality have included personnel sent to a country without requisite language skills, cost more and were less appropriate than national personnel. Examples were also found of senior personnel unprepared to work at a practical level with farmers and who had skills much better fitted to more senior advisory roles. In general, the IEE concluded that the specialized technical assistance infrastructure required to allow FAO to achieve effectiveness through this programme has been lacking and the IEE found no evidence to date which demonstrated it to be cost-effective in transferring knowledge at the field level. Nevertheless, with appropriate terms of reference, correct institutional placement, adequate briefing and orientation and field-level support, South-South contracting should be able to provide cost-effective inputs, especially at senior technical levels and in the provision of mid-level personnel, such as irrigation engineers not available nationally.

Headquarters structure

955. FAO has undergone various changes in its organizational structure since the beginning of the 1990s, particularly through the reforms approved by the Council in 1994 and those proposed by the Director-General in 2005.

956. Throughout these years, various units have been created, disbanded and transferred from one division or department to another. For example, in the mid-1990s, divisional support services were consolidated into departmental Management Support Units (MSU), which were disbanded in 2000 and their functions absorbed by a central Management Support Service (for administrative services), smaller departmental Programme Coordination Units (for policy, programme and budget support), and divisions (transaction initiation and budget holder responsibility). Similarly, the functions of liaison with outside parties have been diversely integrated in a range of units with resulting variation in the scope of their responsibilities.

957. A few of these changes have been particularly significant, such as the establishment in the mid-1990s of a new Department for Sustainable Development (SD), which integrated functions previously carried out by the Agriculture and the Economic and Social Policy Departments. In 2007, SD units were reconfigured and the Natural Resources Management and Environment Department was formed. Another notable change was the dissolution of the project operations units in the various technical departments, their unification within the Technical Cooperation Department, the transfer of non-emergency operations to the Regional Offices in 1996-97, and the further delegation of national project operations to FAORs in 2000-2002. An Office for the Coordination of Normative, Operational and Decentralized Activities was established in 1996 from an office in the former Development Department and attached to the Office of the Director-

[193] FAO, Rome 2004. *Independent Evaluation of FAO's Decentralization*.

FAO, Rome 2002. *Independent External Evaluation of the Special Programme for Food Security.*

General in order to coordinate the activities of FAO's decentralized offices. In 2007, additional responsibilities were assigned to the former General Affairs and Information Department to become the Knowledge and Communication Department.

958. Notwithstanding these realignments, the basic managerial structure of FAO headquarters has been little changed since 1990. At that time, the organizational architecture comprised seven departments: (i) Agriculture; (ii) Fisheries; (iii) Forestry; (iv) Economics and Statistics; (v) General Affairs and Information; (vi) Administration and Finance; and (vii) Development. A comparison among the current and previous organigrammes indicates that the main changes over the past 15 years have been at the lower organizational levels.

Table 6.3: Ratio of professional staff per division director at FAO headquarters (actual staff)

Department	31-Dec-94		31-Dec-06		Change %	
	No. of Prof	Ratio of P/D2	No. of Prof	Ratio of P/D2	No. of Prof	Ratio of P/D2
Office of the Director-General (ODG)	48	12	5.6	19.7	+17%	+64%
Administration and Finance/Human, Financial and Physical Resources (AF)	114	28.5	113	37.7	-1%	+32%
Agriculture and Consumer Protection (AG)	184	36.8	119	23.8	-35%	-35%
Economic and Social Development (ES)	163	40.8	65	21.7	-60%	-47%
Fisheries and Aquaculture (FI)	66	16.5	53	17.7	-20%	+7%
Forestry (FO)	45	11.3	33	11	-27%	-3%
Natural Resources Management and Environment (NR)	n/a	n/a	48	16	n/a	n/a
General Affairs and Information / Knowledge and Communication (KC)	122	40.7	90	30	-26%	-26%
Development/Technical Cooperation (TC)	91	30.3	125	31.3	+37%	+3%
Total	**833**	**26.9**	**702**	**23.5**	**-15%**	**-13%**

959. As noted in Table 6.3, in the last 12 years, the average number of professional staff to division directors at FAO headquarters has mostly been maintained or decreased. The ratio has decreased mostly in the Economic and Social Development Department (from 41 to 22), the Knowledge and Communication Department (from 41 to 30), and the Agriculture and Consumer Protection Department (from 28 to 24). On the other hand, the ratio has increased considerably in the Department of Human, Financial and Physical Resources (from 29 to 38) and the Office of the Director-General (from 12 to 20). A more detailed analysis of the resources available and span of control in the smaller organizational units is provided in Chapters 3 and 8 of this report.

960. In 1994, there were approximately three additional professional staff members for every division director compared to 2006. A detailed analysis of the data for each of the units shows, however, that the situation is not the same in all departments and that some units are well below an optimum span of control. Indeed, as a whole, the ratio of professionals to division directors in FAO is on average 40 percent lower than other specialized agencies such as UNIDO, ILO and UNESCO.[194]

[194] Data only include staff with contracts of 12 months or longer. They also do not include data on national professional officers, which are published separately. Source: CEB, "UN System Human Resources Statistics" RP only? or RP+EB?

961. An additional factor to consider in this regard is FAO's Work Measurement Survey which showed that the amount of time staff in technical departments devote to administrative work increased by about 50 percent between 2000 and 2006 (see Table 8.3).

962. Thus, overall reductions in staff have been significant since 1990 while changes of a structural nature at headquarters have been relatively minor, especially in the technical departments. There were nine Assistant Directors-General positions in 1990 and there are eleven today. Five Regional Representatives reported to the Director-General in 1990 and the same number report to his office today. A recent new structure (which reports directly to the Director-General) has been the establishment of an office (now headed at the ADG level) for FAO leadership in, and alignment with, the MDGs and UN reform efforts. There have been a number of divisional level realignments including a new technical department, but these have not amounted to major structural change.

963. Units currently reporting directly to the Director-General are Internal Audit (AUD), the Legal Office (LEG), the Office of Programme Budget and Evaluation (PBE), the Office for Coordination and Decentralization (OCD) and the Office of UN Coordination and MDG Follow-up (UNC) (including staff responsible for UN system strategic policy advice, headed by an ADG). These units comprise the Extended Office of the Director-General (EODG). The five FAO Liaison Offices (LO) also report to ODG, through UNC (LONY and LOGE) and OCD (LOWA, LOJA and LOBR). The FAO Subregional Offices (SRO) are now intended to report to the Regional Representatives in the regions where reforms have been approved, and all FAO Representatives report to the Director-General through OCD. Also reporting directly to the Director-General are the eight ADGs heading substantive departments within FAO. Thus ignoring FAORs and five Liaison Offices in developed countries, the Director-General has 13 direct reports responsible for substantive activities in FAO headquarters (14 including the DDG) and a further five Regional Representatives. This is one more direct report than in 1989, although the Director-General's original reform proposals would have brought the total to 20 (including the DDG).

964. A 2001 study of the number of direct reports to executive heads[195] indicated that they ranged from a high of 18 (UNESCO and the Inter-American Development Bank) to a low of seven (Asian Development Bank) with the median number being ten (World Bank, UNDP and UNICEF). More recent UNESCO reforms have reduced the number of ADG positions while also giving the DDG more executive responsibility. A reduction in direct reports was also an objective of the WHO reforms that took place in 1999. For centrally managed organizations such as FAO[196] in terms of span of control and effectiveness, the optimum number of direct reports in the top team should be between four and six persons[197] and teams of ten or more show decreasing productivity[198], while team effectiveness deteriorates seriously once its size exceeds 12 to 14 persons.[199]

965. The most significant FAO headquarters shifts are seen in the number and distribution of headquarters professional staff. In the main technical departments (Agriculture and Consumer Protection (AG), Economic and Social (ES), Fisheries and Aquaculture (FI), Forestry (FO) and Natural Resources and Environment (NR)) the numbers have declined from 458 to 319 (30 percent). There is a reduction even after adjusting for the transfer of policy and operations staff from technical departments to the Technical Cooperation Department (TC) during this period, the transfer of administrative staff from technical departments to the Administration and

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[195] Davies.2003. *Administration of International Organizations, Top Down and Bottom Up.*

[196] Different criteria apply in loosely networked orgnaizations.

[197] Parker, G.M. 2003. *Cross-functional Teams.*

[198] Dyer, W. G. and Dyer J. H.. 2007. *Team building 4th Ed* .

[199] Katzenbach J. B. and Smith D. K. 2003. *The Wisdom of Teams* .

Finance Department (AF), and the relocation of technical staff from headquarters to the Regional and Subregional Offices. At the same time, professional staff in the Administration and Finance Department remained almost constant, due partly to the abolition of significant numbers of general service positions and their replacement with fewer professional positions. Professional staff increased by about one-quarter in the Extended Office of the Director-General, due partly to the transfer of OCD from the previous Development Department.

Cross-cutting structures and relationships in headquarters

966. As emphasized throughout this report, FAO is first and foremost a global knowledge organization. It has long been realized, however, that the deep segmentations that characterize FAO detract from its knowledge capabilities and damage its reputation. In the late 1990s, efforts were made to bring about new arrangements for capturing and disseminating implicit knowledge. The Communications Evaluation of 2005, however, concluded that the efforts were not succeeding due in significant measure to FAO's continuing silo culture. An internal review resulted from this and in 2005, a formal approach to knowledge management (KM) was adopted with the commitment that:

> *"As a KM organization FAO needs to further develop and strengthen its policies, processes and practices in creating, acquiring, capturing, sharing and using knowledge, and to enhance learning and performance of the Organization in achieving its strategic goal," (This will require)...promoting partnerships, improving teamwork, introducing flatter and leaner management structures, and freely exchanging information and knowledge*[200]*"* (Underlining ours).

967. As of January 2007, the former General Affairs and Information Department (GI) was replaced by a Knowledge and Communication Department (KC) with a Knowledge Exchange and Capacity Building Division (KCE). Although various initiatives of working groups and some combination of units have occurred, the key requirements – promotion of the right kinds of partnerships through clear strategies, priorities and incentives, backed by resources (see Chapter 5), enhanced teamwork within the Organization and between it and its partners (see also Chapter 5), much leaner management structures and greater fluidity in the exchange of information and knowledge – are yet to be met.

968. The core of knowledge creation, sharing and use in FAO lies within the technical departments, though knowledge cannot be segmented or treated as a commodity. The IEE focus group reviews confirmed that the traditional silo culture of FAO remains a major problem today and that intense competition for scarce resources is further exacerbating the problem. Over the years, a variety of modalities have been attempted to break down barriers and to achieve better cross-departmental knowledge-sharing and problem solving. The essence of all the attempted modalities has involved a 'matrix management' approach. There are Priority Areas for Inter-disciplinary Action (PAIA), Thematic Knowledge Networks (TKN) also called 'communities of practice', Interdepartmental Working Groups (IDWG) and *ad hoc* working groups. While there is a general notion of how each of these differs in function, it is not clear why some activities are organized into IDWGs and others into TKNs:

a) the original purpose of PAIAs was to provide input into the organizational planning processes on matters that transcend departmental boundaries. The number of PAIAs has fluctuated. At the start of the 2002-07 Medium-Term Plan, there were 16, which increased to 18. Then bio-energy was added in 2005 and there has now been a significant reduction;

b) a comprehensive survey of TKNs indicated that "FAO is involved in 70 knowledge networks of which only a few can be considered as 'true' knowledge networks"[201].

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[200] Memorandum from M. Savini, 15 September 2005.

[201] FAO Knowledge Management Profile prepared for the UN, 26 June 2006.

TKNs are designed to connect individuals across the Organization in order to enhance their ability to get the knowledge they need easily and efficiently, to improve the functioning of the Organization;

c) the general purpose of IDWGs is to "focus the experience and expertise of FAO staff globally towards enhancing a culture of knowledge-sharing within FAO, and developing mechanisms to transfer knowledge to resolve practical problems based on user expectations and needs"[202]. There are currently three principal IDWGs, grouped together under the rubric Knowledge Forum – an 'Ask FAO' service (also known as 'Knowledge Exchange'), a Best Practices IDWG and a Knowledge Network IDWG. The 'Ask FAO' knowledge exchange "provides answers to online queries related to the Organization's areas of expertise...[and] a mechanism to communicate directly with technical experts in a particular field of interest". The Best Practices IDWG has identified and made available nearly 50 'best practices' on-line, and aims to reach 200 before the end of 2007, although informed staff suggest that this target may not be achievable. Staff report that there are other IDWGs, but they may be thematic networks. About 40 members of staff are involved part-time in the three IDWGs and their total financial resources are quite modest - in the order of US$185 000 for the 2006-07 biennium; and

d) staff regularly get together informally across departments in *ad hoc* informal networks to help one another with ongoing projects and new initiatives. These respond to both internal dynamics and external incentives to work with other organizations, on issues considered important by a sub-set of FAO employees. There is a long history in the Organization of these groups arising spontaneously outside official channels to meet particular needs of staff. Sometimes these *ad hoc* groupings become regularized, though the process for doing so is not formalized.

969. A variety of organizational changes took place in the course of the IEE review which particularly impact on knowledge management (KM). The effect of the changes can only be described but not yet evaluated, although a guess can be made of their possible impact. The former Library and Documentation Systems Division (GIL) has become the Knowledge Exchange and Capacity Building Division (KCE). KCE is designed to serve as an intermediary between the producers and consumers of knowledge and information, with responsibilities for the FAO website, the actual and virtual libraries, capacity building for KM in member countries and partner organizations, and the general direction of TKNs. This welcome focus on knowledge management, however, runs a substantial risk of isolating efforts in KCE from the main knowledge management functions in the technical departments and providing an excessive IT focus (see Chapter 3).

970. Matrix management is one way in which organizations deal with such cross-cutting issues, as for example in the CGIAR where donors selectively support projects of their choice as well as funding common core programmes. Matrix management is typically associated with supervision from both a vertical (departmental) and horizontal (project or cross-cutting activity) perspective. This has worked well in some CGIAR centres, particularly those that have a well-defined responsibility for one major activity, such as IRRI for rice research. Typical of such matrix structures is the one found at the International Centre for Research in Agroforestry (ICRAF), which has divided its activities into six agro-ecological zones of study and seven major programmes. These, between them, support 24 projects with each project having a lead scientist, reporting to programme directors and ecological zone coordinators.

971. Matrix management approaches have generally been found to be unsuccessful in organizations with complex programmes, such as FAO. CGIAR centres with complex programmes have experienced difficulties with matrix management. In the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), the 1996 matrix structure led to diluted

[202] FAO. Director-General's Bulletin 2006/35, FAO as a Knowledge Organization.

accountability, lack of clarity in directing work and, for scientific staff, confusion over job expectations. The result was poor personnel management, staff dissatisfaction and a fall in efficiency.

972. In 1996, the World Bank attempted a radical redistribution of supervisory responsibilities based on matrix management. This has caused and continues to cause major problems. From a staff performance management perspective, there have been issues of lack of clarity as to who was responsible for their work programmes, as well as complaints that staff members were no longer in control of their assignments and that supervisors who assigned work no longer knew their staff. Managing the matrix became a time-consuming administrative task (for which no allowance was given in work schedules) and because of the dual-supervisor aspect of the matrix, there was no clear accountability for resolving staff problems. In a memorandum to staff[203], the Bank's President acknowledged these shortcomings and also indicated that the system had contributed to unacceptable levels of staff stress.

973. The initial World Bank matrix management model seemed to move the Bank's structure closer to that of a consulting company, without the overarching management interest in operating with minimal levels of staff or tight overhead costs, more typical of a profit-driven business. For matrix management to be effective the reporting relationships need to be simple and relatively few but, more importantly, it needs as a foundation an existing, strong and flexible management culture that can adapt and work with the new modality. In this respect, comments on the weak FAO management culture earlier in this chapter are relevant.

974. The main lesson from the experiences of others and the FAO experience to date is that the Organization's main function as a centre of global knowledge can be expected to achieve its full potential only when that function is embedded into all its work. Technologies are essential but the key lies in a lean line management team that assumes responsibility for a truly 'joined-up' organization in both its internal operations and with external networks.

Conclusions on headquarters structure

975. Conclusions concerning the management structure of the Organization and recommended changes should not be viewed in isolation. Form should also follow function. Thus, the following conclusions and recommendations need to be examined against both the issues of organizational culture discussed earlier in this chapter and the functional issues and implications of the analysis in Chapters 3 (FAO's technical programmes), Chapter 5 (partnerships and FAO's evolving place in the international institutional architecture), Chapter 7 (FAO's strategy and programming structures) and Chapter 8 (the Organization's human resources, financial and administrative systems).

976. A number of basic organizational principles emerge from the above examination and the larger context of the analysis in the other chapters. These are:

a) **span of control**: The Director-General is both the Organization's chief executive and its ambassador and chief negotiator which necessitates a heavy travel schedule. Currently, ignoring FAORs and five Liaison Offices in developed countries, the Director-General has 13 direct reports responsible for substantive activities in FAO headquarters (14 including the DDG) and a further five Regional Representatives. This is too large a top management group, given modern management practice which suggests that the optimum would be around six and that beyond twelve effectiveness declines substantially;

b) **competencies in managers** are addressed in Chapter 8. All managers, including Deputy Directors-General, must possess management competency and be selected through a competitive process based on these;

[203] Memorandum to World Bank staff, 3 November 1998.

c) **teamwork and management committees**: The larger a decision-making committee, the less probable it can function as a team. Large senior management committees most often focus more on an amalgam of individual concerns than the larger interests of the organization;

d) there should be **no search for uniformity**: Depending on the nature of the work to be performed, departmental or divisional status can be large in one instance and considerably smaller in another. One size fits all management structures usually create problems by placing functions where they do not belong;

e) **economies of scale and cost-efficiency gains:** The size of several divisions and functions within FAO has fallen below critical mass levels (see Chapter 3). At the same time, the Organization needs to do all that is possible to achieve administrative cost savings, both as a necessary end in itself and to build confidence with the donor community;

f) **de-layering and fragmentation**: FAO has too many small units in hierarchies. These increase transaction costs unnecessarily, reinforce a focus on process rather than product and strengthen the "silo" approach. The layers are also very costly in financial terms, requiring excessive numbers of middle-level managers (D1-D2);

g) **flexibility**: Organizational structures need to take into account the need for flexibility and the place of incentives in an overall system. Structure should encourage and facilitate cross-unit work;

h) **delegation**: The principle of subsidiarity should apply, so delegation should be encouraged to the lowest possible level consistent with good practice and accountability, reinforced by an *ex post*[204] culture of control; and

i) **clear lines of responsibility and accountability**: These should result from effective spans of control. A logframe based means-ends approach to management accountability is necessary for FAO[205]. There should be regular reporting on this basis to the Governing Bodies of the Organization.

977. Some of the guiding principles and programme thrusts proposed by the Director-General in his reforms provide an opportunity to rationalize and slim down the management structure of FAO by establishing a small senior management team with major and clear responsibilities. This would bring several advantages. First, giving a few top managers greater responsibility will result in a more substantive and strategic dialogue with the Director-General. Second, the performance of these managers can be measured openly and transparently against Results-Based Management (RBM) indicators for the relevant budget chapters with no necessity to consider the impact of other competing departments. Third, the top managers would be in a powerful position to optimize delivery in their areas of work, including achieving the integration required for greater corporate effectiveness in FAO's global knowledge management. Fourth, fewer direct reports to the Director-General will benefit the overall effectiveness of his office. Finally, the structure below each senior manager can be aligned differently as required to reflect the needs of the business line.

978. The IEE applied the principles enumerated above in as rigorous a manner as possible to the current headquarters structure and derived a possible organizational model. In the view of the IEE, it holds considerable potential. It would certainly bring about a much sharpened clarity in roles and responsibilities, streamline decision-making and invite greater integration across the Organization. It should also provide the opportunity for significant efficiency savings over time, although initial costs to effect the changes could also be considerable and would need to be taken into account. It is, however, only one possible model. Others and variations on what we present are obviously possible. The assumptions underlying the model would need to be reviewed

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[204] *Ex post* refers to control and validation measures applied **after** the event that is subject to control has taken place (i.e. retrospective).

[205] The logical framework approach would ensure that clear links are made between goals, objectives and priority activities, sharpening the means-ends approach proposed throughout the IEE report.

carefully, including those relating to both costs and benefits. What follows, therefore, is not intended as a definitive prescription but rather as an approximation that will require more work and careful review.

Recommendations on headquarters structure

Recommendation 6.6: Senior Management

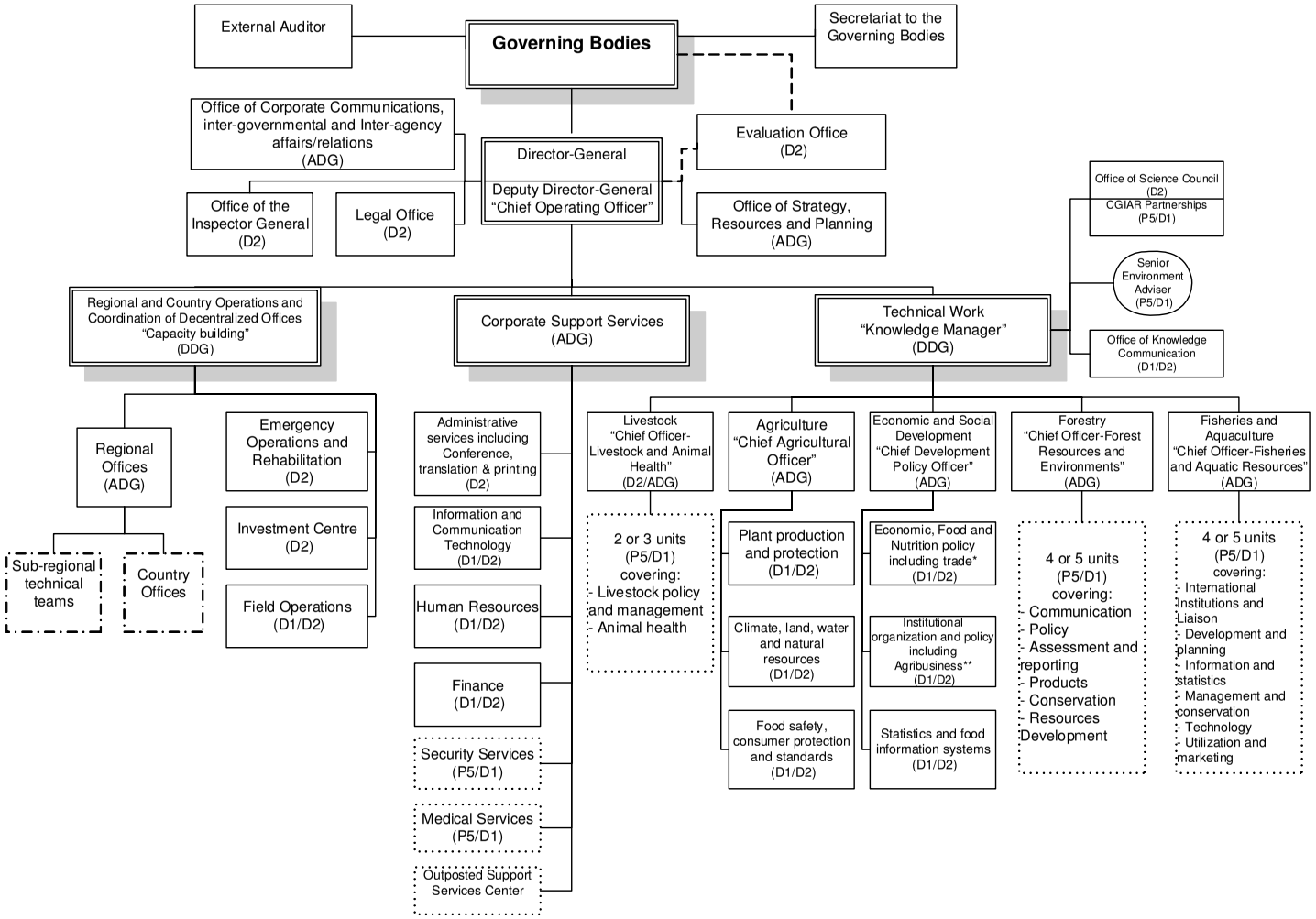
979. Three Deputy Directors-General are suggested to be selected on the basis indicated above of competency, profiles and competition. The designation of two additional Deputy Directors-General (DDGs) will allow for major rationalization and consolidation of divisions and units with significant cost savings through elimination of two departments and a significant reduction in divisions and services. As is common in many large organizations, including the United Nations secretariat, it would also enable the Director-General to maintain overall managerial responsibility and direction while focusing outwards – defining and adapting strategy to meet the changing external environment, building and strengthening the political base of support for the Organization, ensuring strong and durable external relations and ensuring the Organization maintains the resource base it needs to meet its objectives:

a) one DDG would hold the title of **Chief Operating Officer** and be *primus inter pares*. This DDG would deputize for the Director-General in his/her absence. The Chief Operating Officer's main task would be to support the Director-General in ensuring effective and efficient day-to-day operations;

b) **DDG-Regional and Country Operations and Coordination of Decentralized Offices** will help to counterbalance the tendency towards a headquarters-centric culture and will:
   - i) give ADG/Regional Representatives and, where necessary the FAO Representatives, a senior champion within FAO headquarters;
   - ii) bring together all work for technical cooperation with responsibility for the decentralized offices; and
   - iii) provide a central point at the most senior level for the major priority of capacity building in member countries;

c) **DDG-Technical Work** (Knowledge Manager) will:
   - i) drive FAO's focus on the three interlinked goals of member countries, as specified in the Strategic Framework for FAO 2000-2015, holding some five percent of funding to promote cross-disciplinary work (while the DDG-Regional and Country Operations would hold a further five percent);
   - ii) provide a central focus of leadership to ensure coherence in the technical knowledge of the Organization, which is currently divided and fails to draw adequately on the Organization's comparative strengths to address the needs of field work and normative priorities (see Chapters 3 and 7);
   - iii) ensure weaknesses or gaps at management level in technical departments are adequately supported; and
   - iv) manage major cross-cutting issues, in particular knowledge management and support of the technical departments in capacity building.

Figure 6.5: Possible FAO structure



Notes:
*: Economic, food, nutrition, trade policy including TCA HQ.
**: Gender, extension, training, employment, research institution and policy, tenure, agribusiness (including marketing) and rural finance.
.... : Dotted boxes represent units.
___ : Boxes with hard lines represent divisions or offices.

Recommendation 6.7: Senior Management and Office of the Director-General

980. We suggest a top management team led by the Director-General that would comprise:

a) the three Deputy Directors-General (DDG) described in Recommendation 6.6;
b) ADG Corporate Support Services, responsible for all FAO support services;
c) ADG Strategy, Resources and Planning; and
d) ADG Corporate Communications, Intergovernmental and Interagency Affairs/Relations.

981. **Office of Strategy, Resources and Planning** (see also Recommendation 7.4): Building from the current base of the office responsible for programme and budget (PBE), this office would bring, into one integrated system, the functions of:

a) strategy development;
b) programme planning; and
c) resource mobilization, management and distribution, bringing together Regular Programme and extra-budgetary resources, in support of the agreed priority themes and the national medium-term priority frameworks. Within this overall framework, decentralized resource mobilization would be encouraged and facilitated, with some support to decentralized offices if found desirable. At the same time, some routine budget management functions would be transferred to the Corporate Support Services Department together with finance.

This would facilitate 'means to ends' thinking and the corporate strategic action required to mobilize the means. The Field Programme Development Service, currently in TCA, would migrate to this office, as would certain of the functions for overall resources management currently carried out by the Department of Human, Financial and Physical Resources.

982. **Office of Corporate Communications, Intergovernmental and Interagency Affairs/Relations**: The mandate of the current Office of UN Coordination and MDG Follow- up includes intergovernmental and interagency relations as well as large elements of corporate communications. Related matters of intergovernmental affairs are handled by the Conference and Council Affairs Division. There are major opportunities for synergies and cost-efficiency gains by bringing the functions together. This should also establish an enhanced base for the transmission of FAO's messages by the Director-General to the larger international community. In addition, it should facilitate corporate resource mobilization on an integrated and strategic basis through its close connection to the Office of Strategy, Resources and Planning (above). This office would include the functions now conducted by protocol affairs and the corporate strategy components of communications now in the Communications Division (KCI), including the International Alliance against Hunger. Routine technical and administrative aspects of communications (such as printing, visa, tax exemptions, etc.) would migrate to the Corporate Support Services Department.

983. This new structure would provide FAO with a lean and well equipped senior management team, able to focus on the corporate agenda and able to collectively support the Director-General in making decisions. Efficiency gains should result throughout the Organization. Lines of responsibility and accountability would be clearly delineated and current ambiguities on these matters removed. The Director-General's span of direct control of seven to eight would become manageable. At the same time, the Director-General would utilize larger managerial meetings and fora, including fora linking in the decentralized offices, to communicate with managers at large.

Recommendation 6.8: The Technical Programme Departments

984. Considerable de-layering and combinations of units is both possible and recommended. Many details would need to be worked out carefully, but the IEE recommends four technical departments, with the possibility of a fifth. The four departments would be: i) Agriculture; ii) Economic and Social Development; iii) Fisheries and Aquaculture; and iv) Forestry. The potential fifth department would be Livestock and Animal Health, given its growing importance and the

clear comparative advantage of FAO in this area (see Chapter 3). An Office of Knowledge Communication would also report to the DDG Technical Work[206].

Recommendation 6.9: Economic, Social and Development Policy and Programmes Department

985. The IEE recommends that this department should become the development policy analysis centre of FAO under an ADG, who would function *de facto* in the role of Chief Development Policy Officer. This department should exercise a much greater and more central role in FAO's knowledge management. The department could comprise three main divisions:

a) the Economic, Food and Nutrition Policy Division, which would also include policy assistance (currently the Policy Assistance Service in the Technical Cooperation Department). This would integrate all FAO food and nutrition policy work, including that currently carried out in the Nutrition and Consumer Protection Division;
b) the Institutional Organization and Policy Division, which would include gender, extension, training, employment, research (policy and institutions), tenure, agribusiness (including marketing) and rural finance (currently in AGS);
c) the Statistics and Food Information Systems Division, which would integrate all aspects of FAO work in statistics and food information, including in agricultural trade, commodities and early warning; and
d) if and as resources permit and effective sustainable demand is determined, consideration could also be given to adding legal expertise to the department.

Recommendation 6.10: The Forestry and the Fisheries and Aquaculture Departments

986. Both these existing departments should continue to be headed by ADGs. Each currently has three divisions, but all have become exceedingly small. Accordingly, the IEE recommends the establishment of four or five "units", combining the present services in the most functional manner and no divisions.

Recommendation 6.11: The Agriculture Department

987. This department would be comprised of three divisions[207]:

a) Climate Change, Land, Water and Natural Resources Management Division, combining the Land and Water Division and the Environment, Climate Change and Bio-energy Division;
b) Food Safety, Consumer Protection and Standards Division (which would include *Codex Alimentarius* and could also address such issues as organic standards); and
c) Plant Production and Protection Division (unchanged but with a possible reduction in services to two).

Recommendation 6.12: The Livestock Department

988. Given the growing importance of this area and FAO's comparative advantage (see Chapter 3), the creation of a separate department would offer significant advantages.

Recommendation 6.13: The Regional and Country Operations and Coordination of Decentralized Offices Department

989. As noted above, establishment of this department would unify all major aspects of FAO field operations, and strengthen reporting and support relationships between headquarters and the

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[206] The Office of Knowledge Communication would be a service unit reporting directly to the DDG Technical Work. The office would function as a "knowledge manager", ensuring the integration of the technical knowledge systems of FAO, formulating appropriate strategies and policies in that regard. The DDG Technical Work will be the budget holder for knowledge and information support services, including technologies.

[207] The current Joint FAO/IAEA Division (AGE) would be dissolved (see Chapter 3 for a review of the division's activities) or distributed functionally as units in areas of food safety, livestock and plant production.

field. Regional ADGs would report directly to the DDG in charge of this department. Both FAORs and the heads of the subregional technical teams would report directly and exclusively to the Regional ADG. The department would thus be comprised of the decentralized offices and three divisions:

a) Field Operations Division as the coordination and responsibility centre link between headquarters and the field;
b) Investment Centre whose activities are almost exclusively devoted to field- level support; and
c) Emergency Operations and Rehabilitation Division.

Recommendation 6.14: The Corporate Support Services Department

990. A detailed examination of all administrative and corporate services is presented in Chapter 8. Recommendations are made there for approaches that would enhance the policy support roles that would be played. The following functions should be integrated into this single department with four divisions and three units:

a) Finance Division;
b) Administrative Services Division, which would include conference services translation and printing;
c) Information and Communication Technology Division;
d) Human Resources Division;
e) Outposted Support Services Centre (Budapest);
f) Security Services Unit; and
g) Medical Services Unit.

Recommendation 6.15: Dual grading and ceilings

991. In addition to the above, the IEE recommends the application of dual grading: D1 and D2 for division heads; and P5 and D1 for service and unit heads. Ceilings should be established on the number of D1 and D2 positions for each department. This would afford much needed flexibility to departmental ADGs to adjust positions to needs, while at the same time preventing any risk of upward position drift.

Recommendation 6.16: Building incentives for interdisciplinary work and focus on global goals and priority themes

992. A relatively small proportion of the Regular Programme budget for their area of responsibility (perhaps 5 percent) should be assigned roughly equally to the DDGs for Technical Work and Regional and Country Operations to be allocated as an incentive to cross-departmental and interdisciplinary work. This would help provide focus on delivery against the three goals of member countries and the five to six priority themes discussed in Chapter 7.

Recommendation 6.17: Empowering programme ADGs

993. Annual budget allotments are currently assigned to divisional heads as the budget holders. For the most part, this should not change as it is consistent with the principle of subsidiarity. Nevertheless, it leaves the ADG with limited means to address unforeseen requirements, to seize new opportunities or to furnish incentives and rewards to his/her directors. Up to 10 percent of the total allotment for each technical division should be assigned to the ADG for these purposes. These funds should also be non-lapsing, with carryover from one fiscal biennium to the next to avoid any pressures to disburse unwisely at the end of a fiscal year.

Recommendation 6.18: The key management layer for headquarters delegations should be division directors

994. They should be:

a) the default level for all delegations – i.e. divisions should be given all delegations not expressly reserved for higher levels;

b) the level where full responsibility exists for informing all staff of FAO activities, for team-building and for passing concerns up and down the management chain; and
c) charged with ensuring that they and all their staff complete a full annual performance review, eventually based on assessment against RBM indicators.

995. This will require training for division directors, focusing on their managerial duties. Many do not currently see this as being the main part of their responsibilities.

996. Under the above model, two current departments would have been merged elsewhere – Knowledge and Communications and Natural Resources Management/Environment. The number of DDG posts would increase by two, but the number of divisions would be reduced from 26 to 15. The new arrangements would shift the organizational emphasis of FAO strongly towards delivery against agreed goals.

997. This model would result in very substantial recurrent cost savings. These have been preliminarily estimated at not less than US$24.5 million and possibly up to US$26 million. A one-time cost for all aspects of staff re-alignment is estimated at US$50-55 million.

The field structure

998. Since 1990-91, the coverage of FAO decentralized offices has increased by 61 percent, from 88 to 145[208]. As of May 2007, the established offices of FAO comprise: the five Regional Offices (RO); nine Sub-Regional Offices (SRO), five Liaison Offices (LO), one Information Office (IF) and 125 Country Offices (CO), 14 of which are in either Regional or Subregional Offices. The new FAO decentralized structure was approved in stages by the 2005 Conference and the November 2006 Council, following which the Council approved the establishment of a new Subregional Office in Central America.

999. The budget of decentralized offices has decreased by 17 percent in real terms between 1994-95 and 2006-07. Staffing levels, however, have changed only slightly (from 1 007 in 1994 to 1 089 in 2006, an increase of around eight percent). This is attributable in large measure to the increased employment of national professional officers at considerably lower cost than international officers and by engagement of new FAORs at a lower classification level than had previously been the practice.

Table 6.4: Human and financial resources for decentralized offices

Decentralized Offices	Actual number of budgeted staff (by year-end)		FAO Regular Programme (in US$ million at 1994 prices)	
	1994	2006	1994/95	2006/07
Regional	277	313	58.2	51.5
Joint Divisions/Subregional	20	98	16.5	14.5
Country	682	631	60.8	44.8
Liaison	28	37	7.3	7.2
Total	**1 007**	**1 079**	**142.8**	**118.0**

[208] Excluding Country Offices hosted in Regional or Subregional Offices.

1000. A study of FAO's field programme delivery and offices costs shows that: a) the size of the total budget in each country varies considerably; b) the composition of these budgets, according to the funding source, varies also a great deal; and c) the size of extra-budgetary funds (provided by bilateral, multilateral or unilateral sources) varies the most. The figures, combined with evidence gathered during the country visits[209], also suggest that the structure of the budget defines three types of offices:

a) offices where most of the field programme consists of TCP projects (e.g. Armenia, Barbados, Chile, Georgia, Peru and Thailand): These offices delivered less than US$500 000 (somewhat less than US$1 million in the case of Peru) in 2006. Consequently, they have a weak presence in the countries (in spite of Chile and Thailand hosting FAO Regional Offices) and the possibilities of substantive political dialogue and advice appear to be limited. This lack of weight is aggravated by the fact that TCPs are, in most cases, not related to strategic themes and problems. Bilateral assistance has diminished or ended given these countries' middle-income status;

b) offices that, in addition to FAO Regular Programme-funded activities, participate in Government Cooperative Programme (GCP) projects funded by bilateral donors (e.g. Bolivia, Bangladesh, Burkina Faso, Cambodia, Ethiopia, India, Madagascar, Mauritania, Niger, Tanzania, Tunisia and Yemen): These bilateral funds are generally substantial (with the exception of Madagascar and Yemen), averaging about US$1.4 million per project in the period 2001 to 2006. They provide the office opportunities for higher visibility and greater access to government officials. Projects are defined, in most cases, by the interests of the donors. FAO's role is related to management and mobilization of resources and consultants. Its technical role is not always clear or important. However, the data suggest that the projects in which FAO is called to participate fall within the substantive areas in which FAO has a recognized technical competence; and

c) offices that, in addition to FAO Regular Programme-funded activities, participate in the execution of UTF projects designed and funded by the governments themselves (e.g. Egypt, Honduras, Mexico and Namibia): The resources managed by FAO in these countries can be very substantial and provide direct access to and dialogue with national officials. However, the subject and technical content of these projects are mainly defined by the government and FAO's role is subordinate to the authority of the local government.

1001. As FAO finances have declined, the relatively limited funds that FAO can allocate from its own resources to field work have also diminished[210]. This situation has pushed the Organization in general, and the FAORs in particular, to concentrate on seeking external funds in order to maintain a reasonable level of programme presence in countries. This reinforces five general conclusions that emerged strongly from field-level interviews:

a) great amounts of FAOR time and effort are absorbed by a search for financing[211] and much of the effort has been proving unsuccessful. Consequently, FAORs have less time, inclination and leverage to play their role in the UN country team and as policy advisor to governments;

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[209] The IEE visited the offices of FAO in the following developing countries: Armenia, Bangladesh, Barbados, Bolivia, Burkina Faso, Cambodia, Chile, Egypt, Ethiopia, Georgia, Ghana, Honduras, India, Madagascar, Mauritania, Mexico, Namibia, Niger, Peru, Tanzania, Thailand, Tunisia and Yemen.

[210] Net appropriations allocated to the Technical Cooperation Programme declined by eight percent in real terms between 1994-95 and 2006-07.

[211] An IEE survey to FAO technical professional staff found that 65 percent of FAORs considered support for resource mobilization a service highly demanded by developing countries.

b) FAOR posts have been left vacant for lengthy periods of time. The cumulative vacancy rate of over eight months for FAOR posts from 2003 through 2006 was 41 percent - 22 percent for periods between 8-12 months and 19 percent for over a year (see Table 6.5 below). In many cases, these breaks were partially filled by retirees on a temporary basis, but this is not an adequate substitute for the continuity of an FAOR. The time period required to fill FAOR positions is longer than for other positions due to the need to obtain the host country's prior approval of the candidate. However, leaving posts vacant also provides FAO a means to cope with the problem of insufficient budgetary resources to cover full costs;

Table 6.5: FAOR post vacancies over 48 months (2003-2006)

Over 12 months	Between 8 and 12 months	Between 5 and 8 months	Less than 5 months
19%	22%	17%	42%

c) the administrative costs for some FAO Country Offices exceed programme expenditures (Regular Programme and extra-budgetary). In more than half such cases, the ratio of office cost to programme expenditure is at 0.5 or above (2006). If this situation persists over time, it raises a question of the viability of such offices;

d) in at least some cases, the technical staff in Subregional Offices do not have sufficient travel funds to conduct their work professionally, although this has been addressed in 2007 in the new Subregional Offices in Africa and Central Asia. The same is generally true for FAORs for work in the countries to which they are assigned. This raises a basic question about the sustainability of the existing number of FAO offices and about any possibilities for further expansion; and

e) as has been clearly demonstrated in Chapter 3, in many countries FAO's field work consists of a collection of dispersed projects, disengaged from and unrelated to the normative work of the Organization. Chapter 3 also underscores that the large size and increasing importance of GCP and UTF implies a risk that the programme of work of the Organization has become defined by the priorities of those that provide the funds and that FAO has lost the ability to guide the agenda. If the Organization continues to move in this direction, governance, planning and administrative structures and mechanisms as they now stand may become obsolete or unnecessary. Field programmes may be governed increasingly by FAO responsiveness to those with financial resources, rather than to a strong planning and priority-setting mechanism aligned to the comparative advantages of FAO.

Links between headquarters and field offices

1002. As already noted, staff in the decentralized offices increased slightly (about eight percent) over the past twelve years, whereas staff at FAO headquarters were reduced by 34 percent. More importantly, the proportion of total FAO staff located in the field has increased over the same period from 28 to 39 percent.

Table 6.6: Actual budgeted Regular Programme staff by location				
Location	**Department**	**31-Dec-94**	**31-Dec-06**	**Change**
FAO headquarters	Administration and Finance/Human, Financial and Physical Resources (AF)	608	470	-22.7%
	Agriculture and Consumer Protection (AG)	496	217	-56.3%
	Economic and Social Development (ES)	387	145	-62.5%
	Fisheries and Aquaculture (FI)	168	111	-33.9%
	Forestry (FO)	129	72	-44.2%
	General Affairs and Information / Knowledge and Communication (KC)	402	201	-50.0%
	Office of the Director-General (ODG)	120	127	5.8%
	Natural Resources Management and Environment (NRM)		93	
	Development/Technical Cooperation (TC)	258	258	0
	Total	**2 568**	**1 694**	**-34.0%**
	Headquarters as % of Total staff	**72%**	**61%**	**-11.0%**
Decentralized offices	Country Offices	682	631	-7.5%
	Joint Divisions/Subregional Offices	20	98	+79.6%
	Liaison Offices	28	37	+32.1%
	Regional Offices	277	313	+13.0%
	Total	**1 007**	**1 079**	**+7.1%**
	Decentralized Offices as % of Total Staff	**28%**	**39%**	**+11.0%**

The Regional Offices (RO)

1003. Regional Offices are the focal points for FAO to address significant problems and development challenges that extend beyond national boundaries in any one of the five defined regions. These include issues of regional agricultural and food security, such as trans-boundary pests, water supply and usage, environmental sustainability, fishing practices and rights and trade. The Regional Offices also serve as the secretariats for the arrangement of Regional Conferences. Since 1994, the pattern of decentralization to Regional Offices has been uneven. While the budgets for all the offices have declined in real terms, staffing levels have remained similar or increased (see Table 6.7). This increase has taken place at the expense of non-staff resources (see Table 6.8) and a lower grading of posts (see Table 6.9). This has resulted in a lower cost per staff in real terms (see Table 6.7), but staff less qualified for senior advisory work with governments.

Table 6.7: Human and financial resources for Regional Offices						
Regional Offices	**Actual number of budgeted staff (by year-end)**		**FAO Regular Programme (in US$ thousands at 1994 prices)**		**US$/Staff Ratio**	
	1994	**2006**	**1994/95**	**2006/07**	**1994/95**	**2006/07**
Regional Office for Africa	63	62	16 154	12 737	256.4	205.4
Regional Office for Asia and the Pacific	78	107	14 402	13 658	184.6	127.6
Regional Office for Europe	12	12	3 932	2 900	327.7	241.7
Regional Office for Latin America and the Caribbean	74	69	12 765	12 403	172.5	179.8
Regional Office for the Near East	50	63	11 000	9 813	220	155.8
Total	**277**	**313**	**58 253**	**51 511**	**210.3**	**164.6**

Table 6.8: Staff and non-staff resources – Regional Offices				
Regional Offices	**Staff Costs**		**Non-staff Costs**	
	1994/95	**2006/07**	**1994/95**	**2006/07**
Regional Office for Africa	68%	73%	32%	27%
Regional Office for Asia and the Pacific	68%	84%	32%	16%
Regional Office for Europe and Central Asia	68%	85%	32%	15%
Regional Office for Latin America and the Caribbean	76%	81%	24%	19%
Regional Office for the Near East	67%	78%	33%	22%
Total	**70%**	**80%**	**30%**	**20%**

Table 6.9: Professional staff in Regional Offices by grade (actual budgeted staff)			
Grade	**31 Dec. 1994**	**31 Dec. 2006**	**% change**
ADG	3	4	33%
D-2	2	1	-50%
D-1	3	4	33%
P-5	43	43	0%
P-4	32	47	47%
P-3	1	10	1000%
P-2	2	5	150%
Total	**86**	**114**	**33%**

1004. In the course of its field work, the IEE visited all Regional Offices. It also conducted a questionnaire survey with all governments covered by the Regional Offices. The results indicate that a generally low value is assigned to the work of Regional Offices[212]. Regional projects, other than those related to transboundary diseases and emergencies, were not highly regarded by these governments[213]. IEE visits to the Regional Offices confirmed that they face a number of serious problems and constraints in the performance of their work:

a) the Regional Offices do not have the necessary human and financial resources to keep themselves properly informed on regional and global developments and on trends affecting food and agriculture in the region;
b) Regional Representatives have administrative authority over the specialists located in the Regional Office but must negotiate and agree with the parent technical division on the technical work plans;
c) the Regional Offices' role in country-level field programme development is limited to technical and policy advice provided by regional officers;
d) the lack of real institutional authority reduces the capacity of the Regional Office to monitor the quality and timeliness of field activities and to ensure overall coordination at the regional level. The Regional Representative has little autonomy to travel or establish cooperation agreements with governments and other organizations and no direct managerial responsibility for hiring, evaluation, promotion and firing of FAORs or other professional staff in the region; and
e) the Regional Offices participate only marginally in the discussions and decisions related to management, priority setting and implementation of normative work. Also, although Regional Representatives are theoretically members of the Senior Management Meeting, they have no opportunity to participate. They do not attend the FAO Conference and, although there has been some recent improvement, they visit headquarters very infrequently.

1005. In summary, the lack of real institutional authority of the Regional Office dilutes its opportunities to provide political, intellectual and managerial leadership to the Organization's work in the region. The IEE concludes that the mandates, functions and authorities assigned to the

[212] In a scale from 1 (low) - 4 (high), the overall level of satisfaction with Regional Offices in the countries was rated 2, with the peak in the Near East (3) and the lowest in Africa (1).

[213] The average score given to the value of regional projects in the countries was 2. The score was higher in Asia (3) while in the other regions was 2.

Regional Offices require fundamental re-examination, if they are to continue. This examination of the Regional Offices' role must be part of an in-depth examination of FAO's entire architecture. It should take into account the evolution of different institutional arrangements in the regions, the new needs and opportunities faced by member countries in the agricultural field as well as the findings of the IEE country visits. Such a full review should also consider the best means to align the FAO architecture – and its costs – to the UN system-wide reform and its move towards "Delivering as One" at the country level.

Subregional Offices

1006. Subregional Offices were created to support FAORs technically and to give FAO capacity to respond more quickly and effectively to government requests for technical advice. They were also to help regional and subregional organizations. According to the proposal of the Independent Evaluation of Decentralization in 2004[214], accepted in principle by FAO management, the technical groups in Subregional Offices should be comprised of broad specialists with policy and strategy expertise, as appropriate to the subregion concerned.

1007. The relationship of these offices to FAO's technical departments is now being revised. The IEE supports full implementation of the decision to accord the offices autonomy in the use of their technical staff and establishment of the main reporting line to the Regional Representative[215]. At the time of IEE visits to countries, these changes had not been implemented and the Regional Office problems noted above applied as well to the Subregional Offices. The proportion of budgets for staff as distinct from non-staff resources (e.g. for travel, flexible hiring of local expertise, etc.) has steadily increased from 69 percent in 1994-95 to 73 percent in 2006-07, meaning that staff now have little money to work with countries. This same situation applies in Regional Offices, where in some cases the proportion is now up to 80 percent.

1008. The IEE welcomes management's April 2007 decision to assign to Subregional Offices the lead technical and operational responsibility for projects and the associated instructions regarding reporting lines and authorities[216]. It is still too soon, however, to determine the impact and effectiveness of this recent empowerment of Subregional Offices to "coordinate" work at the subregional level.

1009. In the proposed fundamental re-appraisal of overall architecture, account should be taken of the fact that, with globalization, subregions have become better defined, gained greater homogeneity and, in many cases, developed trade agreements and institutional mechanisms for political and economic integration. Subregional organizations are helping to develop strong institutional links between countries and to reinforce subregional integration processes. Global public goods (e.g. access to information and technology, environment and biodiversity protection and recovery) are increasingly being addressed through subregional collaboration. FAO now has nine Subregional Offices. This could afford the Organization a strong comparative advantage in linking to, and providing leadership in, subregional initiatives. For the advantage to be fully realized, however, the IEE is convinced that a basic re-appraisal and re-alignment of the overall architecture is a necessary precondition.

Country Offices

1010. FAORs developed in 1976 from an earlier concept of FAO Senior Agricultural Advisers (SAA), whose costs were originally shared with UNDP and who were based in UNDP offices. There are currently 73 approved positions for FAORs in the budget (excluding FAORS with dual functions in the Regional and Subregional Offices). One of the consequences of moving most of

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[214] FAO, 2004. *Independent Evaluation of FAOs' Decentralization.* PC 92/6a, FC 108/18.

[215] See PC 94/3 p. 12.

[216] See Draft Field Circular, April 2007.

the SAAs out of UNDP offices to independent premises has been to increase the need for local support staff[217], although some 17 percent of Country Office (CO) staff is provided by governments in accordance with the host country agreement. During the 1990s, the number of Country Offices increased by 23 percent, while the funding available to run them declined by about 30 percent [218] (see Table 6.10).

Table 6.10: FAO Representations' net appropriations (at 1994 US$ prices)

1994-95	1996-97	1998-99	2000-01	2002-03	2004-05
63 363	59 658	56 528	50 049	48 138	45 278

1011. The major changes in Country Offices have been that FAO has replaced internationally recruited professional-level programme and administrative staff with national officers (NO) and has downgraded the FAOR positions. The number of director-level posts for FAORs has decreased from 52 in 1995 to 35 in 2006.

Table 6.11: Human and financial resources for Country Offices

Actual number of budgeted staff (by year-end)		FAO Regular Programme (in US$ thousands at 1994 prices)		US$/Staff Ratio	
1994	**2006**	**1994-95**	**2006-07**	**1994-95**	**2006-07**
682	631	60 815	44 809	89.2	71.0

1012. Based on the financial resources involved, there are currently five types of Country Offices:

a) fully staffed by an FAOR with relevant support personnel (73);
b) based in a Regional Office or Subregional Office (11);
c) those where the FAOR is accredited to a country but operates from another country in the region (36, of which 7 with support in the country by FAO staff – Assistant FAOR – and 29 by a national correspondent);
d) those where there is an outposted technical officer (10); and
e) those where there is a government liaison officer (national correspondent) but no FAO staff (5)[219].

[217] Taking Kenya as an example, in 1980 the SAA was supported by two international staff and four local staff. By 2006, the two international staff had been replaced by national officers but there are now eight support staff. Today, as in 1980, Kenya provides administrative support for Somalia and operations in the southern region of Sudan.

[218] FAO. OCD 2003. *An Assessment of the Functions and Resources of the FAO Representations – A Desk Review.*

[219] Ibid, Table 8.

1013. The average cost of a full Country Office is in excess of US$485 000, while the other types cost between US$8 000 and US$195 000 (see Table 6.12).

Table 6.12: Average Country Office costs by type of office (excluding security)

Type of Country Office	**Average Country Office Costs 2006** US$ 000 (excluding security)
Country representations fully staffed by an FAOR and relevant support personnel (excluding those hosted in Regional or Subregional Offices)	487
Country Offices hosted in Regional or Subregional Offices	195
Countries covered by double/multiple accreditation with an Assistant FAO Representative or a national correspondent	23
Country Offices with an outposted technical officer	120[220]
Country Offices with national correspondents and without FAOR	8

1014. FAORs have historically focused on supporting national project operations and providing a channel of communication between governments and FAO. In an internal FAO study, FAORs were asked to rank the importance of their functions[221] on a scale from 1 to 10. The results were as follows[222].

Table 6.13: Self-assessed relative importance of FAOR functions

Function	Importance
Liaison with government and partners	10
Office management and administration	8
Channelling/coordination of FAO resources	7
Budget holder responsibilities	5
Monitoring and implementing projects	5
Reporting on country developments	4
UN system collaboration	3
Assistance in emergencies	3
Advocacy and promoting FAO's image	2

1015. The 1989 review of FAO stated "The potentially wider role of the FAO Representative of assisting governments in developing policy options with substantive interaction with the relevant ministries and making use of FAO's worldwide experience and capability has not been adequately

[220] Full cost of a professional officer.

[221] The study did not include reference to policy support roles that FAORs might exercise.

[222] An Assessment of the Functions and Resources of the FAO Representations, p. 4.

utilized"[223]. Indeed, policy support to the country is not listed among FAOR functions and based on the findings of the IEE country visits, this is still the case.

1016. In 2007, the Organization issued guidelines for the selection of Subregional Coordinators and FAORs, and a performance appraisal management system for FAORs has also been introduced. The competency requirements for FAORs[224] (see also Chapter 8 for a more detailed review of competency requirements) at the time of this IEE were that they should have four key functions: representing FAO; ensuring an effective field programme; facilitating and coordinating emergency operations; and managing the Country Office. As reviewed in Chapter 8, there are major gaps in this list of competencies. These include: the need for i) prior international experience (i.e. outside home country) in at least one of the major technical fields of work relevant to FAO; and ii) extensive knowledge of FAO, its programmes, capabilities, limitations, what it does well and what it does less well. Policy experience is also very important.

1017. From the reviews in field visits to 23 developing countries, the IEE conclusion is that detailed knowledge of FAO is probably the most important competency for an effective FAOR. Without this, he/she simply cannot represent the Organization well, cannot position it as a partner within the 'One UN' or other country-level partnerships and is unable to work with credibility with national authorities in shaping country priority frameworks that accord with FAO strengths. Yet the IEE found that 65 percent of current FAORs had little or no prior FAO experience before becoming FAORs. Many of the FAORs interviewed considered this lack of FAO knowledge as their most serious handicap. They considered insufficient the 2-3 week orientation programme in headquarters before assuming their responsibilities.

1018. The question also arises as to the cost-effectiveness of FAORs over time. It is difficult to put a value to all the work undertaken by FAORs, particularly those activities related to in-country policy advice and FAO advocacy. However, a proxy measure can be calculated from the relative cost of FAORs compared to the size of the technical assistance (TA) programme that they manage for FAO.

Table 6.14: FAO Country Office costs and Field Programme expenditures[225] (2006)

Region	Office costs	Field Programme expenditures	Ratio Field Programme Exp./Office costs
Africa	31%	69%	2.3
Asia	17%	83%	4.9
Caribbean	50%	50%	1.0
Europe	12%	88%	7.6
Latin America	16%	84%	5.3
Near East	18%	82%	4.5
Pacific	9%	91%	10.0
Overall	22%	78%	3.5

[223] Review of Certain Aspects of FAO's Goals and Operations Part II – Report of the Group of Experts on FAO's Field Operations, para. 61.

[224] Competency Profile for an FAOR, November 2005.

[225] Data (downloaded from FPMIS on 6 August 2007) excludes all expenditure (office and programme) on emergency projects, which are handled by a separate unit, and security costs.

1019. In 2006, the average ratio of Country Office costs to programme expenditure was 22:78, which is almost double that of UNESCO (12:88), for example.

1020. The IEE also found that FAO Representatives have less delegated authority than their counterparts in other multilateral organizations, including two UN organizations[226]. The evaluation of FAO decentralization in 2004 reached similar conclusions, although it placed UNIDO on a par with FAO at that time.

1021. The role of FAORs in the implementation of regional projects is also very limited. In some cases, FAORs were unaware of regional projects being undertaken in their countries of accreditation. FAORs have seldom attended the bi-annual Regional Conferences and have had nothing to do with their preparation or subsequent follow-up.

1022. FAORs are not applying all of the authorities that have been delegated to them, caused in part by a lack of clarity as to exactly what has been delegated. The TCP facility in 2001 permitted FAORs to utilize TCP funds of up to US$10 000-15 000 (when also approved by the government) for hiring national consultants. This was raised in 2006 to US$200 000 per biennium for national consultancies, training and other costs. This increase could go some way to improving the relevance and effectiveness of FAORs. Although more than one year has passed since the ceiling was increased[227], less than 20 FAORs have requested funding near the US$200 000 maximum.

1023. Nearly all questionnaire respondents wished to draw upon the TCP facility but they reported significant problems in its use. A detailed questionnaire survey of all FAORs (which had an 80 percent response rate) indicated that the use of TCP funds is still held up *de facto* by headquarters approvals. They also expressed a reluctance to apply to use the facility because of clearance requirements, including any use of international consultants. Moreover, more than half the respondents considered inappropriate the limitation that the facility could not be used for any form of training or visits outside the country. The IEE understands that the reason for the restriction on training and outside visits is to avoid abuse and political pressures for FAO financing of international travel. The IEE suggests that rather than impose *ex ante* limitations, FAO should ensure the competency of the FAOR and establish human resources management systems to hold individuals responsible for their actions.

1024. The IEE shares the conclusion of the Independent Review of the TCP that the TCP should be maintained at the present share of FAO's regular budget. It agrees that the TCP should continue to be used for demand-driven assistance and that the designated officer for the country (generally an FAOR) should have full authority to utilize the TCP facility and in consultation with the Regional Representative to agree to the use of TCP resources with the government, in line with the agreed national medium-term priority framework.

1025. Following from the above, it is clear that the FAO Country Offices face a number of problems and difficulties, the most important of which are:

a) FAO's dependency on external funding, the absence of a unifying strategy[228], and low levels of delegated authority have often produced a culture of servicing a collection of low-impact projects of little strategic relevance[229];
b) this dependency is militating against the delivery of technical cooperation based on specialized capacities and knowledge management. In most cases, there is a low

[226] UNESCO, WHO, OECD and IMF.

[227] FPC 2006/02, May 2006.

[228] A pilot phase of National Medium-Term Priority Frameworks (NMTPF) formulation started in September 2005 and involves 29 countries of Africa, Latin America and Caribbean, Near East and Asia.

[229] This was reported in at least 70 percent of the country visits (16).

level of FAO participation in high-level strategic thinking and policy dialogue in the countries;

c) in those Country Offices where the FAOR is also a technical officer, he/she is able to carry out very little technical work outside the country concerned;

d) during the IEE country visits, the dominant view of national governments and other stakeholders was that Country Offices were mainly project management units with little decision-making authority and very scarce technical or financial resources;

e) FAO's activities have generally low visibility and few linkages to the private sector, NGOs, farmers' associations, research institutions and other parts of civil society (see Chapter 5);

f) these constraints at country level feed the continuing widespread perception of FAO as an unwilling partner with other organizations of the UN system and of having a weak culture of institutional collaboration and networking, even though this perception is largely outdated and unfounded for the Organization as a whole; and

g) problems in applying principles for host government contributions to Country Office overheads in kind and in cash, and the lack of policy on actions to take when host government contributions are in significant arrears. Outstanding arrears by host governments to FAO currently amount to a total of over US$4 million.

1026. At the time of the country visits, the FAORs had only limited control over the allocation of resources in their offices. As outlined above, they were often reluctant to use the authorities delegated to them. Normative work is decided and TCPs approved at headquarters. Thus, the incentives for FAORs are tilted towards the preparation and implementation of projects that have good funding possibilities and not towards attempting to define a focused programme of work, based on strategic priorities agreed with the country authorities and within the boundaries of FAO's recognized competences and overall priorities. Similarly, policy work and advice is not very significant and FAO has, in general, a weak participation in strategic and policy discussions in the countries. Even in the countries where the UN experiment in 'Delivering as One' is being conducted - and to which FAO is extending the fullest collaboration possible - the Organization experiences difficulty in being viewed as a serious player due to the paucity of its resources.

Reporting lines

1027. The IEE country visits provided a worrying picture of the relationship between headquarters, Regional Offices, Subregional Offices and Country offices. Some changes have started to be made based on the evaluation of decentralization, including the reporting of Subregional Offices to the Regional Representative. This change occurred in April 2007, following the IEE visits to field offices and we are, therefore, unable to comment on the effectiveness of this measure or its extent of application in practice. The change, however, is encouraging and entirely in the right direction. FAORs, however, continue to report to headquarters. Also, during IEE field visits the unanimous view of all stakeholders in the regions, including FAO's own staff and its main partners, was that FAO's field structures are deeply fragmented and sub-optimal and that the overwhelmingly centralized decision-making on field operations has produced an onerous bureaucracy and a severe loss of effective capacity to respond to needs and opportunities. In spite of recent measures - including a series of administrative approvals that have been delegated to the Subregional Representatives, which the IEE applauds - changes will have to go considerably further than currently envisaged, if the many imbalances that exist are to be corrected.

1028. Technical support from headquarters to Country Offices is limited to very infrequent and short visits of experts and concentrates mainly on a limited number of TCPs. The TCP facility, although a significant step forward in flexibility (see Chapter 3), still holds unnecessary limitations, for example on the use of international expertise which must be cleared by the Director-General.

1029. Besides the long, cumbersome and centralized process for project approval, headquarters also has full control of the appointment, assignment, evaluation and dismissal of professional staff.

1030. The factors mentioned above continue to have a major impact on the Organization's performance and effectiveness and on its relevance in policy-making processes in countries or on a regional basis. It also reduces the attractiveness of FAO as a partner in development and impacts negatively on FAO's cost-effectiveness. The current budgetary situation, the deteriorating capacity to provide technical backstopping, the high cost of such backstopping and the existing decision-making arrangements, all contribute to a situation where FAO Country Offices are largely disconnected from the Organization in strategic and programmatic terms and receive little substantive support.

1031. Under similar resource constraints, other specialized agencies such as WHO, UNESCO and ILO have succeeded in streamlining the structure and reporting lines between their headquarters and decentralized offices. WHO is typified by a headquarters structure that clusters programmes under a few senior managers. They are generally responsible for normative activities, while the relatively independent regional offices are more concerned with operational activities. Moreover, WHO aims to have shifted 70 percent of its total resources to countries and regions by the end of the current biennium. WHO has a substantial country office presence to deal with technical assistance. UNESCO has rationalized its country office structure, eliminating many offices, following an assessment that it had too many small, under-funded units with consequent duplication and inefficiency[230]. It has now adopted a structure, based on the concept of subregional offices servicing groups of member countries. ILO has regional and subregional offices and less than 50 country offices.

1032. To sum up, the main structural components of the FAO field organization (technical departments in Rome, Regional Offices, Subregional Offices and Country Offices) are at present seriously fragmented. One obvious consequence of this is that the potential benefits of team work between units and disciplines to bring the full benefits of the multiple areas of FAO comparative advantage – which should be among the greatest strengths of the Organization - is greatly reduced.

Conclusions on FAO's field structure

1033. In the view of the IEE, two overarching conclusions emerge from the above assessment with regard to FAO's field office infrastructure.

1034. Firstly, **FAO needs a strong presence outside Rome**, if it is to achieve the relevance, outputs and impact that all its Members should correctly require of it. The IEE has no doubt about this conclusion. The principal mission of FAO is to ensure the availability of, and means to profit from, relevant and necessary global knowledge on food and agriculture. This is made available as an international public good. As is repeated throughout this report, any debate on the role of FAO in terms of normative versus operational is a false and intellectually distorted debate. FAO needs to be concerned with the chain that produces a global good, ensure its fair availability to those who need it, and address the means to apply that good for human benefit. For this, FAO needs a strong presence outside Rome.

1035. It does not follow, however, that such a presence needs to be physical or that it can be achieved only by the posting of an FAO employee. Connections, networks and 'being present' can be achieved in many ways, especially in today's globalized and technologically linked world. The question is not whether FAO needs a strong presence, it is **how best to achieve it and with what means**.

[230] Joint Inspection Unit report 2000/4 - at least 28 offices had been closed by 2004.

1036. Secondly, although many changes are now underway, **the current FAO infrastructure aimed at a strong presence outside Rome is not functioning well**. The system does not function systemically; the parts do not join; and the evidence points clearly to unsupportable cost-benefit ratios. There is insufficient budget for offices to function properly. The main structural components of the FAO field organization (technical departments in Rome, Regional Offices, Subregional Offices, and the Country Offices) are at present disconnected; they do not share a common development strategy or programme framework; and the lines of authority between the components are unclear. The mandates, functions and authorities of the system require fundamental re-examination and adjustment.

Recommendations on field structure

1037. **Recommendation 6.19 – There is a need to restore balance between headquarters and the field, including a radical change in the institutional structure, business model and decision-making processes of FAO, in order to re-position the institution and provide it with efficient and effective link to countries and regions. Moreover, no further net transfers of resources from headquarters to the field should occur until resource adequacy has been assured.**

1038. Evidence was provided in the previous sections of this report regarding the confused lines of authority and functions between headquarters and the field. As the IEE's analysis of FAO's current institutional structure makes clear, there are significant problems that hamper its efficiency and effectiveness. The structural problems derive in part from an inflexible uniformity in the design of both headquarters and decentralized offices. The structural characteristics of the relationship between headquarters and its field presence are severely fragmented. The highly centralized decision-making structure, low level of delegated authority, and the lack of communication between Regional Offices, Subregional Offices and Country Offices are all problems that cause a severe loss of effective capacity to respond to needs and opportunities. Unless further major efforts are made to address and resolve these problems, they will continue to undermine the performance and credibility of the Organization, and lead to its further marginalization.

1039. The IEE does not consider that a single, uniform solution is applicable to all regions. Structures should reflect differing levels of development as well as a number of features that characterize the food and agriculture landscape in each region. Our proposed structure for FAO introduces variations among regions, subregions and the country level. Some elements may be applicable to all regions, and others will have to respond to these differing situations. Criteria are proposed to help to reach decisions in each case.

1040. As noted above, the IEE endorses fully the principle of a stronger and more effective field presence and further decentralization of functions and authority from headquarters to the field. **The central conclusion of the IEE in this regard is that to be relevant, credible, and have a major developmental impact, further steps in this reform process must first address a comprehensive set of issues: effective delegation of authority; revisiting the competency criteria for FAORs; organizational structure; decision-making mechanisms; lines of communication; technical and financial resources; functions and procedures; critical mass and means-to-ends requirements**. In this chapter, we have offered some suggestions, options and criteria on how these problems could be tackled.

1041. **Recommendation 6.20 – A new and clear role for <u>Regional Offices</u>: The number and location of the existent Regional Offices remains unchanged in our proposed institutional structure. Their functions will be streamlined and focus more on analysis and policy advice. They will have greater autonomy and decision-making powers. All professional staff in Regional Offices would report to the Regional Representative and not to their headquarters divisions. The Regional Offices would assume first-line responsibility and accountability for the development of strategies and programmes across their regions. Reporting lines would be established to have both Subregional Office Coordinators and FAORs report to the**

Regional Representative functionally and administratively. The Subregional Coordinators would have no administrative responsibilities for Country Offices. While reporting to the Regional Representative, all professional field staff would maintain regular knowledge exchange and communication with technical colleagues at headquarters and in other decentralized offices to ensure that the highest standards of technical quality are maintained and stimulated and to build corporate coherence. Technical colleagues, whether in headquarters or other decentralized offices, would exercise a quality assurance function vis-à-vis each other's work and rotation policies would build competencies and corporate interchange.

1042. The diagnosis of problems and issues presented in previous sections are common to all Regional Offices of FAO. The main future role the IEE envisages for these offices could also be applicable to all Regional Offices, keeping the necessary flexibility for certain minor adjustments. Six core roles would be assigned to Regional Offices.

1043. First, much of the effort of the Regional Offices should be devoted to analysis and policy work in close collaboration with the relevant technical divisions. The Regional Offices should receive the necessary amount of financial and human resources to keep abreast of developments, trends, problems and opportunities affecting food and agriculture in their region. They should strengthen and professionalize their activities related to policy dialogue, analysis and advice, and evolve as the most authoritative source of knowledge and information in FAO regarding their respective regions. In cooperation with other relevant regional organizations and non-regional organizations, such as IFAD, they should be entrusted with the preparation, on a biennial basis, of a report on "The State of Agriculture, Food and Rural Life" in their respective regions. This report would identify the major strategic issues, problems and opportunities, recognize regional priorities for common action and suggest possible national policies. It would build on, complement and strengthen the existing FAO flagship "State of" publications.

1044. Second, the Regional Offices would be responsible for convening, conducting, codifying results, preparing the final reports for, and following up on, the Regional Conferences. On a trial basis (see Chapter 4)**, the conferences would become part of the governance system of FAO, reporting to the FAO Conference.** The Regional Offices would prepare the agenda in consultation with governments and stakeholders in the region. The report mentioned above should aim to furnish genuine strategic direction by providing guidance to the Organization regarding the major food and agriculture issues and concerns in the region, and identifying regional programmes and priorities. Those that fall within the five or six priority themes subsequently agreed by the conference would form the basis for finalizing a regional strategy in each region. This work should cascade into country priority frameworks, including a basis for TCPs and a realistic alignment of objectives to what FAO can be expected to deliver.

1045. Thirdly, the Regional Offices should monitor regional perspectives and needs and ensure that these serve as guides to normative work conducted at headquarters.

1046. Fourth, the Regional Offices should participate, with appropriate information and authority, in the preparation of the biennial budget and in the design and approval of regional and subregional projects.

1047. Fifth, the Regional Offices should develop a strategy for capturing external funding that is consistent with the priorities, themes and issues of the region. TCP funds should be allocated among regions in line with PWB decisions and the Regional Offices should allocate them and monitor their use within the national medium-term priority frameworks. In doing so, they should concentrate the scarce resources available for regional projects in a few areas of strategic regional significance.

1048. Sixth, consistent with the new reporting relationship, the Regional Representatives should provide direction and guidance to the work of the Subregional Offices and Country Offices. They should also be assigned authorities in the evaluation, appointment and removal, and monitoring of performance of Subregional Coordinators and FAORs.

1049. **Recommendation 6.21 - The Subregional Offices would become the technical support arm of FAO in the respective regions**.

1050. The growing political and technical importance of subregional organizations has already been highlighted. They are helping to develop strong institutional links between countries and to reinforce the subregional integration processes. Following the decentralization proposals made by the Director-General, FAO has created an additional four Subregional Offices (together with the five already in existence) and has proposed further additions. The obvious prerequisite to ensuring the efficiency and success of these offices is that they have adequate staff and funds to perform their tasks. This is not the case today. The IEE discovered many examples during its field visits of technical officers in Subregional Offices, who did not have the funds needed for travel to their countries of responsibility. Until existing offices are adequately resourced, it would be unwise to open new ones. The IEE supports management's proposal to link the location of these offices, when they can be established, to the sites of regional and subregional economic integration organizations or agricultural organizations or to UN centres, as appropriate.

1051. The work of Subregional Offices should be strictly determined by the needs of the countries (and UN country teams) they serve. Staff should not be expected to undertake extensive normative or administrative work. They should have the seniority required to play a policy role and staffing should be adjusted flexibly in both disciplines and duty station in line with needs. Staff/consultants on call-down contracts, as discussed in Chapter 8, can play a particularly important role in the Subregional Offices by providing a broader base of expertise. Sufficient non-staff resources will be critical to the workings of the Subregional Offices. An effective staff ratio should also be achieved before increasing staff numbers to ensure staff and consultants can fulfil their responsibilities.

1052. The IEE recommends that the establishment of new Subregional Offices be analysed in the light of:

a) the cost implications of sustaining Regional, Subregional, and Country Offices; and
b) the implications of the dispersion of technical staff and budgets among such large numbers of units, for the capacity of the Organization to carry out its more normative work. As noted earlier in this chapter and as discussed in Chapter 3, FAO now risks losing some of its main technical core competencies and comparative advantage. If this risk is not addressed through convincing strategies to restore the FAO technical base in critical areas, comparative advantage will be lost and, once lost, will not be regained.

1053. As recommended by the evaluation on decentralization and agreed by the Organization, work at the country level should be based on the national medium-term priority frameworks, and these should provide strong underpinning for the subregional and regional strategies. As demonstrated in Chapter 7, however, the majority of the current national priority frameworks do not currently serve this purpose. Most of them amount to generic "shopping lists" and as such are unrealistic and of no decision-making value.

1054. **Recommendation 6.22 - Quite new foundations need to be established for the presence, structure, functions and staffing of FAO Country Offices, including benchmarks such as cost-efficiency norms, for opening and closing such offices. Decisions should be made in the light of criteria defined below.**

1055. The IEE field visits and survey of Members provide solid confirmation of the decentralization evaluation's conclusion that the smaller the Field Programme, the lower FAO's visibility and ability to respond as a partner with government and the international community.

1056. The findings of IEE country visits raised fundamental questions in many cases of the justification and rationale for the existence of a Country Office and FAOR at the national level. In all cases, significant intrinsic weaknesses hamper operations and effectiveness. Most of these are recurring themes in this evaluation and they include: a critical lack of resources; a lack of

delegated authority; an absence of strategic or programmatic foundations; slow response to urgent demands; a heavy administrative cost; and bureaucracy. While there are many exceptions, the weight of evidence indicates a high frequency of FAO Country Offices headed by FAORs that have become of doubtful cost-effectiveness and of limited development impact.

Criteria for Country Offices and FAORs

1057. Existing Country Offices should be reviewed against the criteria below, bearing in mind various alternative arrangements, such as the extension of dual coverage by FAORs and having FAO Country Coordinators stationed outside the country in a neighbouring Regional or Subregional Office.

1058. **UN "Delivering as One" at country level**: FAO has already demonstrated its commitment to and leadership on this initiative. It should be a principal partner, but as noted earlier FAO has great difficulty in acting, and being viewed, as a serious player in collective action due to its paucity of resources. This should be a matter of deep concern to FAO members who are also major donor countries. Most such members have urged FAO to integrate fully into the One UN, but the Organization requires resources for delivery of its active participation. The issue here is one of co-commitment or reciprocal conditionality. It should be explored much more seriously and systematically than has been the case as an integral component of discourse on the FAO architecture.

1059. In addition, "Delivering as One" may present FAO with opportunities for "win-win" consolidations and administrative cost savings. An FAOR could be replaced by a technical specialist in a UN office under the umbrella of the UN Country Coordinator. FAO's presence and effectiveness could increase and revised arrangements could yield cost efficiencies, but this would need to be handled on a case-by-case basis as placing FAO staff in UNDP offices and hiring services has in the past often proved more costly.

1060. **Size of the programme:** If the size of a country programme falls below a specified ratio to office costs for more than three years, the office should be transformed into some other lower cost arrangement (e.g. multiple country accreditation, Regional Office coverage). The IEE suggests a ratio consistently above 1 to 3 (i.e. US$1.00 in office costs to US$3.00 in programme expenditures) as the benchmark in this regard.

1061. **Size and poverty levels of agriculturally dependent population:** The higher the dependence on agriculture and of national poverty levels, the greater the justification for keeping an office.

1062. **Level of development** of countries: Special consideration and criteria should apply to sponsoring and retaining FAOR offices in least-developed countries (LDCs) which are likely to be less able to access FAO services via other means.

1063. The existence of **well-prepared FAO national priority frameworks:** These instruments would need to be realistic in setting out what FAO can actually do, taking into account resource adequacy and linked to resource mobilization, as appropriate.

1064. The **relevance of existing technical cooperation projects to FAO's overall strategy and the UNDAF:** FAO activities in some countries are, in relative terms, adequately funded, but the activities have no apparent strategy or purpose. The activities have been determined by demand or donor-driven. Where this situation prevails, consideration should be given to the merits of retaining an office. A similar situation would prevail where country studies have demonstrated little impact and spill-over effects of projects being implemented at the national level.

1065. **Ease of servicing the country from a nearby country** and the cost-effectiveness of multiple accreditations, especially to smaller, reasonably contiguous countries.

1066. **Potential for agriculture in economic growth:** The growth and development of some countries will depend to a large extent on the increase, diversification and modernization of their agricultural sectors. In reviewing the structure of FAO's presence in the field, this criterion should be taken into account. A number of middle-income countries have a much more diversified economy or levels of local expertise in agriculture, which could justify that they be given a lower level of priority in the allocation of an FAO national presence.

1067. **The potential for major gains through new partnerships:** Rather than a single FAO presence at the national level, consideration should be given to partnerships with other organizations, both for technical support and representation needs. Partnerships between FAO and the Inter-American Institute for Cooperation in Agriculture (IICA) should be encouraged (both organizations have similar mandates and offices in all Latin American and the Caribbean countries). This opportunity for strong synergies should also be explored with IFAD, which is itself now experimenting with different models aimed at improving its country presence (see Chapter 5).

1068. **Willingness of governments to cover costs of FAO country presence:** Even where justification fully consonant with FAO's mission and priorities is difficult to discern, it would be difficult for the Organization to decline to have a Country Office where the country offers to meet full operational and administrative costs. Clear policy guidelines are needed on the share of cost coverage Member Governments are expected to contribute to the establishment and maintenance of an FAO Country Office – along a graduated scale that takes into account the country's economic condition. This should not, however, in any way be applied as a criterion for representation in LDCs. There should be full transparency about all aspects of such relationships, including national contributions. Failure to honour obligations should be public information.

The case of Latin America – A pilot case to observe

1069. In addition to the country studies, the IEE undertook an in-depth case study of the activities of FAO in the Latin America and Caribbean Region. It looked into the organizational structure; the problems in relations between Regional Offices, Sub-regional Offices and Country Offices; their links and partnership with other relevant regional organizations; and the current and potential role of the Regional Conference.

1070. As a result, the IEE came out with a clear diagnosis of the multiple constraints and structural problems which prevent the current field structure responding to needs and opportunities. The results of this work also pointed out to a number of conclusions on how to make the presence of FAO in the region much more relevant, efficient and operational. In that light, the IEE is recommending a new institutional structure for that region.

1071. In Latin America and the Caribbean, there is currently one Subregional Office that covers the Caribbean countries. The establishment of a second Subregional Office for Central America has been agreed by the Council. The IEE recommends the establishment of two additional Subregional Offices in Latin America, covering the Mercosur and Andean regions. This recommendation should not be implemented without prior amalgamation of Latin American Country Offices into the IICA or UN Resident Coordinators' offices.

1072. As mentioned earlier, the IEE is convinced that a single uniform solution is not possible for all regions, and as such, the recommendations mentioned above are not applicable to the other regions of FAO. Consolidation of country presence with IFAD should be explored in all regions.

1073. The needs of Africa are clearly a priority in terms of hunger and poverty. Communication difficulties in that continent are also greater. Nevertheless, the same constraints as elsewhere have applied to the effectiveness of offices. The IEE finds that there is a strong case for the combination of some Country Offices into the Resident Coordinator's Office and the support of those countries from neighbouring countries with air or road connections which make even visits for one day possible. The consequent resource savings will help enable Subregional Offices to

select staff on the basis of the specific needs of the subregion and in some cases of a higher grade and competency to provide the necessary strategy and policy inputs. The extensive use of call-down contracts can also assist in providing the necessary support and there remains a need as elsewhere to re-balance budgets with greater relative provision for non-staff resources.

1074. In Asia, evidence did not emerge during the IEE to support a radical departure from the present decentralized structure but also here there is some room for consolidation of country-level support with multiple accreditations, senior nationals in the Resident Coordinator's Office and greater use of call-down contracts.

A new role for the Regional Conferences

1075. The IEE concurs with the majority view of its respondents that, as currently conceived, the performance of Regional Conferences has been inadequate. The IEE is of the view that given certain changes, these Conferences could become useful institutional mechanisms for the membership as a whole. In particular, they could permit the regions to assert their views and concerns in FAO's work programmes (see Chapter 4, Recommendation 4.13).

Partnership with other organizations

1076. Improving coordination between organizations should be the primary means to achieve the broader goals of coherence, effectiveness and efficiency in any envisaged, far reaching decentralization reform.

1077. In defining and delivering policies and strategies, FAO will also need to take account of relevant international developments, whether in the UN or elsewhere in the international community. Closer integration with the UN system is important in countries taking part in the "Delivering as One" experiment as well as elsewhere. FAO should provide support for the UN country teams regardless of whether the country has an FAOR. As discussed above and in Chapter 5, partnerships with IFAD and IICA will be important, as will partnerships with regional economic integration organizations.

Link with overall components of the IEE reform proposals

1078. As recognized by the Director-General, effective decentralization is fundamental to the success of FAO and to the Organization's ability to meet the priority needs of its members[231]. The IEE fully agrees. The IEE's proposals and recommendations regarding the field structure of FAO reflect the IEE's views on how best to achieve these results.

1079. The changes proposed cannot be accomplished in isolation and independent of changes in headquarters structures, programmes and processes. Moreover, they are an integral part of the comprehensive reform that the IEE is proposing. These proposals constitute a package. They are not intended to be a broad menu from which to pick the easy and less important issues, leaving on one side the difficult issues, which are often those of greatest relevance.

[231] FAO. See PC 94/3 (p. 5).

Chapter 7: FAO's Programme Cycle[232]

INTRODUCTION

1080. This chapter examines FAO's core programming structures and instruments of strategy, namely programme planning and budget, monitoring and evaluation, oversight and audit. The current system, known as the "New Programme Planning Model", was introduced in 1999. Prior to that time, FAO's programming instruments, like those of other UN specialized agencies, did not involve specific, institution-wide medium or long-term strategies. Quite specific and focused strategies existed, for example to tackle rinderpest, to transfer essential knowledge and technologies directly to poor farmers (Farmers' Field Schools), and to build statistical capabilities required for FAO's global databases, but activities and programmes were developed and built essentially by accretion[233]. The "New Programme Planning Model" was an important innovation. It introduced a framework conducive to longer-term thinking, priority setting and systematic resource allocation. It aimed to help the Organization define itself better in the dramatically changed strategic and financial circumstances described in Chapter 2. This chapter examines the evolution and application of the post-1999 system in terms of relevance, efficiency, effectiveness and system coherence.

DESCRIPTION OF THE ARCHITECTURE

1081. The Office of Programme, Budget and Evaluation (PBE) (comprised of the Office of the Director (PBED), the Programme and Budget Service (PBEP) and the Evaluation Service (PBEE)) is responsible for the entire planning, programming, budgeting and evaluation cycle within FAO. It is part of the Office of the Director-General. The Evaluation Service (PBEE) reports to PBED for administrative purposes. The Office of the Inspector-General (i.e. Internal Audit) also reports directly to the Director-General. The Finance Division, which is responsible for overall management of FAO finances, is located in the Department of Human, Financial and Physical Resources (AF).

1082. This structure does not include the extra-budgetary resources of the Organization, which amount to almost 50 percent of its total funding. The programming and management of these resources is handled quite separately in the Technical Cooperation Department. This fundamental problem and its significant implications are examined separately later in this chapter.

1083. The New Programme Planning Model was designed to ensure "alignment and synergy" between long-term goals, shorter-term objectives and the biennial allocation of resources. It has four components:

- the **Strategic Framework**, approved by the Conference in 1999, establishes overall objectives and key strategy components for the 2000-2015 period;
- the **Medium-Term Plan** (MTP) is intended to be the principal vehicle for programme formulation and prioritization. Programme entities are designed to address and be consistent with the objectives of the Strategic Framework. The MTP is meant to set the parameters of a six-year work plan (revised and updated each biennium), including the main objectives for each programme, outcome indicators, outputs, related timeframes, and broad estimates of resources required for delivery;

[232] Background working papers were prepared by Charlotte Jones-Carroll, Enrique Zaldivar, Keith Bezanson and Sally Burrows.

[233] FAO country-level strategies and programmes grew in the same way, although these were heavily dependent on UNDP central funding. With the disappearance of UNDP funding, country-level strategies and programmes mainly disappeared as well.

- the **Programme of Work and Budget** (PWB) is preceded by a short preliminary version - the **Summary Programme of Work and Budget** (SPWB) – which provides early advice to the Governing Bodies. The PWB sets out the delivery details for each programme area and the financial allocations required for each biennium. The current PWB applies for 2006 and 2007. **Results-Based budgeting** (RBB) was introduced in FAO in the 2001 programme and budget documents for technical activities and expanded to include non-technical areas in the 2006-2007 biennium, as part of a UN-wide initiative to introduce **Results-Based Management** (RBM); and
- the **Programme Implementation Report** is intended to inform each session of the Conference on the performance and achievements of the Organization on outputs approved in the PWB and on progress towards the larger goals set out in the MTP. The biennial Programme Implementation Report was first introduced in 1993 (for the 1992-1993 biennium) when implementation monitoring and evaluation began to be reported separately.

1084. The New Programme Planning Model was to lay part of the foundation for developing a full results-based management system. Results-based budgeting was gradually introduced as a first phase from 2001 (see above). The supporting management information system, known as PIRES[234], was developed from 2000. The third main component of results-based management – improved human resources management – is planned for introduction from 2007.

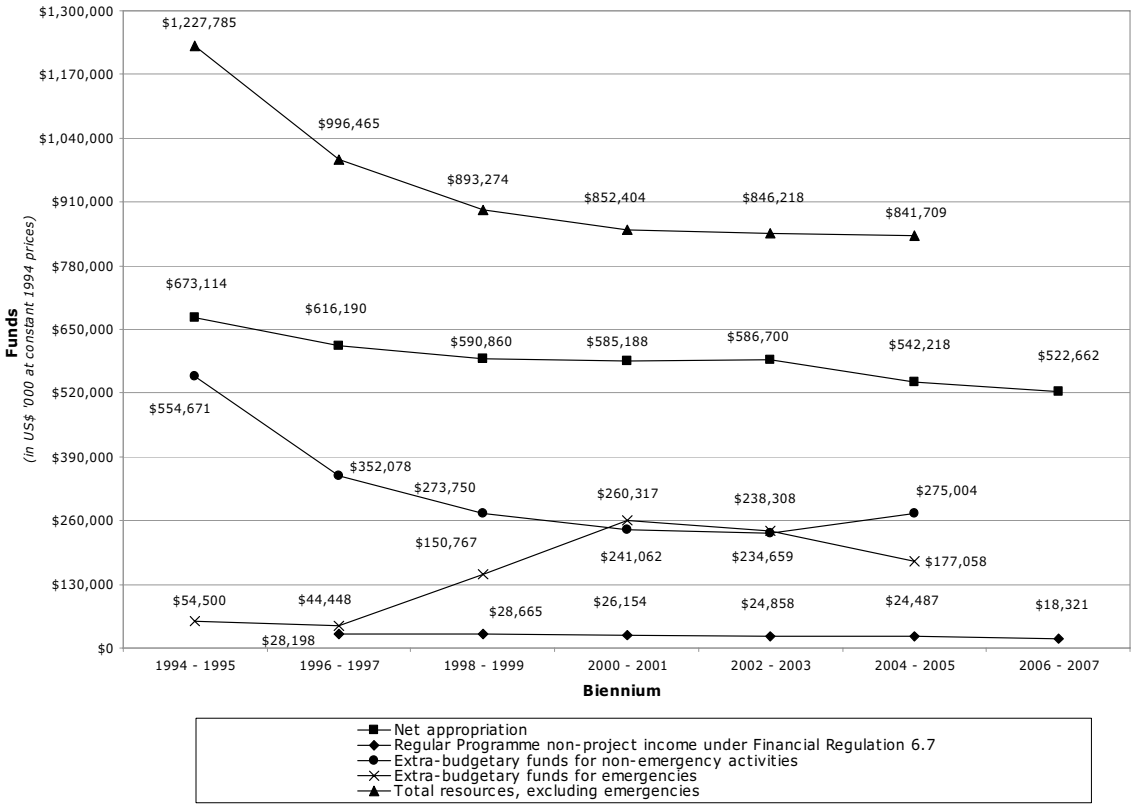
1085. The functions of evaluation and audit are intended to inform this model through regular and reliable feedback on system performance. These functions share a dual mandate in that both are intended to contribute to accountability (including compliance) and to wider institutional learning. In this regard, audit and evaluation are inter-dependent, but their approaches, purposes and applications are also very distinct. In FAO, audit is heavily weighted towards compliance, while the broader evaluation function aims principally to facilitate corporate learning and the adjustment and adaptation of projects, programmes and institutional strategy.

FINANCIAL RESOURCES

1086. FAO carries out part of its activities through its Regular Programme budget and part using extra-budgetary funds derived from many governmental agencies and private sources. By 2004-2005, extra-budgetary resources were equal to 80 percent of the resources available from assessments and joint programmes, such as those with the World Bank and *Codex* (see Figure 7.1 below). For 2006-2007, this figure will rise to 93 percent as a result of donor emergency response to major disasters.

[234] Programme Planning, Implementation Reporting and Evaluation Support System.

Figure 7.1 Total biennial resources available (1994-2007)



1087. Donors are attracted to funding particular countries and regions according to their national aid policies, which often focus on relative poverty levels or the geographic proximity of benefiting countries. Africa, Central America, and some Asian countries receive the bulk of this extra-budgetary funding. The main donors in 2005 included the European Commission, Italy, the Netherlands, Japan, Germany and Spain. Trust fund resources for extra-budgetary funds often come from a donor ministry different from the funder of FAO's regular programmes.

1088. In 2004-05, around two-fifths of extra-budgetary funds were for emergencies and the balance for development activities. Most of FAO's Field Programme is funded from extra-budgetary funds. Only about 12 percent of the funding for all projects approved between 2001 and 2006 came from the Regular Programme account - through the Technical Cooperation Programme (TCP) - with a small amount also available from the Special Programme on Food Security (SPFS). An increasing proportion of headquarters work, which tends to be more normative, is also funded from extra-budgetary sources.

1089. Extra-budgetary funds for development projects are mainly channelled through 'earmarked' trust funds. These are usually either unilateral trust funds (UTF) - where a number of developing countries (e.g. Brazil, Mexico, Nigeria and Venezuela) have provided their own funds for activities to be executed by FAO in their territory - or involve donor governments (Government Cooperation Programme (GCP)). There are also some other trust funds, such as the FAO Trust Fund for Food Security and Food Safety, established as a follow-up to the World Food Summit.

1090. Increasingly, FAO seeks to have 'strategic partnership agreements' with donors. These take a more flexible 'programme approach' and tend to focus on activities that are directly related to the Regular Programme with an emphasis on operationalizing outcomes at country level. However, as of 2006, only a very small percentage of extra-budgetary funding came through

strategic partnership agreements, such as the FAO-Netherlands Partnership Programme. Others, notably that with the European Community, address field action directly as well as headquarters-based work. In the case of emergencies, the Special Fund for Emergency and Rehabilitation Activities (SFERA), established in May 2003, is a special case as it "provides FAO with a means of taking initial rapid action and/or complementary action to ensure continuity of follow-up on emergency activities"[235], with a target funding level established in November 2004 of US$20 million[236].

1091. Staff from any division can initiate contacts with potential donors. Any government can offer resources for activities it considers of high priority. All extra-budgetary proposals must pass through the Technical Cooperation Department (TC): TCE for emergencies; TCA for development activities and TCO for monitoring, except those embodied in the criteria of the Programme and Project Review Committee (PPRC). Neither a policy framework nor corporate guidelines exist for the mobilization and use of trust funds, although there are many procedural requirements. Staff of the TC Department give *ad hoc* advice to technical divisions. The Technical Cooperation Department also plays the following roles: i) liaison with donors and coordination of resource mobilization (e.g. to develop standard reporting formats, facilitate consistency or to review portfolios of funded projects); ii) assurance that extra-budgetary proposals comply with minimum quality requirements and the general policies of the Organization (e.g. through the Programme and Project Review Committee (PPRC); and iii) oversight of the reporting cycle (e.g. prompting project managers when progress reports are due). The Finance Division oversees receipt and release of the funds in 'tranches' according to each specific funding agreement.

1092. The Technical Cooperation Department also assures that activities funded by extra-budgetary funds are at least nominally linked with programme entities within FAO's planning framework. However, despite review of almost all types of extra-budgetary projects by the PPRC, the IEE found that proposals do not systematically demonstrate how they will contribute to the Organization's outcomes and outputs as agreed in the Medium-Term Plan and Programme of Work and Budget or the Strategic Framework. In other words, there are major gaps in ensuring and demonstrating that extra-budgetary funds supplement Regular Programme funding to achieve corporate targets, although it is clear that many actually do so.

1093. The PWB contains summary data on the extra-budgetary funds expected to be available. The Secretariat also reports summary quantitative data to Council and Conference through the Programme Implementation Report on how extra-budgetary funds have been allocated by sector and region, although not by outcome and without substantive or qualitative data on results.

1094. Following a policy to "reasonably" align actual variable costs related to servicing trust funds and their activities with the fees charged to projects, FAO now charges up to 13 percent for this purpose. The Secretariat tracks support costs and occasionally proposes changes in the rates. An increase in the rate for trust funds for emergency projects was approved in 2005 and an increase for normative project trust funds was approved in late 2006. The Secretariat also actively participates in UN system-wide efforts to harmonize the approach to support cost recovery.

FINDINGS AND ANALYSIS

1095. The intent of this Regular Programme budget system is logical and its basic architecture sound, including the addition of results-based budgeting into the system in 2001[237]. The system, however, is not functioning as designed. The IEE agrees fully with the almost universal criticism that the ways in which the programme and budget approval processes are applied are exceedingly

[235] FAO. FC 108/9 – PC 92/INF/4.

[236] FAO. CL 127/22.

[237] The Joint Inspection Unit assessed positively the RBB architecture in 2004. See JIU/REP/2004/5.

burdensome and wasteful of resources. The phasing of processes and decisions is flawed. Programming is done in detail under several different scenarios and this is then followed by a Conference decision on budget quite unrelated to the prior programming exercise. This leads necessarily to re-programming. Moreover, even after that, almost one half of all programme and budget resources (i.e. the extra-budgetary contributions) are excluded from the exercise and dealt with quite separately.

1096. FAO staff (from both the Programme and Budget Service and technical units) correctly point out that excessive management time spent on planning takes time away from implementation and quality assurance. The planning emphasizes the micro-level at the expense of macro strategy and without making the essential connections. Some Governing Body Members have also complained that the process involves too many time-consuming layers and they want to drop at least one layer (MTP or SPWB) so they can accord more attention to their fiduciary roles. These concerns have led to extensive discussions in the Governing Bodies (Committee and Council) on options for improving the budget process[238], but they have been unable to address the fundamental underlying factors. As a result, the system, however sound its design, remains essentially dysfunctional. The architecture for determining the Organization's direction and the means to arrive at its goals is incomplete, burdensome, costly, disconnected and poorly governed. The following examines each major element of the system separately and then turns to the overall sum of its parts.

1097. The **Strategic Framework**[239] grew out of the World Food Summit of 1996 and aligns FAO with the Millennium Development Goals #1 and #7 (poverty and environment). The 15-year timeframe coincides with the 2015 deadline for achieving the MDGs. Developing a strategy in accordance with the overarching mission endorsed by all Nations for the 21st century was timely and fully appropriate. It placed FAO well ahead of the other specialized agencies of the United Nations[240]. The Strategic Framework also comprised a measured response by FAO to the dramatically changed strategic context for its efforts at the end of the 20th century (see Chapter 2) and an attempt to reverse its severely deteriorated financial fortunes. In the current global context, the existence of a long-term Strategic Framework has become an institutional imperative. FAO leadership and staff deserve praise for bringing in this important tool and for the way in which it was prepared.

1098. The current Strategic Framework suffers, however, from major weaknesses in design and application, with the consequence that it has not played the role for which it was intended. Its strategic objectives and components (to reduce rural poverty, support normative instruments, improve productivity of agriculture, conserve the environment and share knowledge for food and agriculture sectors) are all-encompassing and do not reflect any priorities. Comparative advantage is assumed but not demonstrated. No account is provided of where FAO fits in relation to the many other sources of supply, of changes FAO would need to make in order to meet the objectives, or of the means, including financial means, needed to reach these goals. Prioritization is explicitly left to subsequent stages of resource allocation, but the criteria provided by the Strategic Framework include only such general guidance as "usefulness to the membership" and "based on FAO's comparative advantage". These are matters that should have been determined in the preparation process if the Strategic Framework is to be meaningful. Moreover, the other criteria indicated for subsequent priority-setting focus primarily on choices between programme entities and not between Strategic Objectives. Finally, the Strategic Framework confuses FAO's objectives with means of action.

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[238] JM 06.1/3 and CL1 128/4 of May 2006, and JM 05.2/3 of September 2005.

[239] *The Strategic Framework for FAO,* 2000-2015.

[240] Others followed, but with less ambitious efforts. ILO produced a four year "Strategic Policy Framework, 2002-2005" and UNESCO and WHO with several sector and regional frameworks. FAO, however, was the only specialized agency to try to locate the totality of its institutional efforts within the 15-year goal framework of the MDGs.

1099. The Strategic Framework has not been revised since it was produced in 1999. It has also now been largely overtaken by the Director-General's 2005 Reform Proposals. IEE interviews and focus group reviews provided further evidence in this regard. Members of FAO's Governing Bodies consistently stated that the Strategic Framework has little value at this point and some even indicated that they were unaware of its existence. Newer managers are similarly unfamiliar with the Strategic Framework.

1100. The **Medium-Term Plan** (MTP) was designed to serve as a compact, logical and rolling six-year link between the long-term strategy and FAO's short two-year budget cycle, setting priorities in a rolling six-year timeframe. In practice, it has achieved neither. It has become quite lengthy, full of detail, and, when compared to upstream documents in benchmark agencies, hard to read. For brevity's sake, FAO management has attempted to focus only on changes introduced since the prior MTP. This proved unpopular with Members, because it required that they either read both old and new documents to obtain a full picture or have the Secretariat repeat some of the previous framework.

1101. In programmatic terms, the MTP articulates proposed activities (e.g. "Sustainable Intensification of Integrated Production Systems" or "Continuing Migratory Pest Management"), but furnishes no convincing examination of priorities and discussion of comparative advantage.

1102. In response to Governing Body requests, preparation of the 2008-2013 MTP was suspended pending the results of the IEE. The MTP is the document where outcomes and outcome indicators are intended to be set. The indicators included in previous MTPs were not conducive to outcome measurements. The MTP has become increasingly a collection of projects, rather than offering a coherent programme base. Secondly, managers concede that they focus mostly on inputs and outputs, not on monitoring outcomes or results (see further below). Finally, as will be seen in the review of evaluation in FAO that follows, the strategic utility of evaluations is compromised because they often cannot explicitly and effectively link the entire chain of inputs, outputs, outcomes and strategic goals.

1103. The biggest weakness of the MTP as currently used is that it fails to achieve its main purpose of providing effective and transparent linkages between ends and means. The ambitious priorities and corresponding financial requirements set out in the MTP have increasingly outstripped the budget reality that is approved later in the Programme of Work and Budget. In the MTP, programme entities are presented together with their claimed linkages to strategic objectives and an approximate budget. When the necessary resources are not forthcoming, however, the MTP is not revised until the subsequent cycle. Table 7.1 shows the gap between MTP budgetary requirements for the period 2002-07 and the subsequent budget reality.

Table 7.1: Difference between MTP and PWB Net Appropriation funds
(All figures in thousands of 2002 constant US dollars)

Biennium	MTP (2002-2007)	PWB	% Difference
2002-2003	US$712 081	US$651 931	-8.45%
2004-2005	US$730 215	US$602 684	-17.46%
2006-2007	US$744 586	US$580 432	-22.05%

1104. In addition, although the MTP is based on a six-year timeframe, there are major changes over the successive biennia in the structure of programme entities. These changes obfuscate linkages back to agreed strategic purposes or to the outcomes and outcome indicators previously agreed. In addition, many of the entities in the MTP are small and fragmented, which further confuses the forward and backward linkages in the system.

1105. Faced with this situation, opportunity cost decisions are seldom made, and entire programme entities are rarely dropped in order to ensure more delivery to the highest priority areas. Rather, entities are merged and changed in ways which make it difficult to track resource flows. The process invites *pari passu* (or, more colloquially, 'salami slicing') adjustments as a response to budget shortfalls. This situation is yet further aggravated by the absence of coherence between the MTP and the operational and financial configurations that arise from extra-budgetary resources (see further below).

1106. The **Summary Programme of Work and Budget (SPWB)** is intended as a preliminary information document for the Governing Bodies to help prepare them for the full Programme of Work and Budget (PWB) and to smooth the process through early discourse, feedback and guidance to management. In practice it does not. It does not catalyse early directive decisions by the Governing Bodies on programme priorities and the related size of the budget, in spite of the time spent reviewing it by the Finance and Programme Committees and the Council. There is no established tradition of a more decisive role for the Council, as in comparator organizations[241] (for further analysis, see Chapter 4). The 2006-07 SPWB was considerably shortened in response to Committee comments, but even so it was required to cover three budget scenarios. The system may contain excellent features in its design, but it is dysfunctional in its application. In reality, the SPWB is a redundant document because no decisive guidance to the Secretariat results from it. The Governing Bodies do not decide on overall budget size until after the PWB has been prepared.

1107. The intent of the **Programme of Work and Budget (PWB)** is to complete the plan for delivery on the larger programme purposes of the Organization (i.e. the MTP and the Strategic Framework) on a means-to-ends basis. The PWB, however, does not provide overall prioritization of resources (regular and extra-budgetary) and neither does it link adequately to the MTP. It lists activities and some outputs according to programme entity number codes, but without reference to those programme entities' objectives, outcomes and outcome indicators (contained in the MTP). Even the revised 2006-07 PWB, which thoroughly remaps programme entities, does not refer back to the five main goals of the Strategic Framework in a systematic way. As shown above, the PWB allocates resources available without stating how these relate to those required by the MTP. There is no coherent revenue-generating strategy to fill gaps between the two. Perhaps most importantly, it does not include extra-budgetary funds, which constitute a very significant share of income (see further below). Since the key decision on budget levels is made only at the Conference, there is also a serious problem in the timing of the Conference in November, placing it out of phase with the budget cycle and creating the need for vast amounts of additional work in revising budgets and associated targets to account for the decisions of the Conference.

1108. An example of complicating concepts is the '**lapse factor**'. This is a deduction made in the assessed budget under the justification that some posts are vacant at any one time due to staff turnover and consequent delays in filling posts. Variations on the methodology are common in the UN system, partly as an inheritance from budgeting which was done largely on the basis of inputs, rather than programme delivery considerations or results base. The lapse factor is calculated on a false premise that the programme of work which can be fulfilled is not reduced if a post is vacant. In practice, a manager will need to utilize consultants or temporary staff to carry out the work which would otherwise have been undertaken by a staff member. The discount is calculated at the level of each programme and is thus passed on to units regardless of whether they have posts vacant or not. In practice, the lapse factor results in a 2.5 percent discount to the membership on professional staff costs and 1.7 percent discount for general service, some 1.7 percent on the total budget. It is, however, difficult to make the calculation of this relatively small adjustment to every programme and every organizational unit transparent and both Members and managers have difficulty understanding it. These types of complicating factors in the budget calculation, in fact, contribute to a lack of confidence in the whole process.

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[241] JM 06.1/3 pg. 4.

1109. Another source of confusion is the presentation of a programme of work which includes certain extra-budgetary resources and earnings through secondments against extra-budgetary resources. The distinction between the programme of work and net budgetary appropriation should therefore be eliminated.

1110. The results of interviews (including those with numerous Governing Body Members), focus groups and a careful review and observation of sequential proceedings of the Governing Bodies clearly demonstrate that the Governing Bodies ask for and expect great detail in the MTP and PWB, but then frequently assert that the process is too burdensome. Many Governing Body Members indicate that they do not have the technical expertise or time to review adequately the voluminous documents presented (which are translated into five languages and sent to home country ministries as well).

1111. Particularly in its visits to middle-income and OECD capitals, the IEE heard frequent and strong complaints that FAO does not clearly prioritize programmes. Some documents would indicate unequivocally that this is a valid complaint. For example, Table 11 of the revised 2006-07 PWB presents almost three pages of programmes highlighted by the Governing Bodies as “priority areas”. This demonstrates the adage that where everything is priority nothing is priority. Moreover, when certain management proposals were presented in the 2004-05 PWB to reduce or eliminate activities in order to remain within the approved budget level, the proposals emphasized only the costs involved (see first two examples of Box 7.1). The proposals were rejected by the Governing Bodies. Similarly, when the Secretariat exceptionally proposed to reduce or eliminate lower priority areas of work, the Governing Bodies could not reach a consensus (third example of Box 7.1).

Box 7.1: Management proposals for priority choices in 2004-05 PWB and Governing Bodies' responses	
Management Proposal	**Governing Bodies' Response**
Proposed Reduction of 14.3% to Policy Assistance: "The reduced resources…will affect planned activities to enhance capacities of countries and regional partners, in particular Regional Economic Organizations, to prepare, implement and evaluate sectoral and sub-sectoral policies. A number of training materials, workshops and Field Programme development activities will…be eliminated or curtailed" and "the dislocation of planned activities will be particularly harmful in the regions".	"…the Committee expressed serious concern … (It) requested that the reduction be brought in line with the average for the Organization at the approved budget level for 2004-05…" (Report of the Ninety-first Session of the Programme Committee Rome, 10-14 May 2004).
Proposed Reduction of 5 General Service posts in Finance Division: "..will not only cause delays in response times and generate backlogs, but the increased work volumes for the remaining staff may heighten the risk of errors and could weaken internal control and impact financial management." Nevertheless the Director of Finance advised that the reduction "should not result in an unacceptable level of risk". The Inspector-General and External Auditor advised that they were not in a position to quantify the risk. However, the External Auditor noted that the 5 posts were "in areas of work critical to internal control" and therefore recommended that "means be found to reinstate the posts and find the savings elsewhere.	"The Committee reiterated the importance of appropriate internal control within the Organization and recalled that the External Auditor had recommended increased staffing for the Finance Division (AFF) in the previous audit report" and "concluded by expressing its concern that the abolition of the five general service posts in AFF could put the Organization's internal control at risk and requested that these posts be restored as the first call against additional efficiency savings if and when they became available. (Report of the One Hundred and Seventh Session of the Finance Committee Rome, 10-18 May 2004).
Proposed Reductions in Major Programme 2.5 *Contributions to Sustainable Development and Special Programme Thrusts,* "under Programme 2.5.1, some regional activities in support of research and technology will be decisively reduced, as well as technical support to some countries as regards extension, education, rural youth and communications. Moreover, work related to agro-ecosystem approach will be eliminated and activities in support of organic agriculture will be curtailed. Some reductions will also take place for GeoNetwork, Global Terrestrial Observing System (GTOS), Geographic information system services, bio-energy and land cover mapping. Under Programme 2.5.3, support to farmers' organizations (cooperatives, producer associations and farmer groups) will be severely curtailed." The proposal was made "in order to make room for... fisheries and forestry...IPPC and the Joint FAO/WHO Meeting on Pesticide Residues, as well as for CGRFA acting as Interim Commission for the Treaty on Plant Genetic Resources for Food and Agriculture".	"The [Programme] Committee addressed the impact of reduced allocations and sought clarifications on the rationale for such a course of action. It recalled the contribution of the major programme to supporting FAO's effective response to the World Summit on Sustainable Development (WSSD), as well as international environmental conventions. The reductions would particularly affect work on research and technology, education and extension as well as farmers' organizations, areas which were critical to rural people and the field programme".(Report of the Ninetieth Session of the Programme Committee (15-19 September 2003) "Many [Council] Members echoed the misgivings expressed in the Programme and Finance Committees, especially regarding those reductions affecting operational work and support for capacity-building which were of direct concern for developing countries. ..... Many other Members, however, considered that the shift of resources was acceptable in the light of the priority accorded to Codex, IPPC, Plant Genetic Resources, Fisheries and Forestry..... The Council was not, therefore, in a position to reach a consensus position on the budget level." (Report of the Council of the FAO, Hundred and Twenty-fifth Session, 26-28 November 2003)

1112. On the other hand, a thorough review comparing 1994-95 and 2006-07 allocations of the Regular Budget to different technical areas of FAO shows that some significant shifts have occurred, reflecting *de facto* that some decisions on priorities were made (see Chapter 3). For

example, the Technical Cooperation Programme (TCP) financed from the Regular Budget has been protected at the insistence of G77 Members, and decentralization of technical staff has also occurred. Other shifts that have occurred seem to respond to at least some expressed priorities for 'normative' activities (e.g. transboundary pests over rural finance and marketing, International Plant Protection Convention and Genetic Resources over agricultural engineering and nutrition). It is, however, difficult to detect in the shifts any linkages to the frameworks of the Medium-Term Plan or the Strategic Framework, and the documents do not provide indications of changes to targets or objectives.

1113. The impact of real budget reduction versus real growth has been determined instead by fleshing out different scenarios or (after Conference decisions) via a revised PWB. At the request of Members, more and more time and effort are expended in producing multiple scenarios in the PWB for different budget levels[242]. These have, in the end, no bearing on decisions, which are taken on the basis of the zero nominal growth requirement of some major OECD Members. Preparation of the PWB involves line managers more than preparation of other documents. This labour-intensive preparation of multiple scenarios is a pointless diversion of staff time from more productive activity. The net result is a process that seriously lowers the morale and confidence of line managers and has become a high-cost charade, delivering a product far removed from the programmatic and strategic purposes that it was designed to serve.

Box 7.2: The preparation of the PWB: An exercise of wasted efforts

The 2004-5 PWB showed three scenarios. The 2006-07 PWB initially included three: zero nominal growth, zero real growth and real growth. At the request of certain FAO Members, a fourth scenario was added of higher real growth (9.5%). The 2006-07 review documents grew with a supplement proposing the Director-General's reforms, and the revised PWB, incorporating the Conference conclusions on the reform proposals. Yet all along, the higher growth option scenario had no realistic chance of approval or even of being treated seriously.

1114. **Programme Implementation Report:** The Programme Implementation Report presents a narrative as well as a compilation of outputs during the previous biennium (Table 7.2). There is, however, little or no discussion of outcomes or results and few indicators of baselines are provided against which to measure progress. The absence of baseline indicators goes far beyond the Programme Implementation Report. It is an inherent system weakness, as is shown in the following section on results-based management. It also emerges as an overall systemic weakness that limits the effectiveness of FAO's formal evaluation system (see Evaluation section following).

Table 7.2: Programme Implementation Report 2004-05, Outputs (p. 148)

2004-05 Outputs	Approved in PWB	Cancelled/postponed	Unplanned/delivered	Total delivered
Total	1 110	(69)	132	1 173

1115. **Results-Based Management (RBM):** The introduction of results-based management into FAO's "New Programme Model" was commendable, attracting positive references in the 2004 review of RBM in UN organizations by the Joint Inspection Unit of the UN (JIU)[243]. However, the weaknesses in the functioning of that New Programme Planning Model (described above) have made it very difficult to apply a fully results-based model.

[242] C 2005/3 2006-07 Programme of Work and Budget.

[243] JIU/REP/2004/6 (Part I).

1116. Furthermore, according to interviewed staff, the phased rollout of full-fledged RBM, was hampered by low levels of management interest and limited training ("one or two staff per unit, not always the appropriate ones"), probably owing to lack of resources and time (see Chapter 8 for further discussion). Resources and professional skills needed to develop baseline measurements and reliable indicators for outcome and impact measurements were not made available. More seriously, the link with: (i) good evaluation of the results; (ii) unit accountability for those results; and (iii) effective performance appraisal of accountable individuals is absent.

1117. It is self-evident that the large number of programme entities that make up FAO's programme framework could never be evaluated every two years by the FAO Evaluation Service. Unit accountability for "results" is handled at the unit level through work plans (focused on outputs) with reporting at the end of the biennium and auto-evaluation. PIRES (the programme implementation and resource database) supports this "accountability framework" by providing managers an accessible implementation monitoring tool. However, many projects and programme entities lack an agreed monitoring process for outcomes as well as baselines. Even where outcome indicators exist in the MTP, they are rarely used by implementing staff for monitoring. There is therefore little or no systematically gathered evidence of progress on expected outcomes available to subsequent evaluations. Systematic performance contracts between unit managers and senior management, as used in some other organizations, are not undertaken.

1118. No separate unit supporting RBM exists in FAO, as it does elsewhere, such as in the World Bank (IBRD)[244]. In the World Bank, a results secretariat was established within an operational quality assurance department to oversee a culture change to strengthen the Bank's results focus. A steering group was set up with a focal point from each of the World Bank's regional and sectoral vice-presidencies, supported by extensive policy and staff training on the results focus. WFP, as another example, established a dedicated start-up unit to manage results-based budgeting (RBB). It received a major UK DFID grant to implement RBB and is considered more successful in this area than FAO. Such significant up-front resourcing of a move to results-based management did not occur at FAO.

1119. Finally, the personal accountability link is absent. Managers have no performance targets, very few managers regularly and consistently undertake performance appraisals of their staff and assessments of managers is even less common (more detail in Chapter 8). There is limited ownership of RBB on the part of units, and few incentives to agree as a team on what the results of units' work are to be. Thus, a phenomenon of "moving targets" has emerged, where strategic objectives for 66 percent of programme entities varied from the 2004-09 MTP to the 2004-05 PWB.[245] As just one example, a field-based technical staff member was quoted as saying "Send me the indicators!" when asked by an IEE team if he thought his unit was achieving agreed results. He simply did not know what the agreed outcomes were.

1120. A specialist in results-based management has noted that the best-designed performance measurement system in the world can work well only under certain circumstances[246], including the appropriate delegation of authority and related trust in managers and staff. It is only when managers and staff are entrusted with the means and authorities for delivery that ownership and accountability for results can function within results-based systems.

1121. Overall, there is no doubt that FAO would benefit greatly from a well functioning results-based system, but this will require much more than a sound technical framework (RBB) within a programme of work and budget. The New Programme Planning Model would need to function as it was intended when it was introduced in 1999. Unless the tools of results-based budgeting and

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[244] A separate unit did exist in WFP but it has now been absorbed into that organization's overall oversight structure.

[245] C 2005/5 B Report of External Auditor to the Conference on 2002-03 Audited Accounts. November 2005.

[246] Friedman, Mark. *A Guide to developing and using performance measures in results based budgeting*. Washington, DC. The [Finance] Project. 1997. pg.32.

results-based management are integrated fully into well-functioning strategy-programme-budget-learning systems, they add costs without benefits. This was confirmed recently by the Joint Inspection Unit of the UN (JIU), which found RBM systems in many UN organizations to be of limited real utility and a consumer of significant resources[247]. It also noted that a simplistic pursuit of targets can have a distorting effect on programmes, especially technical programmes.

1122. **Management of resources:** As already noted, FAO's New Programme Planning Model is sound and well-constructed, but is functioning very poorly. The factors contributing to this include structural weaknesses. The office responsible for the entire process (PBE) is inadequately staffed. It is led by a Director at the D2 level. The office focuses on budget functions as opposed to strategy development, corporate planning (irrespective of funding source), the integration of strategy with programming, or the measurement of performance, outputs and impacts against objectives and goals. It is not able to provide the Director-General with high-quality counsel on institutional strategy. A strategy adviser located in the Office of the Director-General (also D2) clearly does not serve these purposes. FAO's programming model can function well only if it generates engagement and ownership across the Organization, including the decentralized offices, through establishing points for dialogue and debate on strategy and programmes. Such points do not exist and are urgently required.

1123. The overall systems shortcomings analysed above - including in particular the need to prepare a revised PWB during the implementation cycle, based on an approved budget level different from any of the scenarios presented to the Conference - result in managers not knowing their resource levels until after the start of a new fiscal biennium (including human resources levels if they should be seeking to recruit new staff or hire consultants). For 2006, it became necessary to move to provisional allotments as a "business continuity" measure[248]. The final unit budget levels for the first year of the biennium were communicated in June 2006, after the Governing Body decisions on the revised 2006-07 PWB. Once the final agency-level budget is agreed with the Governing Bodies, the Regular Programme budget allocated to departments includes deductions of estimated amounts to account for unbudgeted costs[249].

1124. Interviewees and focus group participants frequently expressed concern that budget cuts in both the PWB and the subsequent allotments hampered their ability to meet programme objectives. Moreover, the approved budgets are allocated directly to division level budget holders. This bypasses the Assistant Directors-General (ADG), who are responsible for departmental allocations and the overall delivery of products and objectives. ADGs are authorized to propose shifts in budgets between divisions and occasionally do so, primarily to avoid over-spending or under-spending. In practice, this leaves ADGs with very limited leverage or even control. As a result, there is very little capacity within departments to shift resources as a function of performance, unanticipated externalities and new opportunities.

1125. Once budget holders have their funds, they in turn have different approaches to deciding where internal cutbacks will happen and in tracking use. The fact that staff retreats are discouraged in FAO means that use of resources can only be discussed briefly, if at all, within a team. Thus ownership for efficiencies, cuts or priorities cannot be easily developed. FAO's Programme and Budget Service (PBEP) tries to furnish a collaborative "customer service", which is recognized and highly appreciated by managers throughout FAO. Such service, however, does not compensate for the dysfunctional character of the entire system, the transaction costs it inflicts on the Organization and its influence on programme planning.

1126. The isolation of FAO's decentralized offices from planning and budgeting processes is reflected in the programming documents, which furnish only limited and general indications of

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[247] JIU/REP/2006/6.

[248] Memorandum from M. Juneja, Director, PBE dated 22 December 2005 "2006 Provisional Allotments."

[249] See FC 118/2 for further explanation on unbudgeted costs.

field programming strategies and activities. The 2006-2011 Medium-Term Plan, for example, contains over seven pages of "regional dimensions" at the end of the document. The subsequent PWB repeats the very general headings of activities from the Medium-Term Plan (e.g. build capacity, transfer technology and promote quality).

1127. At the operating level, a number of additional themes emerge with regard to budget management. Firstly, as noted above, for most of headquarters and the Country Offices, initial allocations are not provided for the entire amounts approved by the Governing Bodies. This is largely due to the need to provide for unbudgeted costs to be incurred during the biennium. This can compromise managers' ability to plan their unit work programmes, recruit key staff and adequately initiate activities early in the fiscal period. As evidenced in Chapter 6, this situation is far more severe in the Country Offices.

1128. Secondly, the tools provided for tracking are limited and not integrated. As the IEE Chapter 8 on Administration describes in greater detail, different system sources of data sometimes provide different numbers for the same items at a given point in time. As a result, managers frequently resort to home-grown integrated tools or assistants to track expenditures. This phenomenon can be found in most large organizations, and local spreadsheets are not in themselves a big problem, but they can add to the complexity and slow the consolidation of data. For managers who prefer a standardized user-friendly integrated tracking tool so that they can focus on managing staff and programmes instead of feeding systems, this is still an issue at FAO. At headquarters, a number of managers reported struggling with the main budget management tool – eBMM – because of the need to periodically monitor available budgets in isolation from their workplans, which are contained in PIRES. While PIRES is good for its transparency and information-sharing (e.g. in allotments by unit), some Regional Offices complained that its use demonstrated how headquarters departments unilaterally changed programme activities affecting their regions without prior consultation. As noted also in Chapter 8, staff training for using existing budget tools is not adequately funded.

1129. For the Country Offices, the budget allocation process is located in the Office for Coordination and Decentralization Activities (OCD). Regional Offices have some delegation of authority for budget management but, even allowing for recently increased delegations, FAORs have very little. New FAORs (a majority of whom are not recruited from current FAO staff) are briefed on budget management, when at headquarters for their two-week orientation. After this, they generally have little further contact or explanation about budget developments[250]. IEE interviews with FAORs showed that a considerable amount of FAOR time is spent seeking budgetary information from headquarters. Systems tools available to the field (hindered by connectivity and technical support constraints) are often inadequate, although efforts are under way to improve this situation.

1130. Transactions from Regional Offices are now being handled more frequently, with field staff asked to enter transactions daily instead of monthly. Many still enter transactions only weekly, however, owing to connectivity problems. Local currency purchase orders are not yet entered into the Oracle system which is used in Regional Offices. The smaller Subregional and Country Offices use a different financial reporting software. This essentially prevents the larger and more appropriately staffed Regional Offices from furnishing assistance to the smaller offices and increases the costs of aggregate financial reporting and management.

1131. **To summarize the planning and budgeting process:** The basic design of the process itself – a medium-term document and a specific proposal for the biennium - is reasonable, with the exception of the SPWB, which is redundant. The process, however, is dysfunctional. There is little coherence between the parts, especially between the means required to achieve the planned objectives and outcomes. The failure to include extra-budgetary funds further exacerbates the

[250] Refresher Briefings for FAORs are organized after 9-12 months from appointment and detailed budgetary information and guidelines are available through COIN (the Country Office Information Network).

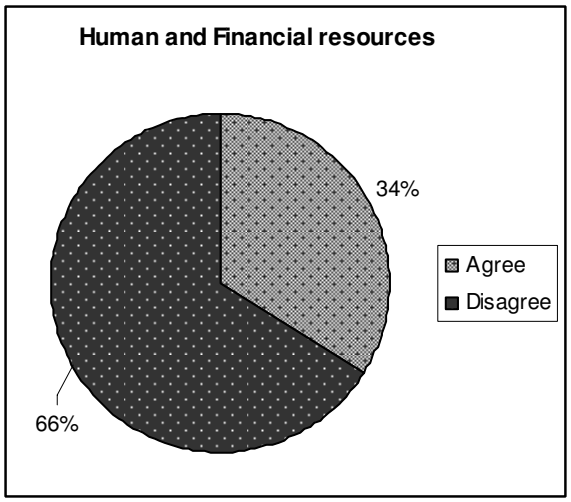
dysfunctionality. The Governing Bodies do not properly guide the process to enable timely setting of priorities to address gaps between the financing needed for programme effectiveness and the funds actually available (for a more detailed discussion, see Chapter 4 on Governance).

1132. This situation is exacerbated by the disconnect between approved budgets and resource availability due to timing of payments and levels of arrears. These factors (which are addressed in the finance section of Chapter 8) have reached critical proportions for the Organization, not merely in regard to all aspects of operational efficiency (i.e. recruitment, staffing, contracting, procurement and general operations), but also possibly now threatening the financial solvency of the Organization.

1133. Within the Secretariat there is understandably a high level of frustration over the repetitive, costly and time-consuming nature of FAO planning and budgeting processes. Many FAO Members are similarly frustrated and have complained openly that there are too many layers and that at least one should be dropped. While dropping one step (i.e. the MTP and/or SPWB) should free up some time for both the Secretariat and Members, it would neither address the disconnects in the overall planning system nor resolve the worsening budgetary situation described above.

1134. The vast majority of FAO Members see a lack of transparency in allocation of human and financial resources (see Figure 7.2 and elaborated further in Chapter 4 on Governance). In part, this is due to an over-emphasis on details that Members themselves demand, but it also arises from the lack of clarity on extra-budgetary funds and from decisions made by Governing Bodies in the late 1990s to present a regular Programme of Work separate from the Appropriation.

Figure 7.2: Members' views on whether FAO's human and financial resources are allocated in accordance with well-defined and transparent criteria



1135. Comparator organizations use a summary document, usually equivalent to the MTP in terms of offering a medium-term context, but sometimes – as in the IMF's case – more like the Summary PWB. This document provides the crucial vehicle for informal consultations with Governing Body Members regarding the realism of a proposed programme and budget. Entities like the World Bank and IMF have sitting boards of directors who take decisions. By comparison, FAO's Council meets, in effect, only three times per biennium and the Conference only once. Although in both FAO steps (MTP and SPWB), formal discussions with the Finance and Programme Committees and Council do produce comments, decisive feedback is not given. Advance consensus-building, if authoritatively representing a likely final Conference decision, would allow the streamlining of PWB documents required for the final formal approval nearer the

beginning of the biennium, and would allow for much more orderly detailed work-planning and resource allocations. Managers could get on with the business of carrying out their work programmes. This could be achieved by the simple solution of moving the date of the Conference and allowing the budget decision to be made on the basis of a Medium-Term Plan, as is done in WHO (see Chapter 4 for detailed discussion of this option).

1136. The OECD is a comparator organization that now lays out priorities transparently in its budget document. Its 2005-2006 Programme of Work and Budget is the first to have been fully prepared under a results-based framework (see Box 7.3).

Box 7.3: OECD prioritization of outputs in programme documents

The 2005-06 Programme and Budget document presents each of six strategic objectives, in tabular form, with related output areas. The document provides narrative on expected outcomes and relevant policy environment and then lists, for each of the two years, expected output results *in priority order* indicating the estimated cost of each, sources of funding (budget or voluntary contributions) and whether the output is time-bound or ongoing. End users and stakeholders are also indicated, along with other output areas contributing to the output in question.

EXTRA-BUDGETARY (EB) RESOURCES

1137. This section focuses on the use of extra-budgetary resources to supplement FAO's constrained budget. IEE Chapter 3 looks at their contribution to FAO's programme outcomes.

1138. The sale of FAO technical services to development partners can be an appropriate activity benefiting longer-term objectives, provided it includes adequate compensation and advances the strategic purposes and core work of the Organization. Non-core or voluntary contributions effectively structured and targeted, can also provide the flexibility and capacity for important experiments, for increased risk taking, for charting new institutional directions or even to assist with internal institutional or structural reforms that would otherwise be more difficult to achieve. The challenge is to ensure the integrity and relevance of extra-budgetary resources as a whole, while maintaining overall institutional strategic and programmatic coherence.

1139. Trust funds have become the dominant financial instrument for many UN agencies, amounting, at least until very recently, to over two-thirds of total financing for UNDP, WHO and UNICEF. Studies of the effects of non-core resources in multilateralism[251] have shown that, even in cases where non-core or trust fund resources may broadly conform to the programme structure of an agency, many of these funds have a 'tied aid' nature. They respond to the domestic priorities, policies and preferences of the donor country. Measured by the distribution of extra-budgetary funds over the period it is evident that the sum of the specific interests of some individual members of a global organization does not necessarily constitute a global public good. A 2004 evaluation of the CGIAR also demonstrates this[252]: the number of extra-budgetary contributions for projects increased, while at the same time their average duration declined and the average size also fell, increasing significantly the workload for the centres.

1140. There is the additional factor that joint and participatory decision-making is a cornerstone of multilateralism. If member countries shift increasingly from core to earmarked funds that do not accord with membership-approved programmes and priorities, this defining feature of multilateralism will be compromised. When programme development and strategic decisions shift away from the boards and governing bodies of UN organizations to bilateral donors, the

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[251] See Sagasti, Francisco, K. Bezanson and F. Prada, *The Future of Development Financing: Challenges and Strategic Choices*, Palgrave-MacMillan, London, 2005.

[252] World Bank, 2004, *The CGIAR at 31: An independent meta-evaluation of the Consultative Group on International Agricultural Research*.

legitimacy of these institutions is eroded. The shift from core to non-core resources, therefore, holds implications outside the realm of financing and raises fundamental questions of multilateral governance (see also Chapter 4).

1141. In FAO, there can be advantages to using an external source of funding, especially in encouraging strategic partnerships with member countries or organizations. However, the scale and nature of the use of extra-budgetary funds in FAO and the fact that they are not effectively integrated into the Organization's programming and planning model has serious negative effects, including for basic principles of planning and budgeting. Presentations of the longer-term Strategic Framework and Medium-Term Plan attempt to take some account of extra-budgetary funding, but this virtually disappears from the two-year biennial programme and budget. Thus, just under half the Organization's activity is a barely visible parallel "shadow programme", which is not strategically planned. This gives rise to three major concerns.

Table 7.3. Projects Approved Funded by Extra-Budgetary Contributions, Excluding TeleFood (2001 – 2006)							
Funding Source		**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Number of Approved Projects	Trust Funds (excluding UTF)	254	234	256	317	352	361
	Unilateral Trust Funds	30	22	18	22	22	18
	UNDP	37	22	21	12	12	9
	Total	321	278	295	351	386	388
Budget of Approved Projects *(US$ millions)*	Trust Funds (excluding UTF)	US$277	US$179	US$412	US$380	US$313	US$394
	Unilateral Trust Funds	US$153	US$73	US$13	US$61	US$36	US$22
	UNDP	US$12	US$10	US$10	US$3	US$6	US$8
	Total	US$442	US$262	US$435	US$444	US$355	US$424
Average Budget of Approved Projects *(US$ millions)*	Trust Funds (excluding UTF)	US$1.09	US$0.76	US$1.61	US$1.20	US$0.89	US$1.09
	Unilateral Trust Funds	US$5.11	US$3.30	US$0.74	US$2.75	US$1.66	US$1.23
	UNDP	US$0.31	US$0.43	US$0.46	US$0.24	US$0.54	US$0.90
	Average	US$1.34	US$0.94	US$1.47	US$1.26	US$0.92	US$1.09
Average Duration of Approved Projects *(Years)*	Trust Funds (excluding UTF)	2.1	2.1	2.0	1.9	1.7	1.5
	Unilateral Trust Funds	4.2	3.5	2.4	3.0	2.2	1.6
	UNDP	1.6	1.5	1.4	1.3	1.4	1.2
	Total	2.3	2.2	2.0	2.0	1.8	1.5

1142. First, although each trust fund is required to show a relationship to approved programmes, this is at an abstract level of objectives. The use of extra-budgetary funds may not always be in line with organizational priorities on outcomes and outputs, or may at least distort those emphases by funnelling more resources to activities attractive to certain donors. Examples were raised with the IEE by staff. In addition, 71 percent of Governing Body Members responding to an IEE survey agreed (38 percent strongly or very strongly agreed) with the statement that "Programmes funded from extra-budgetary resources...distort focus on agreed strategic objectives and programmes and the multilateral character of the Organization". In any event, the multilateral governance and normal delivery process, which provide crucial checks and balances, are by-passed (see also Chapter 4). There is considerable risk, and at least some evidence in the case of unilaterally funded technical cooperation programmes, that projects may even serve as a vehicle for a country to evade its own rules and regulations.

1143. Second, as described above, strategizing and programming become incomplete and uncertain, including the relationship between ends and means. This also makes planning of the Regular Budget-funded programme less effective. There is no overall resource mobilization strategy in a coherent framework. Different parts of the Organization deal with different elements. This weakens the Organization's image and the staff's effectiveness in negotiations with donors, thus increasing the potential for a donor-driven result and decreasing the potential for making 'strategic partnership agreements'. If FAO's strategy cannot be clearly articulated by staff, there can be no strategic partnership. Current plans to prepare a resource mobilization strategy are laudable, but will not be fully effective if done in isolation from other factors mentioned in this chapter.

1144. Related to this, the way that extra-budgetary funding has flowed into and through the Organization has tended to aggravate sensitivities and differences of opinion about the appropriate balance between normative and operational activity and in effect reduced the voice of decentralized offices in the allocation of corporate resources. The more secure and visible Regular Programme funds have been channelled primarily to core activities at headquarters, which tend to be normative. On the other hand, around 90 percent of the Field Programme and most emergency activities are funded by the less secure and less visible extra-budgetary funds.

1145. Third, numerous Governing Body Members believe that the Regular Programme budget, funded through assessments, is subsidizing the overhead of extra-budgetary activities, although with recent increases in support costs this concern may have somewhat abated[253]. Moreover, there are a range of institution-wide services that are not specifically included in the calculation of the overhead costs that come with extra-budgetary funds. These can include everything from access to FAO's knowledge management resources to evaluations of the larger benefits and costs of such funds to FAO programme objectives and to programme coherence.

1146. A recent very positive step was taken in this regard to better integrate FAO extra-budgetary funding into the larger programming cycle of the Organization. It involves a new requirement that all non-core funds include an additional direct charge against project budgets amounting to approximately one percent of total project activities, with the resulting funds attributed specifically to evaluation of extra-budgetary funds. The new policy also stipulates that such evaluations should be aimed at the strategic and programme levels (i.e. not individual projects *per se*) and that only single extra-budgetary contributions of over US$4 million would necessarily be individually evaluated. The IEE has concluded that this is a path-breaking best practice and an indication of important international leadership by the FAO Governing Bodies.

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[253] In 2002, there was clear evidence that extra budgetary funding in several United Nations organizations was not covering full administration costs and had created a "free rider" problem. See Bezanson, Keith and F. Sagasti, *Perceptions and Perspectives on Overlap and Duplication in the United Nations Development System Specialized Agencies*, Institute of Development Studies, June 2002.

1147. There is ample evidence of managers and staff spending considerable amounts of time searching for trust funds to fill the gap between planned and actual budgets mentioned above in order to complete their planned programmes of work. In other cases, investments (such as for information systems) that are trust-funded are not subsequently funded for maintenance needs - a clear example of failure to meet full costs. Overall, budget and financial management is much more complex. As just one example, the 200 donor sources have different reporting frequencies, currencies and formats.

1148. Amongst comparator organizations, one response to the challenge of mobilizing extra-budgetary funds to serve organizational objectives is the CGIAR Challenge Programme. Each Challenge Programme is a time-bound, independently-governed programme of high-impact research. Only complex issues of major global and/or regional significance are tackled. Each is directly relevant to CGIAR's goals. Partnerships among a wide range of institutions are required in order to deliver the products. Donors commit to each programme on the basis of a business plan, which includes a realistic strategy addressing how the research outputs can be used to produce high-impact outcomes.

1149. Going further still, WHO has integrated extra-budgetary funding into its proposed programme budget, which in turn is transparently linked to the medium-term strategic plan. The latter sets four or five outcome indicators for each strategic objective, together with baseline data on each indicator, quantified short and medium-term targets and estimated overall resources required to meet those targets. The Proposed Programme Budget makes transparent the allocation by outcome, geographical region and office level (headquarters, regional or country).

Figure 7.3: Example from WHO Proposed Programme budget 2008-9, concerning one outcome within Strategic Objective #1.

Total budget by location for the strategic objective for 2008-2009 (US$ thousand)

Budget (US$ thousand)							
Africa	**The Americas**	**South-East Asia**	**Europe**	**Eastern Mediterranean**	**Western Pacific**	**Headquarters**	**TOTAL**
316 203	**32 387**	**134 742**	**29 925**	**101 095**	**53 525**	**226 166**	**894 043**

Resource breakdown for the strategic objective for 2008-2009 (US$ thousand)

	Countries	**Regions**	**Headquarters**	**TOTAL**
All financing 2008-2009	**378 634**	**289 243**	**226 166**	**894 043**
Percentage by level	43	32	25	

Budget by organization-wide expected result and location

1.1 Policy and technical support provided to Member Nations in order to maximize equitable access of all people to vaccines of assured quality, including new immunization products and technologies, and to integrate other essential child-health interventions with immunization.	**INDICATORS**			
	1.1.1. Number of developing countries with at least 90% national vaccination coverage and at least 80% vaccination coverage in every administrative unit	**1.1.2** Number of developing countries supported to make decisions about appropriate changes and additions to the immunization schedule, including the introduction of new vaccines and/or new technologies	**1.1.3** Number of essential child-health interventions integrated with immunization for which guidelines on common programme management are available	**1.1.4** Number of countries that have established either legislation or a specified national budget line in order to ensure sustainable financing of immunization
	BASELINE			
	39 countries	25 countries	1 intervention	166 countries
	TARGETS TO BE ACHIEVED BY 2009			
	90/165 countries	60/165 countries	5 interventions	180/193 countries

Budget (US$ thousand)							
Africa	**The Americas**	**South-East Asia**	**Europe**	**Eastern Mediterranean**	**Western Pacific**	**Headquarters**	**TOTAL**
58 291	3 104	26 629	7 681	19 641	8 138	30 100	153 584

1150. In addition to integrating budgetary and extra-budgetary resources into its PWB framework, the WHO model should reduce process and transactions costs. If properly, applied, it should also contribute positively to reducing or eliminating the element of charade of FAO's current PWB processes. It needs to be underscored that the WHO model does not provide

excessive detail (e.g. detailed split between Regular Programme and extra-budgetary funds, details by programme entity, cost increases, staff and non-staff inputs). Such detail is not required for informed and sound governance decisions and oversight in WHO. It is difficult to discern any logical reason why this should not apply equally to FAO.

1151. In 2005, FAO initiated the preparation of national medium-term country priority frameworks. As of 1 July 2007, 15 frameworks had been prepared, ten for low-income and the remainder for middle-income countries. The IEE had these reviewed independently by two reviewers. A six-point scale was used where "6" indicated that very clear priorities were stated and "1" indicated a generic list of FAO activities. The review concluded that the frameworks consisted mainly of generic listings and provided almost no base for priority determination. There is also no functioning mechanism involving Regional Conferences in determining priorities for use of extra-budgetary funds on matters of regional priority.

Table 7.4: National Medium-Term Priority Frameworks Review

Country	Date of Draft	Country WB Classification	Priority Setting (1 = no priorities, 6 = very clear priorities)	Size of existing FAO Programme (Net delivery 2004-05)
Bangladesh	Jan-06	Low-income	2	$7 325 543
Burkina Faso	Not available	Low-income	3	$3 886 970
Cambodia	May-06	Low-income	1	$4 576 490
Democratic Republic of the Congo	Feb-06	Low-income	1	$18 183 557
Jamaica	Mar-06	Middle-income	1	$452 142
Lao People's Democratic Republic	May-07	Low-income	2	$2 425 593
Madagascar	Jun-06	Low-income	1	$2 018 409
Mauritius		Middle-income	Not available	$378 655
Mozambique	Nov-05	Low-income	2	$10 404 272
Saint Kitts and Nevis	Mar-06	Middle-income	1	$22 254
Saint Lucia	Not available	Middle-income	3	$53 704
Seychelles	Oct-06	Middle-income	4	$752 222
Tanzania	Feb-07	Low-income	1	$4 222 826
Uganda	May-06	Low-income	1	$4 896 797
Yemen	Apr-06	Low-income	2	$974 935

THE FAO TECHNICAL COOPERATION PROGRAMME

1152. The FAO Technical Cooperation Programme resources are small and intended for flexible use at country level. They should be used in support of the implementation of the national medium-term priority frameworks, with the primary responsibility for their allocation delegated to the officer responsible for the country, often an FAO Representative. However, no criteria on the basis of country need or the possibilities to utilize the resources effectively have been transparently applied and analysis reveals little or no correlation in their distribution with such factors as rural poverty and hunger, or the size of the agricultural sector and its dependent population. FAORs have an idea, but no certainty, of the level of resources they have at their

disposal in any one year. The approvals are provided from headquarters with no intervention of the Regional Representatives and only limited delegation to the FAORs regarding the TCP facility (see Chapter 3).

INSTITUTIONAL LEARNING AND OVERSIGHT: EVALUATION AND AUDIT

1153. The following section focuses on the functions of audit, evaluation and oversight, which are intended to serve as integral components of the programme cycle. In addition to their critical role in providing informed, systematic and reliable knowledge on performance, efficiency, outcomes and results, audit and evaluation are also central to the Organization's fiduciary and compliance requirements. The latter role is, served principally, but not exclusively, by audit.

1154. The percentage of FAO's total budget allocated to audit and evaluation is significantly higher than that of other agencies in the United Nations system (see Table 7.5). A recent Joint Inspection Unit review[254] covering United Nations funds, programmes and specialized agencies suggested specific budget ranges for the funding of audit and evaluation. While there have been challenges to the ranges from some agencies, they at least furnish a comparative order of magnitude. The ranges suggested by JIU are:

- agencies with total resources between US$250 million and US$800 million should allocate 0.60-0.90 percent of total agency budget to audit, evaluation and investigation; and
- agencies with resources of US$800 million or more should allocate 0.50-0.70 percent (the lower percentage would be possible due to economies of scale).

Measured against these ranges, FAO was found in the JIU review to be one of only two agencies with allocations above the range.

Table 7.5: Allocations to Audit and Evaluation 2006-2007[255]

	UNDP	UNICEF	WFP	WHO	FAO
A. 2006-7 Biennium Budget (US$ billions)	US$9.2	US$4.9	US$5.9	US$3.3	US$1.7
B. Audit and Investigation Budget (US$ m)	US$20.2	US$10.0	US$8.7		US$5.9
% B/A	0.22	0.20	0.15		0.34
C. Evaluation	US$8.0	US$7.4	US$5.2		US$5.8
% C/A	0.09	0.15	0.09		0.34
D. Total Audit and Evaluation (B+C)	US$28.2	US$17.4	US$13.9	US$7.0 [256]	US$11.7
%D/A	0.31	0.35	0.24	0.21	0.69

[254] Oversight Lacunae in the United Nations System, JIU/REP/2006/2. Geneva, 2006.

[255] Adapted from *United Nations Organizations*, United States Government Accounting Office, GAO-07-597, June, 2007, p. 12.

[256] WHO combines its budgets for audit and evaluation.

1155. FAO is a leader in its commitment to audit and evaluation relative to its peer grouping and measured in terms of financial allocations. The IEE examined both functions separately with a view to assessing the roles they actually play within the Organization, the efficiency and effectiveness of their work, including what they contribute to institutional learning and improvement, and ways in which their functioning might be improved.

AUDIT

1156. The IEE reviewed previous biennial reports of the External Auditor and a sample of 32 internal audit reports conducted between 2001 and 2006. This was followed by interviews and/or focus group discussions with both auditors and staff whose work had been audited, an examination of relevant studies on the functioning of audit and evaluation within the United Nations and a comparison of FAO audit to standards generally held to be international best practice. At the most general level, the picture that emerged was one of generally high standards and up-to-date knowledge and understanding of best practice for working level audits. There is also an awareness of the current pressures to meet new standards and norms as well as a comprehensive understanding of FAO and high ethical standards. The IEE, however, also found shortfalls in some areas of auditing and areas for concern, where the internal audit function of FAO is falling short of accepted international best practice. Moreover, in both staff interviews and interviews with several member countries, some reservations were expressed about what was viewed as the "excessive sensitivity" of the Office of the Inspector-General to the concerns of management and to reinforcing controls. This points to the need for a formal ethics committee as integral to the audit function. The JIU of the United Nations also viewed the lack of one as a major deficiency in FAO[257].

1157. The division of roles between the internal and external audit are clearly established. The Council of FAO appoints the External Auditor who reports exclusively to Council and who may only be removed by that body[258]. The External Auditor is required to issue a biennial report and furnish a professional opinion on the financial statements and relevant schedules of the Organization, covering both Regular Programme and extra-budgetary resources. The scope of the external audit is determined entirely by the External Auditor who has full access to all FAO documents, including internal audit reports and any related working papers.

1158. FAO has had an internal audit function since its founding, but the mission, scope of work and accountability, previously approved through the Functional Statement presented in FAO's Administrative Manual, was revised in 1999[259] in a specific charter. This clearly stipulates the roles and responsibilities of the Office of the Inspector-General. The Inspector-General is appointed by the Director-General, but the appointment requires "consultation" with the Finance Committee of the Council prior to appointment or termination. Although reporting to the Director-General, the charter specifies that: "At the discretion of the Inspector-General, any...report may also be submitted to the Finance Committee together with the Director-General's comments." The intention of this stipulation is apparently to afford the Inspector-General the capacity to audit even the most senior levels of the Organization.

1159. FAO has been according increasing importance to internal audit. Over the past seven biennia, the Regular Budget allocation to the Office of the Inspector-General has increased in real terms by 45 percent. Staffing levels in the Office of the Inspector-General grew only slightly over the same period. Although professional staff rose slightly, this was accompanied by offsetting reductions in general service staff. The overall picture indicates, therefore, that the major budgetary increases have gone to increased audit coverage and not to staff costs.

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[257] JIU/REP/2006/2.

[258] As provided in the Basic Texts and as is the practice in the UN system, FAO's External Auditor is the Auditor-General of a Member State.

[259] FC 116, September 1999.

Figure 7.4: Office of the Inspector General – Net Appropriation Funds at 1994 constant prices, 1994-2007

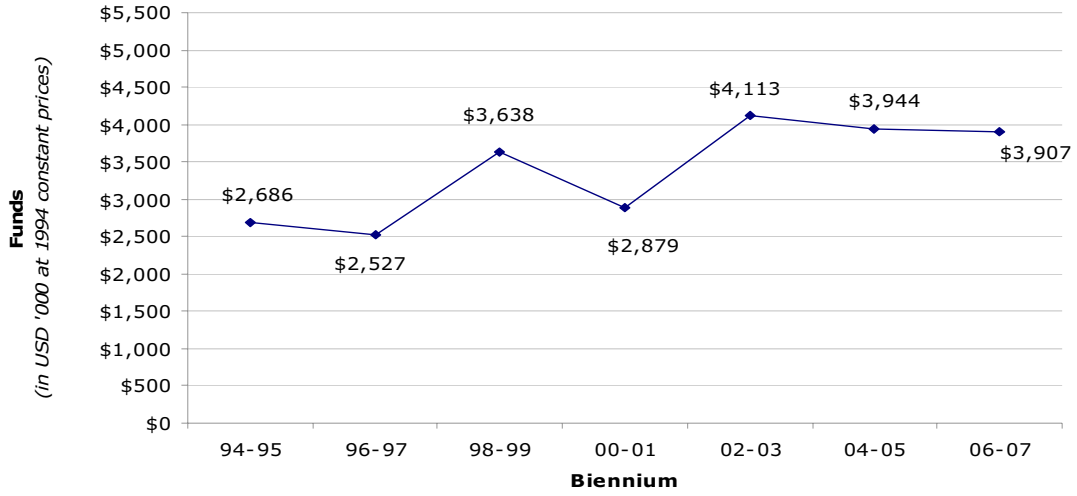
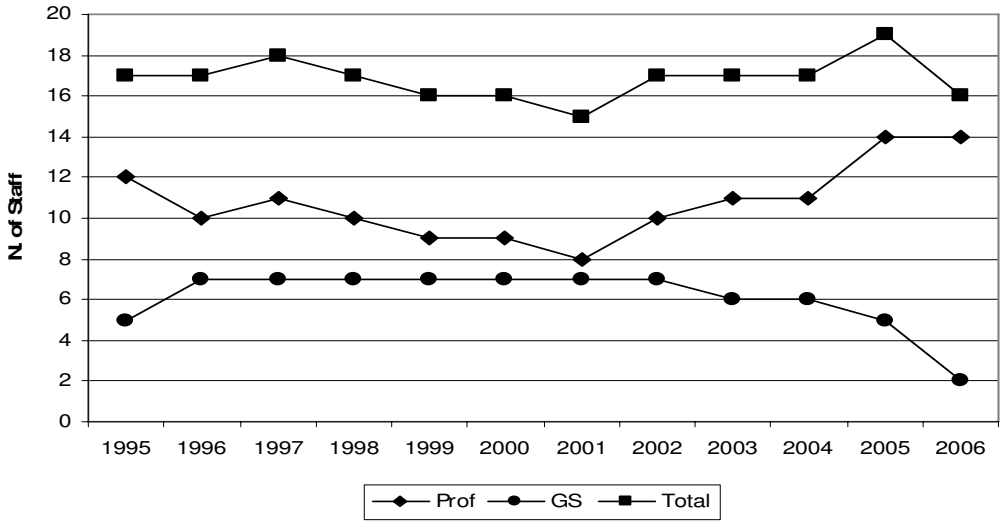


Figure 7.5: Office of the Inspector General – Staffing levels (Regular Programme), 1994-2007



1160. FAO's Audit Committee has exercised leadership in ensuring follow-up and implementation of audit recommendations. At most committee meetings the status of each recommendation is reviewed. Consequently, the previously high backlog of recommendations has been cleared and timely implementation of new recommendations achieved. According to the Committee, of 2 790 recommendations made between 2000 and 2005, 96.1 percent are now closed, 1.2 percent open and 2.7 percent ongoing. This comprises an exceptionally high level of achievement on follow-through. However, the composition of the Audit Committee (seven members at the time of the JIU review, of whom five were FAO senior managers, including the Deputy Director-General, who chairs the Committee) was judged by the JIU as not meeting the standard of independent oversight required. The same judgment was reached with regard to almost all United Nations programmes, funds and specialized agencies.

1161. With regard to external audit, three reviewers examined document C 2007/5 B "Report of the External Auditor on the Financial Statements of FAO for the Financial Period 1 January 2004

to 31 December 2005". They arrived independently at the conclusion that this reflected a thorough and competent audit of FAO's financial statements, that the audit had been carried out in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and that it conformed fully to International Standards on Auditing.

1162. IEE's examination of the overall audit function pointed to five areas of systemic weaknesses. However, it is encouraging that FAO management is aware of most of these and is working towards their resolution[260].

1163. First, an organization-wide risk-management framework should inform the annual or biennial audit work plan. This is essential for the identification of the areas where the Organization is most vulnerable to financial and corporate reputational damage, waste or abuse. FAO's Inspector-General has not been involved with management in determining such a risk framework and the Organization currently does not have adequate standards, policies and guidance on a risk management framework. It will be important for management to address these issues and give risk management a much higher priority.

1164. Moreover, the Audit Committee does not undertake the kind of rigorous risk management assessment that is required. As a consequence, there are no indicators to show that the efforts and investments of audit have been focused on the areas of greatest vulnerability. To the contrary, with the exception of the Oil-for-Food audits, the IEE was surprised to discover that none of the 228 audit reports conducted between 2003 and 2006 examined areas of the highest corporate risk, such as FAO reserves, liabilities after service, borrowing policies and practices, currency risks or provisioning against arrears. At the same time, approximately 57 percent of the audits appeared to focus on a single project or country. One explanation for this imbalance is that risk auditing in highly complex areas such as reserves and borrowing, requires specialized experience and skills which do not seem to be reflected in the current professional staffing profile of the Office of the Inspector-General. This suggests, at a minimum, a realignment of the priorities of this Office and greater use of highly qualified external expertise, as in the case of the Government Accountability Office of the US Congress (GAO).

1165. Second, FAO's Audit Committee has access to all internal audit reports. Current best practice[261] requires much higher levels of independent membership on audit committees in order to ensure that the auditor is better able to conduct audits in the areas of direct responsibility of senior management and to remove management from combined roles of 'judge and jury' on audit findings. FAO is already taking action on this matter and has committed to an audit committee entirely comprised of independent members by 2008. The announced intention, however, is that the committee should continue to report exclusively to the Director-General, although it will also continue to issue an annual report to the Finance Committee. This arrangement will not meet the standard for independence recommended by the JIU. To achieve the standard would require at least parallel and unfiltered presentations directly to the Finance Committee or other body designated by the FAO Governing Bodies.

1166. Third, FAO's internal audit plan is submitted to the Audit Committee, which hitherto has comprised mainly FAO managers. Best practice suggests that this is inadequate and that the plan should be made available also to the Governing Body. A further issue in the relationship between the internal audit function and the governance of FAO is whether audit reports should be shared with the Governing Bodies. The merits and demerits of this are deeply contested. While some member countries hold that this is essential and should be treated as best practice, others,

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[260] During the course of the IEE, a sixth systemic weakness was addressed. A recent GAO study found that FAO and ILO had not had external peer reviews for quality assurance of auditing in the past five years, whereas the other specialized agencies had. Since the GAO study, FAO's Office of the Inspector-General completed an external peer review in early 2007.

[261] See JIU/REP/2006/2, op. cit.

including associations of professional auditors, are convinced that the introduction of such a practice would severely compromise the integrity of auditing. This matter was discussed in the FAO Finance Committee in 2006 and is currently under consideration by the Chief Executives Board for Coordination of the UN System. In some organizations, member countries may have access to individual oversight reports on request[262], although this does not generally extend to investigation reports. Also, a recent General Assembly resolution accorded discretion to withhold an investigation report in certain circumstances[263].

1167. Fourth, traditionally and as a matter of long-established best practice, the functions of auditors within the institutions that they audit are essentially restricted to *ex-post* activity. This is on the grounds that involvement of auditors in setting up management or control systems compromises their ability to act independently and objectively in the conduct of subsequent assessments. Of course, the audit function is meant to contribute to improvements in all aspects of the organization, including its management systems, but this should be done *ex-post* through audits and not by the involvement of auditors in management decision-making. In FAO, the Inspector-General or the Office of the Inspector-General is a member of 17 out of 33 internal management and administrative committees, including the committees of Senior Management, Programme and Policy Advisory Board, TeleFood, Policy Coordination, Field Programme, Human Resources, Procurement and Contracts, and Investments. Use of *ex-post* audits in FAO to develop better long-term processes should be encouraged through a wider and more open debate of the issues raised by specific audit reports, recognizing that some parts of certain reports will need to remain confidential.

1168. Fifth, the Panel of External Auditors of the United Nations (in Audit Guideline 202) has established as its first criterion for evaluating internal audit that: "The internal audit group should have an organizational status that will permit it to report objectively and effectively on any operation or activity of the entity." As indicated previously, in FAO the Inspector-General reports to the Director-General. He/she has the discretion to submit reports to the Finance Committee if these also include the Director-General's comments. It is questionable whether this authority is sufficient to create a fully independent internal auditor. There have apparently been no instances during the 60-year history of FAO of an auditor employing this or a similar route to report directly to the Governing Bodies. While one would hope that such a route would never be required, it nevertheless would seem appropriate to modify the current arrangement to allow unimpeded audit reporting to the Governing Bodies. On the other hand, it is the strong conclusion of the IEE that the imperative of a full audit service at the disposal, and under the overall direction, of the executive head of the Organization needs to be preserved. This view is shared in the recent JIU report, which concluded that: "While the head of internal oversight should report to the executive head, he/she should also have unimpeded access to the external oversight board, including in instances where disagreements arise with the executive head"[264].

1169. Moreover, the current appointment and reporting arrangements for FAO's Office of the Inspector-General do not lend themselves to rigorous audits of the offices of the Organization's senior management, including that of the Director-General. This role has not been filled by the Organization's External Auditor, at least not within the past few years. This is a major gap in FAO oversight and it carries with it a high level of corporate reputational risk. This role could be specifically mandated to the External Auditor by the Governing Bodies, together with the appropriation of required budgetary resources.

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[262] Ibid, page 17.
[263] UN General Assembly Resolution 59/272, para. 2.

[264] Op. cit. page 12.

EVALUATION AND FEEDBACK LOOPS

1170. A recent study of evaluation systems in OECD-DAC agencies[265] states that: "The legitimacy and credibility of evaluation rely on its objectiveness and critical distance from policy makers and managers". The Evaluation Cooperation Group of the Multilateral Development Banks classifies this 'independence' of evaluation into four types: organizational, behavioural, protection from external influence and avoidance of conflicts of interest[266]. Further, organizational development theory suggests that the effectiveness of an evaluation system for learning purposes depends principally on the 'quality' of the products produced by the system and the level of 'acceptance' of those products within the organization.

1171. Key informants held that evaluation in FAO currently functions more as a tool for learning than for accountability. This is consistent with the forward-looking role of evaluation in FAO. However, it also appears to reflect the weakness of the accountability system more than the strength of the learning system. Informants agreed unanimously that corporate evaluations were generally useful and necessary, but not used to the full. A few observed that the main demand and supply for evaluation is as a confirming mechanism, helping to steer work when it is already on a good course, rather than helping the Organization make difficult choices in changing course, when necessary.

1172. Seventy-three percent of FAO members responding to an IEE survey agreed that "the evaluation function in FAO contributes to good governance by providing Permanent Representatives with information that is adequate, professional and trustworthy". However, every Member of the Programme Committee and the Chair of the Finance Committee affirmed that neither of those Governing Bodies uses the findings of evaluations in making decisions on the overall strategic direction and resource allocation of the Organization – and that, in principle, they think they should. With the exception of the Evaluation of FAO's Decentralization, the same appears to be true at senior management level concerning resource allocation between departments or divisions.

Box 7.4: Use of evaluation findings

Three of the eight corporate evaluations sampled by the IEE (and one auto-evaluation) stimulated a significant degree of course change - including prioritization and/or cancellation of activities and had an impact on resources in the primary unit being evaluated and/or in secondary units (e.g. administration and finance). None has yet stimulated fundamental revision of strategic direction. Informants pointed out consistently that course changes can be stigmatised as a sign of bad performance, instead of a desirable ability to learn and adapt.

1173. All evaluations are required to submit a management response. In only 20 percent of the management responses for ten corporate evaluations sampled by the IEE were management actions time-bound. Nevertheless, the Programme Committee found 70 percent adequate. Staff expressed frustration over the lack of transparency in developing the final management response after initial consultation and over the inadequate feedback on the follow-up actions expected. The internal Evaluation Committee is designed to provide advice on policy matters pertaining to evaluation, strengthening feedback from evaluation to strategic planning results-based management. It did not function well during 2006 and the first few months of 2007. However, since March of this year, the committee has met on three occasions (one meeting per month). The IEE hopes that this reflects a renewed corporate commitment to ensuring a fully effective evaluation system for the Organization. At the level of the Governing Bodies, current Members of

[265] DAC Network on Development Evaluation, 2004, *Evaluation Systems in DAC Members' Agencies: A study based on DAC Peer Reviews,* Item IV.

[266] *IEG Guidelines for Global and Regional Programme Reviews*, 2007.

the Programme Committee believe they do not give sufficient oversight attention to evaluation, especially on follow-up, principally because of time and expertise constraints under current arrangements.

1174. The majority of staff interviewed below senior management level expressed a high degree of confidence in independent corporate evaluations, partly due to high accuracy and quality of process. There are also indications that evaluation findings offer a relatively transparent and evidence-based point of reference in contrast with decision-making in the Organization, which is widely perceived as opaque and often lacking rationale. Three factors were cited repeatedly as having a profoundly negative influence on the Organization's ability to learn and improve: a hierarchical and highly defensive organizational culture, exacerbated by declining resources, which fuels a battle for power and resources, resulting in fault lines being exploited and aggravated by some players for their own interests.

1175. Key informants largely confirmed the findings of a review, conducted by the Evaluation Service, of the first year's experience of auto-evaluation**.** A high proportion[267] of staff participants found it helpful as a tool for learning, though the depth of learning is higher with better performing programmes. Senior officers find it more useful than junior ones and it has been more successful in gaining staff input than eliciting feedback from partners and beneficiaries. Some informants specifically mentioned the under-used potential of auto-evaluations for motivating staff, fostering ownership and building team or group consensus.

1176. Presentation of auto-evaluations to the Governing Bodies provides an incentive to showcase results. However, the Programme Committee decided not to use the reports in priority setting because that would detract - in the current organizational climate - from the reports' role in learning and improvement. The link between auto-evaluations and corporate evaluations is weak; so is the link to management decisions. Its potential as a low-cost instrument that invites intellectual integrity with a potentially high learning return in the evaluation hierarchy could be better exploited.

1177. Use of project evaluations is very patchy. There is clear evidence that some are used for improved elaboration of follow-on phases of a project, but not for informing decisions on similar projects or for evidence and diagnosis of more systemic problems in the Organization, except where they have been aggregated into a corporate evaluation. Project evaluations in FAO always recommend that projects be continued. This raises questions about the quality of the evaluations and the logical flow in decision-making.

1178. The IEE used a rigorous methodology to assess the quality of the different types of evaluation reports. Overall, all types of evaluation showed the following weaknesses:

- consistent with other IEE findings, a tendency to focus on outputs (short term), rather than trying to assess contributions to outcomes (medium term). This was attributed to the 'process orientation' of FAO's accountability system (rather than a results orientation) and a felt need to sort out internal issues in order to free energies to look outwards;
- 60 to 70 percent negative ratings on undertaking gender analysis, despite the fact that gender mainstreaming is an organizational priority (see also Gender in Chapters 3 and 6); and
- cost issues (efficiency and effectiveness): This is a notoriously difficult area with which other agencies also struggle. Nevertheless, there seems to be an acceptance without further comment that cost issues are a standard part of terms of reference that are not fulfilled.

1179. Besides the quality of an evaluation, the following key factors influenced acceptance of those corporate evaluations that created the most significant change: credibility of the team leader

[267] 80 percent in both the IEE sample and the PBEE review.

(determined by technical competence, process skills, political weight, broad acceptability and visible independence from management); external pressure for change, especially from Members; internal constituency for change; constructive and skilful approach to preparing the management response; and engagement of senior management. Further factors were: involvement of key stakeholders; team selection; the role of Evaluation Service staff in the team; and the timing of the evaluation to coincide with a key decision-making moment.

1180. The Evaluation Service has been improving consultation with key stakeholders in corporate evaluations and there is some evidence that this is resulting in improved implementation. This is laudable but there is also need for caution. This must not result in a policy of jointly agreed staffing of teams for individual evaluations as this would compromise independence. The Evaluation Service is aware of this risk. While it is taking steps to minimize it, continuing diligence will be necessary.

1181. Evaluation Service staff are generally not perceived as independent, although the majority of informants found their participation in an externally-led team highly valuable, and, in complex cases, essential. While broadly endorsing the trend amongst peer agencies for in-house evaluation staff to spend more time managing and less time conducting evaluations, the IEE also supports the current 40 to 50 percent balance. It helps reduce the risk of evaluators losing core competencies. Also, in some instances FAO evaluations conducted entirely through outside consultants proved to be of low quality and had to be re-done, indicating a further reason for maintaining the current balance.

INSTITUTIONAL ARRANGEMENTS

1182. As mentioned above, the institutional credibility of evaluation depends heavily on the extent to which it is perceived as independent. The IEE found this to be especially the case in FAO. As in most other UN agencies, FAO's Evaluation Service is located administratively within the line it is mandated to evaluate and the head is appointed and appraised within that structure. In 2003, the Governing Bodies mandated the head of evaluation to exercise managerial independence and to pursue measures to increase the independence of the evaluation function. The head of evaluation considers that he currently has extensive discretion over the evaluation budget (once allocated), choice of subjects for evaluation (subject to Governing Body approval of plans), selection of evaluation teams and issue of reports. However, the final budget allocation is subject to line management discretion and requirements in recruitment procedures, for example, have been known to cause delays. Also, the necessary institutionalization of these arrangements has not taken place and they have depended very much on the positive stance taken by the Director-General.

1183. The IEE considered two main options for the future. Option 1 is to maintain the existing location and to increase independence by other means. The challenge would be to identify those means given that the arrangement has already been found wanting. Option 2 is to locate the Evaluation Service with full independence from line management, while maintaining a high level of responsiveness to management needs. The challenge in the latter case would be to ensure that the evaluation function continues to respond to management's evaluation requirement and maintains frequent and high quality inter-action with the Organization at large to prevent isolation and a chilling effect on operational learning and decision-making.

1184. Consistent with the direction of previous Governing Body decisions, an overwhelming majority of FAO Members responding to an IEE survey, many staff and external parties[268] hold that the value of FAO's evaluation function would be significantly increased if it were accorded greater independence of location, reporting lines and financial resources. Also, the report of the Secretary-General's High-Level Panel on UN-wide System Coherence, "Delivering as One",

[268] See peer review of the Evaluation Service, 2005.

envisages "**an independent UN system-wide evaluation mechanism"** (by 2008) with common evaluation methodologies and benchmarking[269]. Finally, the standards and requirements for best practice lend overwhelming support in favour of Option 2[270]. The IEE agrees with these assessments.

1185. The second major policy consideration with regard to the location of the Evaluation Service involves its role in oversight. Organizational learning should improve accountability and the need to be accountable can stimulate organizational learning. However, there is also a tension between the two. An organizational culture that rewards learning and course correction where efforts have not succeeded lowers this tension. The current organizational climate in FAO (described in IEE Chapter 6) does not do this.

1186. There are two dominant models in the UN system[271]. Model 1 combines evaluation, audit and, sometimes inspection as well, into one oversight service. Model 2 deliberately separates the evaluation and the audit (and inspection) functions. Model 1 is quite common amongst the specialized and/or smaller agencies[272]. Model 2 is favoured by a number of funds and/or larger agencies[273] and by the multilateral development banks.

1187. The essential differences between the two functions lie in reporting lines, transparency and purpose. The purpose of evaluation in Model 2 is forward-looking, emphasizes learning as a basis for improving accountability and encourages informed risk-taking. Audit is complementary, emphasizing risk management through past compliance with rules, regulations and reporting requirements. When evaluation is partnered with oversight mechanisms, the learning function is inhibited, because evaluators are more frequently than not viewed as 'enforcers'.

1188. Consistent with the 2003 decision of the Governing Body, none of the key informants nor the authors of this report, could see benefit in FAO changing from Model 2 to Model 1, though several pointed to the scope for enhancing collaboration between audit and evaluation to the mutual benefit of each.

OVERALL CONCLUSIONS AND RECOMMENDATIONS

1189. The above examination of the architecture and application of FAO's programming, planning system, including its feedback components of audit and evaluation, has led the IEE to three broad conclusions.

1190. First, the architecture of FAO's programming system, launched in 1999, did not adequately foresee the imperative of grounding the reality of FAO's extra-budgetary funding situation within a strong corporate strategic framework. Its design did not foresee its application as a vehicle for successful resource mobilization, so that the Organization could meet its larger objectives and purposes. Moreover, the execution of the New Programme Planning Model falls far short of meeting the needs of the Organization. The system has not built a climate of mutual support, trust and commitment between FAO management and Members or within the membership itself; it has not furnished a sound foundation for medium-term programming based

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[269] United Nations, 2006, "Delivering as One", IEE emphasis.

[270] See Osvaldo N. Feinstein and Robert Picciotto, eds. *Evaluation and Poverty Reduction*. New Brunswick, NJ: Transaction Publishers, 2001.

[271] A 2006 Price Waterhouse Coopers report on improving governance and oversight in the UN proposed a third model, where evaluation would be placed under programme management. However, in reaching this conclusion, the report accorded almost no attention to the purpose of evaluation, literature on 'best practice', or international evaluation standards. Ref: United Nations, 2006, *Comprehensive Review of Governance and Oversight within the United Nations, Funds, Programmes and Specialized Agencies, Volume IV, Oversight - Current UN Practices, Gap Analysis and Recommendations,* A/60/883/Add.2.

[272] e.g. WHO, UNESCO, IAEA, UNFPA but not ILO.

[273] e.g. UNDP, IFAD, WFP and UNICEF.

on adequate and predictable finances, clear priorities and opportunity costs; and it has been unsuccessful in establishing the essential relationships between ends and means, and clear and measurable targets and outcomes for results measurement and results management.

1191. Moreover, the Director-General's reforms do not comprise a strategic framework and the Director-General has never claimed that they do. The foundation of the reform proposals rests on the document "A Vision for the Twenty-first Century", which configures an inspiring vision of a world free of hunger and secure in its environment. In doing so, it recalls the vision that led to the original establishment of the Organization. The resulting reforms, as approved by the Thirty-third Session of the Conference in November 2005[274] are focused on how to improve delivery and accountability and most particularly on how the mechanics of delivery can be made more efficient and effective at country and regional levels. They also prioritize knowledge management, capacity building and policy development, which is confirmed in a broad, integrated context by the IEE (see Chapter 3). The principles on which the reforms rest are empowerment and accountability; delegation of administrative and financial authority; auto-evaluation; and cost-effective allocation. As is the case within the New Programme Planning Model, the reform proposals do not furnish a programmatic framework that clearly indicates the strategic choices that FAO will need to make. Indeed, the reform proposal document is specific that these are decisions that will need to be made in the future[275].

1192. In addition, during 2005-06, the Governing Bodies decided to postpone the preparation of the Medium-Term Plan 2006-2013 and a mid-term review of the Strategic Framework 2000-2015, pending the results of the IEE. For all practical purposes, FAO finds itself today without a functioning strategy. The key strategic questions of what FAO will look like and how it will be defined in 5, 10 or 15 years have no clear answers at this time. The strategic linkages between goals and objectives, critical mass requirements, structures and methods for priority setting and linkages between means and ends, including the means for corporate resource mobilization, remain to be established. The barriers to FAO achieving a durable strategy supported by all its stakeholders cannot be removed by management alone, although there is much that management can do. Many of the most intractable barriers will also depend on significant modifications on the part of the Governing Bodies. In addition, the systems that FAO requires will not function without major changes to the managerial and institutional culture of the Organization.

1193. The second broad conclusion is that, within the larger programme planning system, FAO has established generally sound foundations to support the imperatives of accountability and continuous learning. The audit system, especially on compliance, is generally functioning well, although, as analysed above, there are numerous gaps and weaknesses. Some require only relatively minor adjustments for FAO to comply with the norms and standards of best practice agreed for auditing, especially within the United Nations. Others are more serious in the judgment of the IEE. The most notable of these is the lack of audit coverage in the areas and activities that carry the greatest corporate risk to FAO as well as the lacunae in arrangements to ensure the full independence of audit, when senior management of the Organization is being audited.

1194. Third, also with regard to accountability and learning, FAO's Evaluation Service functions well relative to comparator organizations. The overall monitoring and evaluation system, however, suffers from major weaknesses and does not function as a coherent whole. Vertical linkages in a logical framework from programme entities or projects to higher-level outcomes and strategies are weak. Without this, the evidence base for *ex-post* or real-time evaluation is weak and time can be wasted measuring too much and/or not the most relevant things. Results-based budgeting had a shining start, but investment in implementation was not

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[274] Resolution 6/2005.

[275] Specifically, the original proposal for reforms document (C 2005/INF/19, para 68) states that "Redefine the Organization's programmes so that they reflect more closely the principal thrusts of its work.... and shift resources from low- to high-priority programmes, shedding activities that other institutions can do better".

sustained nor did the required investments seem possible. Interest withered before benefits could be achieved.

1195. This leads to a number of **recommendations.**

1196. **Recommendation 7.1**: First and foremost, **FAO is in urgent need of a clearly-enunciated strategy covering the full range of FAO products to at least 2015, understood and endorsed by all its Members and unequivocal in its stipulation of means-to-ends requirements.** Such a strategy must go beyond general aspirations and statements of noble goals by:

a) taking analytical account of FAO's absolute and dynamic comparative advantage;
b) presenting unequivocally the five or six (maximum) priority themes on which FAO proposes to focus its efforts;
c) enunciating systematic criteria for priority setting and applying these to define real priorities (what would have first call on resources? what would have second call? and so on);
d) establishing clearly the areas in which FAO will cease to work, and setting the general magnitude of resource requirements for its objectives;
e) delineating strategies for securing those resources; and
f) setting the performance and results targets to which the Organization will be held accountable.

1197. In effect, this would require revisiting and modifying the architecture of the New Programme Planning Model to make the new Strategic Framework and the Medium-Term Plan consistent[276], as in the WHO model and as done by IFAD. The programme model would need to be truly corporate in nature, fully integrating extra-budgetary funds into all aspects of programming, including the establishment of objectives (as is the case in WHO). In recognition of the gravity of FAO's financial situation and the urgent need for the framework described above linking means to ends, it is recommended that the new Strategic Framework include all the key elements of a four-year Medium-Term Plan (i.e. full programming parameters, critical mass and opportunity cost requirements and means to ends for that period).

1198. The strategy could build on the three goals of member countries as identified in the current Strategic Framework and strongly linked to the MDGs. These could provide the basis for a logical framework linkage to programmes and an overall focus on impacts. The new Strategic Framework, incorporating fully the key elements of a four-year Medium-Term Plan, should facilitate a focus by the Governing Bodies on a long- and medium-term strategy, while leaving management of the work programme to the Secretariat and *ex post* accountability on progress towards agreed objectives to the Governing Bodies.

1199. The strategy would identify five or six priority themes which should then serve as the basis for FAO resource mobilization. It would present donor Members with clear objectives and priorities against proposed programmes, justifications for these and the approximate scale of resources required. It would invite and enable enhanced programme coherence and would challenge donors to work with, and lend appropriate support to, approved strategic and programmatic priorities. Existing programmes that do not fall within the Strategic Framework would be phased out, unless specifically approved by the Governing Bodies. It should contribute to building greater shared confidence in the Organization, its directions and capacities. It would also aim to catalyse increased resources through assessed and extra-budgetary contributions, although, with this Strategic Framework the distinction would make far less difference than it does today and the climate would be far less politically charged.

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[276] Subsequent modifications could be made, including reverting to a rolling six-year Medium-Term Plan. However, this should be contingent on the success of the initial effort and the assessed durability of the Strategic Framework. The IEE views a six-year Medium-Term Plan as overly long and, similar to practices elsewhere, would suggest a four-year horizon.

1200. The key corporate priority themes (five or six, no more) should regularly be communicated both upwards to Governing Bodies through programme and budget documents showing links to programmes, and downwards to staff with indicators of the results against which their work should be measured. This should, in turn, facilitate a ripple effect of priority setting and focus at divisional and sub-divisional levels throughout the Organization. Regional and country strategies would also be finalized within the framework of these agreed priorities (see also Chapter 6).

1201. Country-level work can and should benefit both the recipient country and global normative work and also help to advance UN reforms. Therefore, it should be coherent with national medium-term priority frameworks (more focused than they are at present), which in turn nestle within the UNDAF and eventual agreements in respect of 'Delivering as One'. The focus could, for example, be on participation in long-term global partnerships that are part of the core strategy and support normative work. All activities, including the Technical Cooperation Programme, would be required to demonstrate how they contribute to agreed target results. Similarly, at regional level, there should be agreement of the Regional Conferences on a few core themes, which coincide with FAO's global priorities.

1202. **Recommendation 7.2**: As indicated above, **there should be a limited number of priority technical themes, each supporting one or more goals of member countries, each integrating advocacy, normative work and technical cooperation**. The themes would be focused, and have a life of at least six years (three biennia). New themes above the maximum would not be added without eliminating existing ones. The themes would be an absolute priority for mobilization of extra-budgetary resources, and would serve to integrate Regular Programme and extra-budgetary resources. Some would be interdisciplinary and others not. The themes would be developed in close interaction between the Secretariat and the membership, taking into account also the views of donors on what they would be prepared to support. When the volume of extra-budgetary resources passed a certain minimum (e.g. US$10 million expenditure per biennium), a fully dedicated theme manager would be appointed. Priority themes should be decided in close dialogue between the Secretariat and the membership and criteria for selection include:

a) absolute priority in terms of Members' needs;
b) use of the Organization's potential comparative strengths, including, existing capacity, cross-disciplinarity and integration of advocacy, normative work and technical cooperation;
c) topicality and interest to providers of extra-budgetary funds; and
d) potential for partnership.

1203. Application of these criteria yields the following illustrative examples of such potential themes:

a) water management for African development;
b) agriculture and climate change;
c) employment and income generation in agriculture;
d) forests: linking global governance and poverty reduction;
e) "Building back better" - achieving development after disasters; and
f) building capabilities and governance to meet global livestock diseases and human vulnerability.

1204. The IEE considered a series of major criteria in coming to its judgments on overall programme priorities (see Chapter 3). The criteria were:

a) the need for balanced global development, supporting the three global goals of member countries. Absence of a high score on this criterion would automatically exclude any proposed area of work;
b) the stated priorities of Members, including those from the national medium-term priority frameworks. Without a high score on this criterion an area would be excluded, except in extraordinary cases, when Members saw a potential that it would become a priority;

c) FAO performance in contributing to sustainable outcomes and impacts. If FAO's track record in an area is poor, there would have to be very high demand and strong reasons to believe FAO's performance could improve before it would be recommended;

d) the number of competitors and alternative suppliers. If there is good reason to believe that the need will be met on a sustainable basis through alternative suppliers, there is no reason for FAO to deploy scarce resources on an area of work - the Organization's mandate would effectively be met. The one difficulty with this is that alternative suppliers do, to some extent, come and go. The World Bank in particular has built up capacity quite strongly in certain areas and then reduced it again. The experience of ISNAR discussed in Chapter 3 has led to something of a vacuum with respect to institution building for research and farmer learning. However, the IEE believes that where there is every reason to believe that capacity will be sustained, as there was with ISNAR, FAO should strongly partner with the other institutions and reduce or eliminate its own capacity. With the flexibility called for above, if the capacity outside FAO reduces greatly and the area remains one of high priority, FAO should then be prepared to rebuild capacity; and

e) the potential for extra-budgetary support. This criterion is important for consideration of how Regular Programme and extra-budgetary resources can be balanced around a priority and the potential for significant work, given the current constrained Regular Budget. It should not, however, be used as a criterion to distort work from major priorities, as defined on the basis of the other criteria. It may sometimes allow less priority to be given in the allocation of Regular Programme resources, due to the availability of extra-budgetary resources, allowing scarce Regular Programme funds to be deployed on other high-priority areas.

1205. To summarize, the IEE recommends that in deciding programme priorities, Members should focus on major goals and significant work areas, not on outputs. Members should consider developing a set of criteria similar to those above to assign priority to selected areas. Scoring can be helpful in crystallizing decisions; however, it should not be used mechanically, but should be used to focus judgments, as has been done in this report. Comparative qualitative evidence needs also to be presented and considered.

1206. **Recommendation 7.3: The Conference should meet in May or June to set the budget level, so that the detailed programme of work can then be subsequently established.** Prior to the Conference, the Council should endorse a general programme direction and agree, with some degree of political realism, on an indicative but reasonably reliable biennial budget level. The Secretariat (not necessarily the Director-General) will then need to be proactive in informally talking with key Governing Body Members to build consensus on this programme. Working through the Programme Committee (see Chapter 4) is an important part of this process.

1207. This will require changing the date of the Conference to May or June, so that the executable PWB can be drawn up thereafter. It will also enable the Secretariat to streamline the programme and budget process along the lines of the WHO model and clarify programme and budget documents, eliminating elements which cause misunderstandings, such as the presentation of the lapse factor.

1208. **Recommendation 7.4:** Alongside improvements to performance assessment, delegation and accountability recommended elsewhere in this report, **a new Strategy, Programme and Budget Office should be established**. This office would bring together the functions of developing strategy, programme and resource mobilization and management into one integrated system. It would oversee proactive mobilization of all types of financial resources (assessed

contributions and all extra-budgetary funds[277]) on the basis of the agreed strategic objectives and outcomes (see Recommendation 7.1) and be responsible for overall budget management.

1209. The Office should be located within what is now the Programme and Budget Division (PBE), as this will continue to be the vehicle for translating strategy into biennial plans, monitoring corporate progress to agreed outcomes and linking feedback mechanisms so that adjustments can be made, as necessary, to future strategies, programmes and budgets. It would require integration with that division of TCAP which is the current centre of responsibility for extra-budgetary resource mobilization. It would have overall responsibility for resource management, including recourse to borrowing (see Chapter 8). The Strategy, Programme and Budget Office would also coordinate the overall effort to integrate RBM into all levels, including establishing and ensuring the application of a single, corporate-wide monitoring system with guidelines for technical staff.

1210. **Recommendation 7.5** (see also Recommendation 8.8 in Chapter 8) **Training resources should be directed to building staff skills in identifying and monitoring outcomes and results, and developing baselines for related indicators**. FAO should explore results-based management training efforts of benchmark agencies and others (including web-based training targeted at field staff), select an appropriate model and require all staff involved in programme planning and execution to become proficient. RBM concepts should be integrated into policies and manuals as needed.

1211. **Recommendation 7.6**: **A coherent and dynamic resource mobilization strategy should be put in place around the priority themes and the national medium-term priority frameworks referred to above**. This should encompass the following:

a) the requirement that resources be mobilized around the priority themes and the national medium-term priority frameworks. Any resources mobilized outside these parameters and over US$1 million should be referred to the Governing Bodies before they may be accepted;
b) encouragement, delegations of authority, support and incentives to FAORs and managers to mobilize resources within this framework;
c) new sources of support outside the traditional donors, in particular the new private foundations, offer considerable possibilities for FAO. Targeted investments towards this objective should be specifically delineated as part of the strategy;
d) as recommended in the TeleFood evaluation, with the aim of building and reinforcing FAO support from the public and small businesses, a new, independent foundation should be established. This should be entirely outside the Organization's bureaucracy. The foundation should replace TeleFood and funds raised should go to the priority themes. FAO should support the start-up of the foundation but there should be a strict time limit of three to four years (a so-called "sunset provision") for the success of the venture. After this, support would cease;
e) donors should be encouraged to move towards pool funding around the themes and national medium-term priority frameworks (and SFERA for emergencies), reducing transaction costs and increasing ownership in line with the Paris Declaration. Individual donors may also enter into long-term partnership programmes consistent with the framework; and
f) agreements on conventions and on FAO serving as a statutory body are increasing as a function of accelerating requirements for global arrangements and governance. Under the leadership of FAO's Governing Bodies, agreements should be sought to ensure that the costs of these global roles are placed on a predictable and sustainable basis and increase member ownership of them within the FAO family. This would include requirements for conventions and other statutory arrangements

[277] Including *inter alia* Trust Funds, Strategic Partnerships, TeleFood and what is currently termed "Other Income" in the PWB.

to finance fully the roles required of FAO. This may require changes in the basic texts and even revisions to existing conventions.

1212. **Recommendation 7.7:** In addition to the actions in Recommendations 1 and 3, **proceed with the actions already under way[278] to ensure that the project servicing charges are regularly fixed at a level which adequately covers real, "incremental variable" costs of FAO administration.** Also, in light of the growing size of the extra-budgetary programme, moves towards recovering a portion for semi-fixed and fixed costs as well, seeking harmonization of practices across the UN system. The regular process for periodic review of actual servicing costs and adjustment of fees as needed, and including surveys of comparators, should be maintained.

1213. **Recommendation 7.8:** The FAO Technical Cooperation Programme should remain demand-driven, but regional allocations should be defined and indicative working allocation criteria based on country need and track record in effectiveness of utilisation of resources, should be developed and applied by the Regional Offices in making country allocations. TCP funds should be allocated by region, using published criteria. Regional Representatives should be responsible for country allocations within the agreed national medium-term priority frameworks.

1214. **Recommendation 7.9: Ensuring the adequacy and independence of audit.** Although performing well in many respects, several systemic weaknesses in FAO's audit function merit attention. The IEE recommends:

a) preparation of an organization-wide risk-management framework to inform the annual or biennial audit work plan, including the selection of areas to be audited. Priority should obviously be accorded to the areas of highest corporate vulnerability. In particular, since they have not yet been accorded adequate, systematic attention, this would be expected to lead to risk audits in such areas as FAO reserves, liabilities after service, borrowing policies and practices, currency risks and provisioning against arrears. If capabilities for such audits are not currently available in the Office of the Inspector-General, they should be obtained through contracts;

b) the IEE endorses FAO's intention to re-constitute its Audit Committee entirely on the basis of independent external membership. The committee should advise the Director-General but should also report directly to the Governing Bodies. Membership on the committee should be jointly agreed by the Finance Committee and the Director-General;

c) FAO's internal audit work plans should be provided to the Governing Bodies as is called for in the standards of the Institute of Internal Auditors;

d) FAO's Office of the Inspector-General should cease to hold membership on all internal management and administration committees, but should, of course, be called to meetings when the results of any audits are discussed;

e) the Inspector-General submits an annual report on his activities to the Finance Committee at the same time as it is presented to the Director-General. The Inspector-General reports to the Director-General[279] with discretion to submit specific reports to the Finance Committee together with the Director-General's comment. Consistent with the guidance of the JIU, this should be adjusted to afford direct access to the Finance Committee;

f) FAO's External Auditor should be specifically mandated by the Governing Bodies to conduct regular audits of the functions of the Organization's senior management with adequate funding for this work to be assured by the Governing Bodies. The External Auditor should also be mandated to conduct regular oversight reviews of the functioning of internal audit, consistent with best practice;

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[278] Per FC 115/14.

[279] The IEE recommends that this reporting route should be via the proposed new Chief Operations Officer for administrative purposes (see Chapter 6).

g) an FAO ethics committee should be established with a mandate for independent review of any ethical issues brought to its attention, including any resulting from internal audits; and
h) an external peer review of FAO's internal audit function should be conducted at least once every five years.

1215. **Recommendation 7.10: FAO's evaluation function should be made independent**, continuing the line already set by the Governing Bodies in 2003. Institutional arrangements for this should be such as to ensure the responsiveness of the evaluation office to the needs of both the Governing Bodies and management. This would also enable easier integration of the evaluation functions of the three Rome-based agencies should this be agreed upon at a later date. This recommendation includes the following components:

a) establishment of the Evaluation Office as a separate office, with a strong consultative link to management and reporting to the Council through the Programme Committee;
b) establishment of a small expert evaluation panel to provide advice to the Governing Bodies on evaluation policy and standards;
c) the head of evaluation should prepare rolling multi-annual evaluation plans, maintaining the 'demand-led' principle to ensure that evaluation meets the immediate needs of the Governing Bodies and management, while at the same time ensuring coverage of different areas of work and that no significant body of work escapes independent evaluation in the medium term and areas of greatest risk are evaluated. The plans would be reviewed and approved by the Governing Bodies after appropriate consultation, including with management. The evaluation budget, once voted by the Governing Bodies, would be allocated directly to the Evaluation Office. To ensure continued flexibility in responding to management needs, a percentage (possibly 15 percent) of the biennial evaluation budget should be set aside in a reserve to respond to unprogrammed and unforeseen requirements;
d) the classification of the position of the head of the Evaluation Office should be reviewed to ensure it is classified on a par with the heads of evaluation in those other UN agencies with a mature evaluation function. S/he should be appointed by the Governing Bodies, following an open competitive process and screening by a panel including independent evaluation specialists, representatives of FAO management and the Governing Bodies. The Head of Evaluation would be appointed for a fixed term[280] and not be eligible for other appointments in FAO for a suitable period after completion of this assignment. S/he would have the sole responsibility for appointment of staff and consultants, following open and competitive processes and as authorized by Governing Bodies; and
e) the Evaluation Office should have a formal advisory role on: i) programme priorities in the light of overall evaluation results; ii) development of RBM systems that feed monitoring and evaluation, including auto-evaluation; and iii) providing lessons learned in and to knowledge networks.

1216. The effectiveness of these measures would require enhanced reporting to the Governing Bodies and engagement of Members. Measures to enable this are recommended in Chapter 4 on Governance.

1217. **Recommendation 7.11:** Evaluation Budget and Resources. Core evaluation plans approved by the Governing Bodies should be funded adequately. In line with best practice amongst the most mature evaluation services in the UN system[281], independent evaluation budget targets should be set at one percent of the Organization's Regular Budget for independent corporate evaluation, and 0.3 percent for periodic independent thematic impact assessments.

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[280] Practice in IFAD and UNDP suggests that four to six years, renewable once, might be appropriate.

[281] See IFAD, UNDP, and UNICEF.

Further, FAO should maintain its leadership in requiring a mandatory contribution, amounting to approximately one percent of the value of each extra-budgetary contribution, for evaluation purposes. The Evaluation Service should continue to assign highest priority to strategic, corporate-level evaluation and continue to assure full evaluation of extra-budgetary programmes, in line with the new regime approved by the Council in June 2007.

Chapter 8: Administration, Human Resources and Finance[282]

1218. This section of the evaluation deals with the broad area of administration which is handled mainly by the Department of Human, Financial and Physical Resources (AF), Management Support Units/Shared Services Centre hubs of the Regional Offices and, to a lesser extent, by the Knowledge and Communication Department (KC). Work in these areas raises cross-cutting issues which impinge on all aspects of the Organization, including the operation of extra-budgetary projects and of all decentralized offices.

FAO ADMINISTRATION – OVERVIEW

1219. The current structure of the Department of Human, Financial and Physical Resources (AF) involves three principal divisions: Finance (AFF), Human Resources Management (AFH) and Administrative Services (AFS) and the Medical Unit, Security Services and the Shared Services Centre. The structure of the Knowledge and Communication Department involves four principal divisions: Conference and Council Affairs (KCC), Knowledge Exchange and Capacity Building (KCE), Communication (KCI) and Information Technology (KCT). The last major systemic evaluation of FAO administration was carried out as part of the overall review of FAO which took place in 1989[283]. Recommendations were made for more cost-effective operations, including the outsourcing of some specialist services. Since then, some specialized reviews of financial management and financial control at headquarters have been conducted. These reviews covered features of financial control, inventory management, financial reporting of Regular Programme activities and selected extra-budgetary projects, and internal control policies and processes, including to a limited extent efficiency and effectiveness of operations.

1220. In addition, over the past five years, most of the internal audit reports have directly or indirectly reviewed administration, including that of finance and information technology systems. These have included examinations of the budgetary monitoring system, the accuracy of income and expenditure forecasts, the financial monitoring of projects funded through extra-budgetary contributions, the clarity of FAO's accountability for financial administration, the application of lump sums to cover staff travel entitlements, the recruitment and selection procedures for certain staff categories, payments to consultants, the administration of Letters of Agreement, software management procedures and Oracle database security. The IEE reviewed a majority of these reports. In its examination of the audit function of FAO (see Chapter 7), it also undertook more complete reviews of a random selection of audits (see Table 8.1), many of which focused exclusively on administrative matters. These audits highlighted a number of areas of relative weakness and numerous recommendations were made for the strengthening of systems, oversight and reporting.

[282] Background working papers prepared by Teresa Saavedra and Enrique Zaldivar.

[283] FAO Management Review SJS 3/4 of April 1989 which consolidates reports from three separate consulting companies: Touche Ross, the Public Administration Service and Eurequip SA.

Table 8.1: Audit Reports reviewed by IEE			
Year	Subject	Year	Subject
2001	Aspects of information security	2004	Payments to consultants
	Selected aspects of TeleFood		SAFR comprehensive management audit
	Accounts payable unit		Software change control management procedures
	Letters of Agreement RAP		Review of control of non-expendable items
	Use of consultants RLC		Information security
	Information products revolving fund		Financial reporting to donors
	Internal controls over use of Organization's resources		TCOS deficit
2002	Field Bank account reconciliation in headquarters	2005	Financial statement preparation procedure
	Disaster recovery		WAICENT
	Authors contracts – Umbrella report		Management of non-FAO meetings
	Umbrella review of Letters of Agreement		Information products revolving fund
			RAF review of procurement with special focus on IT
2003	Recruitment and selection procedures for professional staff		RAP review of general operations management
	Special review of the Ambassadors' programme		Special Programme for Food Security in Nigeria
	Health and safety in headquarters workplace		Procurement over US$1 million
	TeleFood extra-budgetary funds review of financial management		RLC budgeting
			REU financial procedures
			SLAC performance and comprehensive management
			SEUR performance and comprehensive management
			FAOR Indonesia
			Selected projects in Indonesia

1221. The general picture of the finance and administration function that emerges from the IEE review, including its review of the above internal audit reports, has four main components:

a) FAO's financial, human resources and general administration are highly effective in ensuring the application of approved systems, rules, regulations and procedures. The monitoring and reporting system reflects this. This general conclusion derives especially clearly from the aggregation of internal audit reports. The most notable instances found by the auditor of weaknesses in systems and controls that led to abuse were in the administration of lump sums for entitlement travel and for some medical claims, and these led to recovery and disciplinary action. The scrutiny by the IEE of administrative functions also included a thorough review of systems, including information technology systems, benchmarking of the administration and finance structures and instruments of FAO to those of comparator organizations, and extensive interviews and focus group discussions within FAO. These efforts reinforce the general conclusion above. The management of FAO has taken very seriously – and commendably so - the importance of the fiduciary responsibilities of administration and finance;

b) the second conclusion, however, is that this has been achieved, and is being sustained, by an especially heavy and costly bureaucracy. This bureaucracy is

characterized by: a host of *ex ante*[284] control processes involving review and scrutiny that is required to be completed during the execution of individual transactions and prior to their final approval, entailing staggeringly high levels of overlap, duplication and transaction costs; low levels of delegated authority relative to comparator organizations; and *ex post*[285] requirements. Many of the controls and processes have been instituted in direct response to requirements and demands from FAO Members. The IEE found that financial and administrative services in FAO are expensive, especially in terms of indirect, 'hidden' costs incurred by the user community. This is not to suggest, however, that the administrative staff of FAO are unproductive. The IEE concluded, as did previous independent examinations[286], that staff in the Administration and Finance Department work very long hours on a regular basis;

c) the third conclusion is that the systems that monitor and report on FAO administration are, with very few exceptions, based on 'compliance monitoring'. Insufficient attention is accorded to measuring efficiency or effectiveness. Indeed, few references appear to either of these two factors. The apparent assumption is that compliance with the system equals acceptable levels of both efficiency and effectiveness. Yet the absence of clear norms and standards to determine this leaves the assumption open to question and to easy refutation; and

d) the final conclusion is that, with some notable exceptions such as the Medical Unit and some areas of Facilities Management, there is a general absence of client focus in the administration of FAO. Systems such as Oracle Financials, for example, have responded well to the Administration and Finance Department's needs but have not provided the outputs needed by other users. Most recently, implementation of the Oracle Human Resources system was accompanied by a belated action to address the reporting needs of the user community. IEE focus groups consistently drew attention to the lack of responsiveness to client needs, including general dissatisfaction with the rules applied by the Shared Services Centre along with calls for better integration of client support in the human resources function[287]. IEE visits to Country Offices found concern about a general failure to appreciate the difficulties of staff operating in the field.

Efficiencies and effectiveness

1222. The Organization and its Members can be credited with recognizing the importance of attaining efficiency savings in FAO administration and technical programmes in order to maximize scarce budgetary resources for technical work. Following the guidance of the Council at its Hundred and tenth session, FAO has, since 1994, been pursuing efficiency savings (defined as "reductions in the cost of inputs without material negative impact on the outputs[288]"). It has reported on its achievements consistently to the highest levels of the Governing Bodies.

1223. The Organization can also be commended for taking a number of positive actions. A quantification of savings was presented for information to the Hundred and Nineteenth Council in November 2000 and subsequently reported to the Conference in the Programme of Work and Budget (PWB) 2002-03. The PWB 2004-05 summarized savings arising from efficiency measures implemented from 1994 to publication, totalling some US$120 million per biennium compared

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[284] *Ex ante* refers to approval and control measures applied **before** the event that is subject to control takes place. *Ex post* refers to control and validation measures applied **after** the event that is subject to control has taken place (i.e. retrospective).

[285] See previous footnote.

[286] KPMG Staffing Reviews of AFI and AFF, 2002.

[287] Harris and Brewster, 2003. *Human Resources Planning Workshops, a Report for FAO*.

[288] CL 110/REP, para. 24.

with 1994. The IEE did not try to corroborate the data independently, but no evidence was found in any Governing Body records or external audit reports that challenged these figures. In fact, the report of the May 2005 session of the Finance Committee (paragraph 63) states: "Recognizing that savings estimated at US$60 million per annum compared with 1994 had already been achieved, several Members acknowledged the difficulties in achieving further savings". The report of the May 2005 Ninety-third Programme Committee stated that it "recognized that major savings had been achieved in the recent past and it, therefore, requested that the efficiency savings targets for 2006-07 should be realistic".

1224. In the latter half of 2005, the PWB 2006-07 laid out a new framework for capturing efficiencies, including a focus on productivity gains and the streamlining of administrative and financial processes. This framework aimed at identifying new efficiencies and included five overarching principles: i) all activities to be included; ii) managers set their own targets and are held accountable for delivering and reporting results; iii) appropriate levels of delegation and internal controls defined; iv) effective internal pricing strategy and greater interdisciplinary collaboration; and v) auto-evaluation of all programmes using common criteria and procedures. The IEE acknowledges the commitment of the Secretariat to executing this framework[289], although FAO senior management acknowledges that it has not yet been implemented as intended.

1225. The PWB 2006-07 also set a savings target of 1.0 to 1.5 percent per annum based on the Programme and Finance Committees' advice that efficiency savings targets should be realistic. More recently, the Organization also provided some details on efficiency savings and benefits expected from the Director-General's reform measures that would far exceed the PWB target. Again, to date, not all the measures have been implemented[290].

The cost of administration

1226. Turning strictly to administrative functions, significant realignments of administrative functions between departments and divisions have occurred over the past decade. This has made it difficult to arrive at a one-for-one time series or comparative analysis of the costs of FAO administration. Analysis is further complicated by definitional questions of what is to be included in administrative costs and what is reported in programme or other functions. This issue is common to most organizations of the size and complexity of FAO. For example, some organizations do not include medical services under administration, whereas others do; some distribute the costs of managing buildings and other physical facilities across all departmental units, while others treat these as central administration expenses. The IEE has given consideration to these factors, as well as the upward pressures on administration costs arising from:

a) a sharpened emphasis on UN security and the costs associated with this; and
b) the substantial costs associated with improving information technology systems and the technical servicing that they require.

1227. For the purposes of this exercise, administration is defined as: all of AF Department, but excluding medical, computer, facilities and security costs; external and internal audit; programme and budget but excluding evaluation; and management support services[291]. Examined as a percentage of total FAO appropriations, the administrative cost of total appropriations rose from 9.30 percent in 1994-95 to 9.93 percent in 2006-07 (see Figure 8.1). Relative to the total Regular Programme appropriations, this implies a proportional increase of 6.8 percent in the cost of administration over this time period (i.e. 9.93 divided by 9.30). Thus, during this period when

[289] Both the Programme and Finance Committees of FAO also commended the intended actions to streamline processes and achieve efficiency and performance gains and also noted the innovative proposals made in the PWB document.

[290] CL 131/18, Table 21.

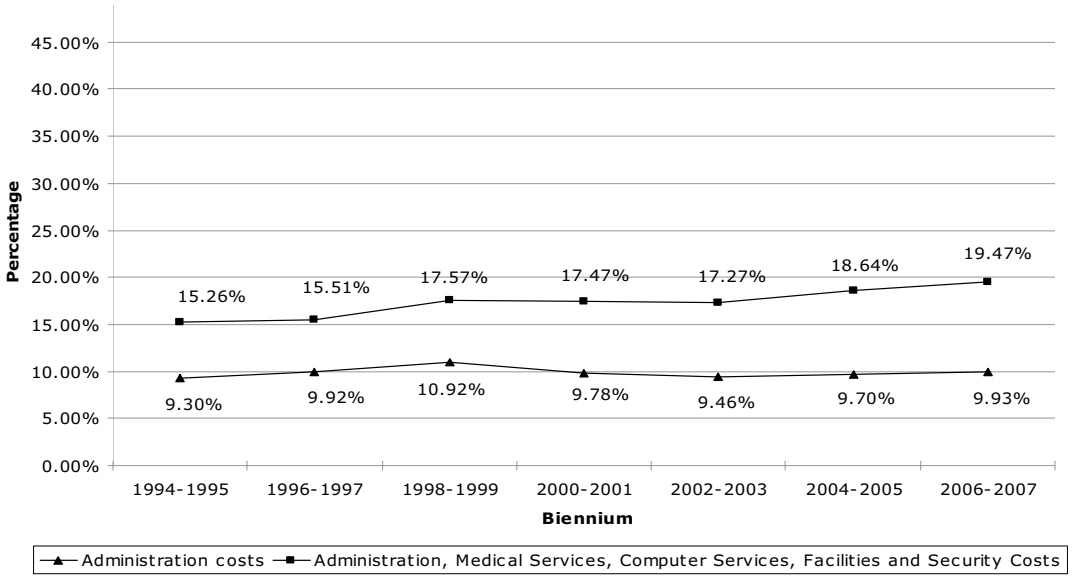
[291] The transfer of the Management Support Units (MSUs) from programme departments to the Administration and Finance Department was also controlled (neutralized) in our calculations.

resources were declining in real terms, administration enjoyed more protection than other areas. In absolute terms, however, administration experienced a real decrease in resources, because the overall appropriations declined by 22 percent in real terms over the same period. The real decline in administration during this period amounts to 20.1 percent.

1228. When medical, computer, facilities and security costs are included, the percentage of total appropriations for administration shows a steady rise between 1994-95 and 2006-07 from just over 15 percent to just under 20 percent (Figure 8.1).

1229. In considering the proportion of total FAO appropriations devoted to administrative costs, some recognition should be given to the progressively more complex environment in which the Organization operates. This includes increased decentralization from 1994 to 2007, as well as more complicated contracting due to a greater number of short-term contracts of smaller average size. This increased complexity has led to measures aimed at strengthening internal controls (e.g. the introduction of the local audit programme in the latter part of the 1990s and the establishment of a Controls Unit in the Finance Division). It may also be argued that consideration of FAO administrative costs should take into account income for administration services that arise from projects (i.e. charges to extra-budgetary projects) and that such income should be shown as offsetting (i.e. reducing) the costs of administration. In the view of the IEE, project income fluctuates and its inclusion can result in consequent fluctuations in reported administrative costs. Furthermore, extra-budgetary project activity has also declined in real terms over the period, even taking into account the increase in funding for emergency and rehabilitation activities. Thus, while the exclusion of revenue from extra-budgetary project activity may affect the absolute percentages in the graph below, it nevertheless remains a representative indicator of the trend during this time period.

Figure 8.1: Administrative appropriations as a percentage of total appropriations



1230. During the same period, the proportion of FAO's Regular Budget for the immediate Office of the Director-General, comprising the Director-General, his immediate staff, the Cabinet of the Director-General and the Office of the Deputy Director-General, has risen from 0.7 percent of the net appropriation to 1.0 percent.

1231. Moreover, transfers between FAO budget chapters, which require approval by the Finance Committee, indicate a trend of funds moving from programmes to meet administration costs (see Table 8.2).

1232. In addition, the IEE workload analysis and focus group discussions point to upward pressures in administrative costs. An illustration of such pressures, coupled with a continuing

propensity to assign administrative tasks to technical divisions (see Table 8.3), can be seen in a recent independent study of the Organizational Design of the Human Resources Management Division by Accenture, the international management consulting firm. The study found that the division's efforts were directed very disproportionately to routine and transactional tasks. It recommended that efforts be re-focused to emphasize strategic and upstream aspects of human resources management and administration. The IEE welcomes and fully agrees with this finding.

1233. While early discussions of the Accenture report suggested that the transactional workload would continue to be met by the Administration and Finance Department, the latest proposal suggests that much of this burden would instead be delegated to FAO technical departments. If this is done, one good idea (refocusing the work of the Human Resources Management Division) could be counteracted by a questionable step - a *de facto* but "hidden" increase in overall administration costs through the transfer of routine administration to technical divisions. The new business model is only viable if the transactional processing work in technical divisions is more than offset by aggressive and documented streamlining measures. These should be designed to reduce *ex ante* controls, and every possible opportunity should be exploited to eliminate transaction processing functions, where the benefits are outweighed by the as yet unquantified indirect costs.

1234. The IEE concludes that the impact of the overall decline of 22 percent (in real terms) of the FAO Regular Budget (1994-95 to 2006-07) has fallen more heavily on the technical departments of the Organization than on administrative units.

Table 8.2: Transfers between chapters of FAO PWB

Biennium	Transfers from		Transfers to	
	Programme	US$'000	Programme	US$'000
2006-2007 (Forecast - to be presented and approved in September 2007)	Sustainable Food and Agricultural Systems	700	Corporate Governance	300
			Knowledge Exchange, Policy and Advocacy	1 100
	Decentralization, UN Cooperation and Programme Delivery	5 000	Management and Supervision Services	2 000
			Capital Expenditure	2 300
2004-2005	General Policy and Direction	300		
	Technical and Economic Programmes	2 540	Cooperation and Partnerships	1 540
	Support Services	50	Common Services	1 350
2002-2003	Technical and Economic Programmes	5 800	General Policy and Direction	100
	Technical Cooperation	300	Cooperation and Partnerships	6 000

Table 8.3: Proportion of time staff spent on technical cooperation, normative activities and administration by location						
Staff by location	2000			2005-06		
	Technical Cooperation	Normative	Administration	Technical Cooperation	Normative	Administration
HQ technical departments	19%	56 %	25%	20%	42%	38%
Regional and Subregional Offices	21 %	27.5%	51.5%	25%	32%	43%
FAO Representatives	27 %	40%	33%	27%	35%	38%
Country Office staff	12 %	22%	66%	12%	23%	65%

Accountability, transparency, trust and delegation

1235. In any organization, issues of accountability, trust and delegation are mirrored in its administration. Different types of administration produce different cultures of trust and personal responsibility within organizations. As measured by the Booz Allen Hamilton profiler (see Chapter 6), the current culture of FAO is characterized by low levels of trust and personal responsibility. Many routine processes in FAO require high-level approval. For the most part, any new initiative however modest, and any policy enhancement however small, come to be associated with the Director-General. Responsibility and accountability are delegated upwards to the highest levels. Collective 'ownership' is low.

1236. An IEE analysis confirmed that division directors have few independent powers of decision-making. The framework within which they function makes them inherently risk-averse and they routinely assign accountability to levels above them in the FAO hierarchy. In another example, Assistant Directors-General (ADGs) do not have authority over their own business travel. The recent increases in delegated authorities to FAO Representatives (FAORs) still require headquarters approval of individual recruitments into positions graded at the G5 level and above[292]. This is explained as being a necessary response to pressures on FAORs from governments to appoint unqualified individuals. While understandable, this adds to cost-inefficiency. A preferred approach would be to delegate this authority within a framework of a transparent and fully accountable recruitment process.

1237. Division directors cannot appoint consultants paid more than US$380 per day and ADGs cannot appoint consultants paid more than US$480 per day. Appointment of retirees and anybody over 62 who is to be paid more than US$150 a day (there is a sliding scale for FAO retirees) must be cleared by the Director-General. The selection of all professional-level staff still requires similar final clearance. Further down the decision chain, low levels of accountability and trust are exemplified by the fact that many administrative documents require an extraordinary number of signatures to be processed. For example, six signatures are needed on an overtime request, seven on a Regional Office travel request, rising up to 15 on a Letter of Agreement. Excessive sign-off requirements on such documents send strong negative signals throughout FAO about trust and responsibility.

1238. The FAO Manual does not reflect current "best practice" in the development of an organization's rules. This approach strives for simplicity in defining entitlements and avoids

[292] OCD Circular No. 2007/1. Guidelines for the implementation of the new policy for the recruitment of general service staff.

encumbering the rules with procedural elements, thereby introducing flexibility in the management of rules. Many FAO staff, including managers, commented on this in IEE interviews, sometimes pointing specifically to out-of-date rules and regulations that are unsuitable for today's environment. Box 8.1 provides some illustrations of this.

Box 8.1: Examples from FAO Manual Sections (MS)

- MS 317 (Consultants) includes two full pages on appropriate travel arrangements, including seven clauses covering excess baggage entitlements.
- MS 425 (Transportation of Decedents) contains three pages of detail, covering decisions in a situation that requires considerable flexibility to respond to particularly stressful circumstances. One example suffices: clause (e) approves "Transportation of the remains overland by hearse when public carriers are not available or practicable (including the cost of ferries and bridge tolls)." In the Inter-American Development Bank, by comparison, the need to cover additional travel entitlements upon death is dealt with in one paragraph setting a reasonable financial envelope within which all subsequent decisions can be made flexibly by line staff.
- MS 450 (Travel) includes copies of all forms used for travel.
- MS 501 (Requests for Equipment) Appendix A specifies down to the level of "coat stands" the items that each defined level of staff member can have in their offices.
- MS 119 (Delegation of Authority) – Appendix D consists of 71 pages of delegations, covering all possibilities that can be thought of, rather than being principle based. There are, for example, four different authorities for determination of "salary level on change to a lower grade", which should be a rule-driven decision requiring little judgement. If a "default level " of authority were to be assumed (e.g. division director) only those decisions needing higher levels of approval need be specified and the delegated authority could then delegate downwards, if appropriate.
- MS 317 (Consultants) agreements are rigidly defined so that only individuals can be contracted, despite the fact that in many tax jurisdictions it is entirely legal for individuals to incorporate themselves for tax purposes. The process for agreeing contracts with "incorporated" individuals requires high-level approval, rather than line management judgement. Furthermore, rigidity in defining fee rates (daily, monthly or piece work only) restricts flexibility and can result in losses for FAO. For example it is possible to get consultants to bill on the lower of either a lump sum or a fixed fee or on a combination of both but FAO rules do not accommodate these possibilities.
- MS 348 (Staff Facilities) covers such issues as the direction of traffic flow on FAO premises, opening times for vehicle entrances, how to open a bank account and the specific location of bulletin boards. In other organizations, these items are dealt with in informal circulars/brochures.

1239. The high degree of centralized decision-making in FAO increases administrative costs and detracts from a climate of trust and individual accountability within the Organization. The lack of effective delegation in FAO has been a constant finding in recent FAO evaluations[293]. It is also exemplified by the table comparing the retention of authority by the Director-General in the human resources area with other organizations (Table 8.4). It shows substantially less delegation than in comparator organizations. Additional illustrations of very low levels of delegation compared to other organizations include:

a) the Director of FAO's Human Resources Division cannot separate any local staff member without approval from the Director-General. UNDP, which has one of the largest complements of local staff in the UN system, leaves all such decisions to its Director of Human Resources;

[293] For example, the Independent Evaluation of Decentralization (2004), the Real-Time Evaluation of the FAO Emergency and Rehabilitation Operations in response to the Indian Ocean Earthquake and Tsunami (2007), the Multilateral Evaluation of the 2003-2005 Desert Locust Campaign (2006) and the Independent Review of the Technical Cooperation Programme (2005).

b) a relatively routine function of human resources in other organizations, approval of annual leave carryover beyond 60 days, is not delegated to human resources staff, but requires approval at the level of the Director-General;

c) the results of recruitment processes for professional grade positions, together with recommendations and supporting documentation, are sent to the Office of the Director-General for decision. In 2005, the Director-General's office did not select the first short-listed candidate in 6 of 36 cases or 17 percent. In 2006, the figure declined to eight percent; and

d) the delegation of authority to sign Letters of Agreement by division directors and ADGs is US$50 000 and US$200 000, respectively. Beyond this level, they are sent to the Office of the Director-General for approval.

Table 8.4: Human resources authorities not delegated below Director-General or Deputy Director-General

Area	FAO	UNESCO	WHO	OECD	IMF
Posts	2	4	1	3	3
Appointment	13	8	2	2	4
Other personnel actions	4	2	4	3	2
Termination	10	5	2	6	4
Disciplinary measures	3	4	3	4	2
Consultants	5		2		
Other	7	2			3

HUMAN RESOURCES ADMINISTRATION

1240. The core human resources function in FAO is conventionally structured. There are three services/groups dealing with human resources development (classification, recruitment, performance management and training); systems and social security (salaries, pensions, medical insurance and information technology); and a small group working on policy/legal issues. In addition, a temporary project team developing the new, Oracle-based human resources system (HRMS) also reported to the Director of Human Resources and the Director of the IT Division. The pool of standby temporary assistance for the whole of FAO (TAP) was until recently operated by the Human Resources Division (AFH), but is now split between AFH and the Shared Services Centre.

1241. FAO operates its human resources policies in an environment similar to that of many other international organizations, with tight budgets, increasing use of short-term contracts and a heavy reliance on IT systems. It is also subject to the decisions of the General Assembly, the International Civil Service Commission (ICSC) and case law of the ILO Tribunal concerning the UN common system. This severely constrains FAO's flexibility to develop human resources policies able to respond to rapidly changing needs and external market conditions.

1242. The IEE review of the human resources function in FAO yields a picture of a Human Resources Division comprised of many competent and dedicated staff with ideas for improvement who are often as (or even more) frustrated by current systems and their application than

programme staff. The IEE focused on six major areas in its review of human resources: recruitment and appointment; performance appraisal; incentives; delegation of human resources functions; contracting modalities; and staff servicing/client relationships.

Recruitment and appointment processes

1243. Government representatives, FAO staff and managers almost universally describe FAO's recruitment and appointment processes as slow, complex and overly centralized. Managers seem slow to initiate recruitment actions largely due to budgetary uncertainties, but even taking these into account, FAO processes are slow. An average target of 140 days to complete a standard recruitment was established in 2002[294], but it has never been met[295]. The last available figure from the Human Resources Division indicated an average of about 190 days. Four comparator organizations (UNESCO, WHO, IMF and OECD) have fewer transaction steps than FAO recruitment, especially following receipt of applications. In contrast to its comparators, FAO's Director-General approves all professional appointments. This requires that salary negotiations be delayed until he has approved the candidate[296]. Furthermore, departments have to list, and give reasons for rejection, of all candidates who have applied for a position even if they are clearly unqualified. In many cases, hundreds of applicants have to be registered into the system and accorded this treatment, including an acknowledgement from FAO. This is onerous work without any value added. In other organizations, vacancy announcements usually state that only those candidates being considered for the short list will be contacted.

1244. Position vacancies are generally posted on either or both the FAO intranet and internet, and a few vacancies are also advertised internationally. This practice, however, suffers from inconsistencies and only recently has FAO begun advertising for very senior-level positions. In this regard, it is becoming common UN policy and practice to ensure the greatest degree of transparency and independence in recruitment, including using independent consultants to carry out reference checks against specific and elaborate competency profiles. Also, in at least some recent cases of agency recruitment at Deputy Director-General and ADG levels (e.g. in IFAD), independent external panels have been used to interview candidates and make recommendations to the chief executive. FAO has begun to move in this direction by advertising ADG positions, but has yet to consider the further steps of independent and systematic verification of the suitability of candidates or of formally applying such competency profiles as a basis for selection.

1245. The IEE developed a broad classification of assessed competencies based on the *curriculum vitae* of all current FAO staff at the director level and above. The results are especially impressive in their prior experience in managerial positions and their technical qualifications. It should be noted, however, that only two of the currently serving Regional Representatives had previous FAO experience and only two had substantial international experience.

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[294] FC99/10, May 2002.

[295] Recruitment of Professional Staff, Audit Report 2203, 2003.

[296] Also commented upon in Recruitment of Professional Staff, Audit Report 2203, 2003.

Table 8.5: A competency classification of current FAO managers (Directors and above)

Frequency	Understanding FAO mandate and its global context			Planning, organizing and delivering quality results	Technical competency	
	FAO experience	Previous work experience with other intl. dev. agencies	Main background	Previous work experience in managerial positions	Qualification for the job	PhD
HQ ADGs (9)	2 (22%)	3 (33%)	5 Government (56%) 2 FAO (22%) 1 Academic (11%) 1 Lawyer (11%)	9 (100%)	8 (89%)	2 (22%)
Regional Reps. (4)	2 (50%)	2 (50%)	4 Government (100%)	4 (100%)	4 (100%)	4 (100%)
Directors (27) (D2)	18 (67%)	11 (41%)	8 Government (30%) 6 Academic (22%) 5 FAO (19%) Other (29%)	24 (89%)	24 (89%)	14 (52%)

1246. FAO Representatives are the Organization's front line and a similar examination of their *curriculum vitae* produced far less impressive results. This was especially true for prior international experience and knowledge of FAO's work, both of which the IEE considers as critically important criteria for these positions. Around 35 percent of serving FAORs had no experience outside their own countries before becoming FAORs and 69 percent had little or no prior significant FAO experience. This indicates that little has changed since the Evaluation of FAO's Decentralization in 2004, which found that "Fifty-six percent of FAORs had never worked in FAO headquarters or a Regional Office, which diminished their immediate knowledge of the Organization[297]". The decentralization evaluation also concluded that previous FAO experience should be given highest priority in FAOR recruitment, as without it, the work and effectiveness of an FAOR was severely constrained. IEE findings strongly underscore this conclusion.

1247. A strong and consistent perception, expressed in IEE interviews with FAO staff and many Permanent Representatives, was that the appointment process for FAO Representatives lacks transparency and results in politicized appointments. In 2003, FAO placed a generic vacancy announcement for FAORs on its website and since July 2004 these posts have been advertised. These advertising steps have not, however, reduced strong perceptions of a lack of transparency given subsequent procedures for selection.

1248. The decentralization evaluation also found that: "FAO selection procedures for FAORs … have not been fully open and competitive. This reduces the extent to which recruitment and transfer systematically match selection criteria against competencies…". If these posts were part of career development that moves technical staff from headquarters to the field and *vice versa*, it could be entirely a matter of standard practice not to advertise. In the case of FAO, however, rotation is neither policy nor practice. Although the percentages have modified slightly over time,

[297] Independent Evaluation of FAO's Decentralization, 2004, p. 61.

the general pattern shows that only about 30 FAOR positions are filled with FAO staff. The remainder are recruited from elsewhere. This, coupled with the non-transparent character of the process followed, contributes to the perception of the posts being filled with "political appointees". In 2006-2007, 17 FAOR positions were filled, of which five were FAO staff.

1249. These concerns are not intended to suggest that FAORs are underperforming, although evidence gathered in the IEE country visits did raise questions in this regard. It does indicate, however, that the recruitment and appointment process is not guided by consistent and transparent norms, standards and competency profiles. There is nothing in FAOR selection to compare with the rigorous and independently-driven review process that now applies to the selection of UNDP Resident Coordinators. The IEE's review also suggested some possible weighting of selection factors towards candidates from a political background. While an effective process does not always produce the best outcome, it does increase greatly the probability of such a result.

1250. In 2005, FAO took a first step to improve the recruitment process by adopting an FAOR competency framework. It is, however, exceedingly broad and rudimentary. Much greater precision is needed to guide selection and future regular performance evaluations. It is at best a rough first guide that calls for four main competencies: representing FAO, ensuring an active field programme, facilitating and coordinating emergencies and managing the Country Office and security effectively. This requires considerable elaboration, including additional categories (e.g. international experience; knowledge of the international development system; specialized knowledge of FAO, its products and capabilities; technical competencies; and capacities in policy and strategy development), the measures or metrics to be applied to each category and, where appropriate, the respective weights to be placed on each.

1251. More broadly, a clear and transparent policy for the recruitment and appointment of FAORs should be formulated and promulgated. It should include the elements of existing and emerging best practice in the United Nations system, including open international advertising, the independent vetting of applications and interview panels that include external specialists. Although expensive - and because of this perhaps requiring modifications - the current UNDP recruitment policy for resident coordinators is a useful model to follow.

1252. Recruitment and appointment processes need also to take into account the objectives of equitable member country representation and gender balance. Both issues have been the subject of several internal reports to the Governing Bodies[298]. The FAO principles of member country representation were originally established by the Twenty-seventh Session of the FAO Council in 1957. FAO's 2003 Conference adopted a revised formula based on that implemented by the UN secretariat and several organizations of the UN common system. Under the new methodology, the weighting ascribes 40 percent of posts distributed on the basis of membership, five percent on the basis of member country population, and 55 percent in proportion to the Scale of Assessments.

1253. Geographic representational balance in FAO has improved greatly since 1994[299] as a consequence of deliberate recruitment efforts. The impressive gains made have, however, often involved significant costs measured in time taken to fill vacant posts and consequent productivity loss. More seriously, there is also evidence that the strong emphasis placed on representation by all member countries has also reduced competency. The IEE supports strongly the importance of equitable regional balance, but is also of the view that an over-emphasis on achieving recruitment from individual (especially small) countries with limited pools of qualified applicants can be damaging.

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[298] Most recently, CL 127/6 for geographical representation and FC 115/15 for gender balance.

[299] See, for example CL 124/15, June 2003 and the Programme Implementation Report 2004-2005, C 2007/8.

1254. Progress on improving geographic representation is reported monthly to Member Nations and progress on achieving gender balance is reported annually to the Finance Committee. (Further analysis of the gender balance follows below.)

1255. In sum, while there are indications of recent improvements, FAO human resources policies and practices in recruitment and appointment are slow, burdensome and costly relative to comparators. In some respects, they also suffer from insufficient transparency. An average of 190 days for recruitment - and even the unattained 140-day target previously set and now abandoned in practice must be viewed as unacceptable to the Organization.

Gender balance

1256. As in the UN system as a whole, FAO has a low proportion of women in management positions and higher professional grades (see Table 8.6). Women are also more commonly found in administrative and language-related functions. The other Rome-based agencies have progressed faster than FAO, although it should be noted that they have been in expansion, while FAO has been in contraction. For example, the number of female deputy country directors in WFP grew from under 13 percent to 28 percent between 2003 and mid-2006, while 40 percent of WFP's Deputy Regional Directors were female in 2006.

Table 8.6: Comparative Staffing Statistics

(Female-Male, January 2005)

Post	**Of which female in 2005 (%)**
Directors and above	12%
P5-P4	20%
P3-P1	46%
NPO	20%
APO	52%
Professional - headquarters	31%
Professional – offices	14%
General service – headquarters	73%
General service – offices	55%

1257. A CGIAR study of the recruitment of women professionals concluded that educational specialization is not a real barrier to recruitment[300]. The study found two critical factors for women deciding to apply for a position: the location of the institution and the image that the institution projects of seriousness with regard to gender balance. Location is unlikely to be a major disincentive as far as FAO headquarters is concerned (as the other Rome-based agencies have shown). It may, however, act as a more significant deterrent for field posts, although WFP has achieved increases that suggest that this is not an insurmountable barrier. The image of the Organization seems highly relevant, sometimes compounded by that of particular technical

[300] Ladbury, *Strengthening the Recruitment of Women Scientists and Professionals at the International Agricultural Research Centres*, CGIAR 1993

sectors (see also Chapter 6 on Culture). The FAORs play a crucial role in shaping the direction and image of the Organization around the world. As of April 2007, only 20 percent were women (see Table 8.7).

Table 8.7: FAORs by gender[301]		
FAOR – Women	**Number of females[302]**	**Proportion (%)[303]**
Africa	7	20%
Asia and the Pacific	3	18%
Latin America and the Caribbean	3	17%
Near East	1	11%
Europe and Central Asia	1	50%
Total	**15**	**20%**

1258. All key informants to the IEE believe that FAO needs to reach out to potential female professional applicants in recruitment and internal promotion, which it has not yet done systematically. Despite some laudable efforts to ensure there are women candidates for senior management positions, other measures, such as setting targets for individual departments and introducing a wider range of policies for flexible working arrangements have not yet been taken. The plans of 2004 were shelved in the light of recruitment freezes. However, initiatives have been taken in some divisions to use more rigorously the opportunities already within existing policies and the Organization's staff rules to enable a better work-life balance for their staff (see box below).

[301] Source: OCDO, updated to April 2007.

[302] The calculation of NUMBER was made on the basis of the actual filled posts, i.e "FAO Country Representation + Regional Office Representation" counts as one. For the same reason, double accreditations have not been included.

[303] The calculation was made on the basis of the posts currently filled, i.e. FAORs ad interim have not been considered.

Box 8.2: An FAO divisional initiative to improve gender balance

In the face of low recruitment levels and concern that 74 percent of women staff had left over 15 years, after staying an average of 4 years, the Investment Centre conducted an internal study in 2005 into measures to increase and retain women professionals. It found that the main problem was lack of satisfactory work-life balance. In the previous 5 years, all the professional women with small children or wishing to have children had opted either to leave TCI or shifted to a job requiring limited travel. By the nature of its work, the Investment Centre is one of the units most demanding of long-term travel. The overall amount of travel (upwards of 100 days per year), length, type and unpredictability were major causes of problems. In late 2005, IC management proposed to "encourage an environment that supports job task flexibility" and that (most importantly) "Career prospects will not be penalized if staff opt to maintain an appropriate balance between their work and their family/private life, providing that the arrangements agreed with the concerned service chief are appropriate and reconcilable with division requirements and in accordance with FAO rules." This meant specifically compensation for work during weekend days while on duty travel, giving or assisting staff in finding flexible working arrangements including teleworking, a ceiling of 90 work days outside Rome, and better mission planning.

1259. The turn-over rate for women in 2005 was lower for women than for men, which is positive. The reasons for the turn-over that exists are not fully known because the policy of conducting exit interviews is not implemented. The IEE has therefore relied on the experience of staff and managers expressed in the IEE gender survey and interviews, compared with lessons from other UN organizations and emerging best practice.

1260. The IEE gender survey and interviews demonstrated that work-life balance is widely considered to be the key to attracting and retaining more women professionals. More flexible working arrangements, better child-care facilities and policies on career development are closely inter-linked. Forty-seven percent of respondents to the staff survey indicated that FAO's practices do not take adequate account of the needs of staff who are parents, even to the extent that existing policies permit. This is felt more strongly by women (66 percent) than men (56 percent) and by professionals (66 percent) than general service staff (54 percent) and by those stationed at headquarters (69 percent, compared to 51 percent in the field). Almost 30 percent of written comments to the staff survey concerned 'family policies' (including increased opportunities for working part-time, leave without pay and child-care facilities).

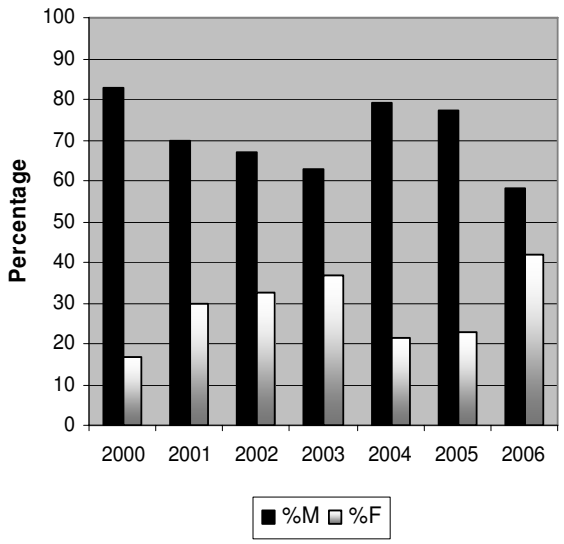
1261. This echoes WFP's experience. Aside from WFP's high percentage of emergency and insecure settings (which does not apply to FAO to the same extent), the other key common factor perpetuating gender imbalance was found to be family obligations, with working parents, especially mothers, often feeling they have to choose between their children and their jobs.[304]

1262. Beyond recruitment, internal promotion is also an important means to achieve gender balance. Figure 8.2 shows significantly more promotions of men in the higher graded functions and of women in the lower professional grades.[305] (The figures also show no attempt to redress the inverse gender imbalance in general service positions – charts not shown).

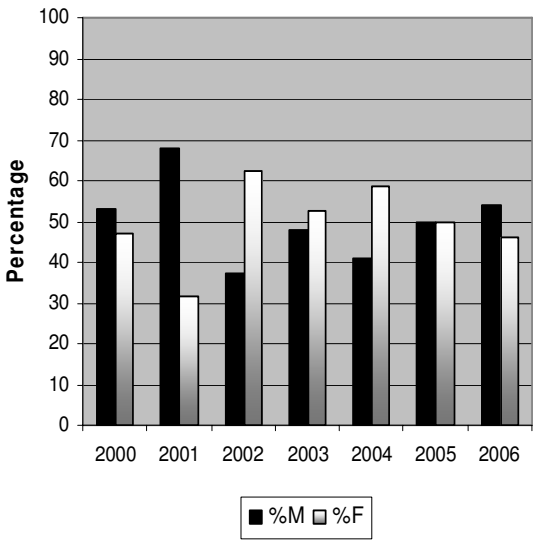
[304] WFP. 2006. *Comprehensive Human Resources Review.*

[305] Source: AFH, April 2007, 'Promotions for Continuous and Fixed-Term Staff (including Directors and Professional and General Service staff, excluding Field Project Staff).

Figure 8.2: Promotions by gender (P4-P5)



Promotions by gender (P1-P3)



1263. By comparison, in the UN system as a whole, women accounted for 43 percent of promotions in 2003-04 and 38 percent in WFP, increasing to 45 percent in 2005. This may underpin the perception among 64 percent of respondents to the IEE Gender Survey (68 percent at headquarters and 58 percent in the field) that men are favoured over women in promotion. This rises to 79 percent of women respondents. However, figures from FAO's Human Resources Division show that in fact the proportion of female staff promoted to the ranks of ADG, D-2 and P-5 was either equal to or greater than the proportion of male staff promoted to these grade levels during the period 1998 to 2006. This implies that recruitment and, to a lesser extent, retention are the greater challenges.

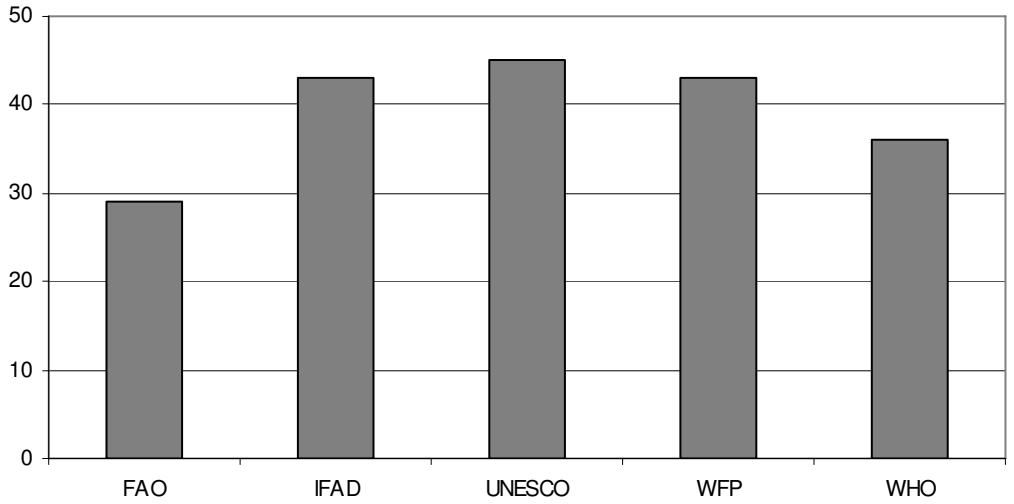
1264. Following work on a Human Resources Management Model, in March 2007 the Human Resources Division appointed a full-time consultant to develop a Gender Plan of Action on Human Resources. The plan is intended to include ongoing tracking of recruitment and promotions. The provisional aim is for the plan to be presented for adoption in the fourth quarter of 2007. The IEE finds this an encouraging step.

1265. On balance, the FAO picture of gender balance is disappointing at higher professional and managerial levels, although the Organization has no doubt been hampered by being in contraction. In 2004, FAO ranked 21st out of 28 UN agencies in achieving professional staff gender balance,[306] although this was a modest improvement over 1996 when it was 25th. In 2005, FAO remained below the main IEE comparator agencies, including the other Rome-based agencies whose gender targets are also more aggressive than that of FAO (see Figure 8.3[307]). The lag in FAO's performance on achieving gender balance among professional staff is obscured by the fact that the figures for general service staff display an almost equal, but opposite, gender bias, particularly acute at headquarters (73 percent women, compared to 59 percent in other offices).

[306] Human Resources Network of the UN System Chief Executives Board (2004).

[307] Personnel Statistics CEB/2005/HLCM/29 September 2005.

Figure 8.3: Comparison of percentage of female professional staff in 2005



1266. There is evidence that improving member country representation has been given higher priority than gender parity. In recent years, there has been a proactive recruitment strategy targeting under-represented countries[308]and an almost four-fold increase in applications for professional posts from under-represented countries between 2005 and 2006. By contrast, applications from women for professional posts where a proactive recruitment strategy is lacking increased by only 3 percent and the percentage remains low at 28 percent.

Contracting modalities: incentives and disincentives

1267. The uncertain nature of FAO finances and the new and changing demands placed on the Organization require an agile, flexible and adaptable FAO, while always adhering to its mission and emphasizing its core competencies. The Organization's human resources administration must be an integral part of this, but to do so, it will need to develop strategic and foresight capabilities to help to connect the Organization to the best international talent pools available. It must develop the contractual instruments required for effective and efficient access to those pools in a way that contributes to FAO's integration into a wide knowledge network.

1268. FAO's senior management is fully aware of this need and has begun to examine alternative modalities that would permit increased staffing flexibility to respond to shifts in technical competency requirements and geographic placements. The examination of such modalities, although still very much at an outline stage, is entirely consistent with the proposals put forward in three Joint Inspection Unit (JIU) reports issued in 2004[309] regarding effective implementation of results-based management, and by the Secretary-General in his report, 'Investing in the United Nations'[310]. The proposal included:

a) a move towards greater use of call-down contracts (i.e. a contractual arrangement for the services of consultants in which fees have been pre-negotiated and agreed and which stipulates a minimum number of days per year);

[308] AFH – Human Resources Management Division "Professional Recruitment Volume & Diversity 2005".

[309] The three reports are summarized in Overview of the Series of Reports on Managing for results in the United Nations System, JIU/Rep/2004/5.

[310] Investing in the United Nations for a Stronger Organization Worldwide, Report of the Secretary General, March, 2006.

b) new policies that would specify a proportion of staff for whom indefinite or continuous contractual arrangements would not apply; and
c) the definition of the budget needed for staff changes to ensure availability of key skills, to align competencies with programme priorities and to address consistent underperformance.

1269. The IEE strongly urges that a comprehensive analysis of such proposals be undertaken, including a careful examination of their costs and benefits. If FAO were to make greater use of call-down contracts – which would provide major benefits - the need for continuity and institutional memory would require a judicious balance between short-term and indefinite or continuous staff. This approach should significantly blunt Members' distress over FAO's slow and cumbersome response and delivery performance. Coupled with new financial arrangements to permit flexible staff adjustment, and a mechanism for systematically linking FAO to wider knowledge networks, FAO would be better able to act on the basis of strategy and new strategic choices, and to chart new directions responding to new realities and the needs of Members.

1270. Any new policies need to take account of the policy framework set by the International Civil Service Commission and the ILO Administrative Tribunal, as well as local practices. Legal advice should be sought to clarify FAO's latitude in offering new types of contracts, such as one that is clear regarding the time-bound nature of the service.

1271. FAO has been downsizing consistently over the past 16 years. Since 1990 the average annual staff reduction (Regular Programme budget) has been 1.6 percent. The total reduction over the period is 25 percent. Since 1998 the FAO has paid about US$35 million for redeployment and separations[311]. Staff funded from extra-budgetary activities decreased by 67 percent between 1990 and 2006, a reduction of over 4 percent per year. As shown in Table 8.8 for example, between 1998 and 2007, 120 encumbered posts were abolished per biennium through downsizing, but fewer than half of these were through agreed (i.e. negotiated) terminations. Moreover, the percentage of agreed terminations has fallen steadily over the past four biennia to only 21 percent in 2006-07. This indicates strongly that the incentives stipulated in the current standard package of termination indemnities[312] are inadequate. This was confirmed in IEE interviews with professional staff. The IEE recommends a thorough review of the package and adjustments[313].

[311] FAO management advised the IEE that most of this had been proactively managed and programmatically linked. Although we were obviously not in a position to validate this claim, we believe it to be valid.

[312] As stipulated in Staff Regulations 301.15.1 and 301.15.2.

[313] The UN Secretary-General anticipated buyout costs of approximately US$100 000 per staff member (para. 92) of 'Investing in the United Nations', but this should be examined against practices in other organizations, including the International Financial Institutions.

Table 8.8: History of agreed termination and redeployment costs					
Description	**1998-99**	**2000-01**	**2004-05**	**2006-07**	**Overall Average**
GS encumbered abolitions	141	88		87	
Prof encumbered abolitions	9	21		67	
Total encumbered abolitions	**150**	**109**	**65**	**154**	**120**
GS agreed terminations	115	49	14	30	52
Prof agreed terminations	6	9	1	2	5
Total agreed terminations	**121**	**58**	**15**	**32**	**57**
Redeployment Cost (in US$ 000s)	3 600	5 100	2 700	9 900	5 325
Agreed termination cost (in US$ 000s)	6 800	3 300	1 100	2 500	3 425
Total Cost	**10 400**	**8 400**	**3 800**	**12 400**	**8 750**
Avg % of cases resolved through agreed terminations	*81%*	*53%*	*23%*	*21%*	*47%*
Avg agreed termination cost (in US$ 000s)	*56*	*57*	*73*	*78*	*61*
Avg cost per encumbered abolition (in US$ 000s)	*69*	*77*	*58*	*81*	*73*

Note: encumbered abolitions of FAOR GS posts are excluded from the figures

Source: 1998-99, FC 90/5; 2000-01, FC 99/2; 2004-05, FC 113/2; 2006-07, FAO estimates

1272. FAO (particularly in headquarters) has a bewildering number of different contracting modalities used to secure personnel services. In 2001, the External Auditor commented upon this fact[314]. Yet, apart from consolidating some types of contract into a generic *pro-forma* with different sub-conditions, not much has altered in the interim. Many of these modalities are more 'variations on a theme' than distinct types of contracts, but there remains nevertheless a need for rationalization. Moreover, while contracts must reflect the types of services being provided, the absence of a reasonable degree of consistency in contracting modalities involves very high costs to FAO contract administration. As noted by the External Auditor, this situation also makes it difficult to determine the number of ancillary personnel hired and for how long, thus establishing an unknown contingency liability to the Organization.

1273. If FAO is to secure the services of high calibre professionals as consultants, it will need to provide remuneration that is market-rate competitive. A recent market survey of consulting fees shared in confidence with the IEE by a leading international financial institution, showed that consultants in the agricultural sciences command mid-point salaries higher than the maximums of US$380 (which can be authorized by a D2 manager) and US$ 480 (which can be authorized by an ADG). Complicating this further are the requirements of the Technical Cooperation among Developing Countries programme (TCDC). It may sometimes allow expertise of high calibre to be obtained at reduced cost but is generally inflexible and assumes that developing country consultants of the same calibre will work for considerably less than their developed country counterparts. The IEE country visits also confirmed that FAO is seen as consistently paying national consultants at lower rates than other agencies and is thus not competitive.

[314] Report of the External Auditor for 1998-1999, CL 2001/5, para. 113.

1274. A recurring theme expressed by FAO programme managers (in IEE interviews) was that: i) they encounter major difficulties in identifying the best and most appropriate consulting talent available (i.e. FAO rosters do not readily furnish this information); ii) below market rates pose serious difficulties and disadvantages to the Organization; and iii) the procedures for exemptions to permit payments above the listed maximum require the Director-General's approval and are exceedingly burdensome, time consuming, of uncertain outcome and, in the words of one manager, "professionally embarrassing".

1275. FAO managers also complain that "artificial" limitations to certain contract types produced problems of quality in FAO delivery. Some limits have been created, so that shorter-term employees cannot "drift" into long-term relationships with FAO, thus acquiring rights by default. Other limits are the result of developing a set of rules around PSA agreements that are insufficiently flexible to deal with modern work practices. For example, part-time employment is difficult to accommodate and in October 2006 a large number of employees were due to be terminated as their contracts all reached the four-year limitation set for PSA subscribers. Consultants and other short- and medium-term employees, who frequently have similar functional relationships to FAO, have artificial contract differences. If market rates were being paid, these should not be needed. They include consultants being considered as internal applicants for staff positions, differing levels of medical examinations and health coverage. In practical terms, it is in FAO's best financial interests to always use consultancy contracts over PSA contracts as they fall under the Convention on Privileges and Immunities. This allows FAO to contract for net salary payments and issue them with a Laissez Passer for mission travel.

Table 8.9: Historic pay movement of staff and consultants[315]

Year	Base salary P1 Step I with dependents $	Base salary D1 Step I with dependents $	Level C Consultant monthly rate $
Percent change (2005 over 1981)	128	133	68

1276. A significant percentage[316] of the consultants employed by FAO in recent years have been retirees of the Organization. Some time ago, the UN General Assembly limited the ability of UN retirees to work after retirement. In some organizations, this limit is expressed as a time limit, in others it is a financial limit and in others it is both. In FAO, both time and financial limits are imposed. There is no doubt that many retirees can provide a wealth of valuable service to FAO. On the other hand, many interviewees (staff from FAO, other international organizations and recipient governments, both in headquarters and during IEE field visits) commented on what they regarded as "excessive" use of retirees, of problems of quality and "recycling of old ways and old ideas", and of retirees on longer-term contracts "blocking" positions that could be filled or used for promotion from within. They also suggest that heavy dependence on retirees as consultants discourages departing staff from passing on institutional knowledge.

1277. The present FAO restrictions apply not only to FAO retirees, but to any consultant who has reached the age of 62 and to any retiree from any organization regardless of age. FAO's financial situation establishes a natural push towards seeking the lowest possible cost for services. Nevertheless, the feedback, especially from FAO technical staff, underscores that the problems

[315] Salary data obtained from published UN/FAO salary tables, 1981consultant fee limits obtained from FAO AFP Policy and Procedures Unit circular memorandum dated 9 January 1981.

[316] 2006 data indicate contracts for 217 retirees versus 500 general consultants. Exact figures of retiree usage are difficult to compute as FAO also shows 1 679 programme support and administrative subscribers, of which 225 are retirees.

posed by the current arrangement are serious and that corrective action is needed. Former staff should be paid at market-based rates based on their ability to compete in the open market. This would require managers to consider more carefully the value of employing them, compared to the level of expertise they bring and the cost of other consultants. It would also eliminate the time spent in seeking waivers. There should be a strictly enforced requirement (with no exceptions) that retirees have a six-month gap after their last day in service before re-employment in any capacity. A gap in employment should ensure that recruitment or internal promotion of staff becomes the primary method for filling positions and results in better knowledge transfer at the end of service.

Performance appraisal

1278. A fundamental component of effective human resources management is a sound performance appraisal system that sets performance goals, provides feedback against those goals, encourages and acknowledges excellence and furnishes a foundation for reward and, when required, censure. In 1983, the International Civil Service Commission commented that "FAO has experienced considerable frustration in its attempt to institute an acceptable and effective programme of performance appraisal"[317]. In 2001, the External Auditor found the appraisal system to be "incomplete and fragmented … with questionable utility and low credibility"[318]. A large percentage of general service staff (24 percent) has had no staff appraisal at all. The existing system applies in the main to professional and short-term staff, is mostly used to provide evidence for extending staff contracts and does not provide clear indicators of targets to be attained by staff members. Its use is erratic, it is not enforced systematically[319] and division directors and above have generally been exempt from any form of performance appraisal.

1279. Proposals have been prepared by FAO for a new performance management system. If implemented consistently throughout FAO, the IEE believes this system would contribute significantly to improved human resources management. In fact, the IEE recommends full and immediate implementation and not on a trial basis, as is currently proposed. Specifically, the IEE endorses the mandatory annual cycle with its focus both on performance and staff development, and the inclusion of senior managers. Consistent with best practice, and to make clear the commitment of the Governing Bodies and management, the system should include the Director-General. Such a system is already in place in organizations such as the Global Fund to Fight Aids, Tuberculosis and Malaria. Performance objectives are worked out annually between the executive director and the board and these are posted on the organization's website. These corporate objectives are then used to inform and guide the individual performance objectives of senior management and cascade down from there. This furnishes corporate coherence of objectives and a strong sense of how the component parts at all levels contribute to the success of the whole.

Staff development: training, incentives and rotation

1280. Until the mid-1990s, FAO budgetary support for staff training and development was considerably lower than in other United Nations organizations. Championed by the Director-General, the amount budgeted for staff development has increased more than five-fold from 0.25 percent to 1.35 percent of staff costs. Yet this remains a quite modest percentage for a knowledge-based institution. Both practices and budgetary classifications vary widely, but some knowledge-intensive international organizations, such as the IMF, allocate considerably more (5 percent), although FAO is only just below the average of UN comparators' training budgets. The overall FAO staff development or training budget, funded 60 percent from departmental and 40 percent from central resources, is not reviewed or allocated against agreed strategic purposes. For 2006-07, approximately one half of the total training was geared towards technical needs. Of

[317] ICSC /R207 (Part I) para. 37.

[318] Report of the External Auditor for 1998-1999, CL 2001/5, paras. 131-134.

[319] Performance Management System – a Conceptual Framework – AFHO 2006.

the balance, 31 percent was reserved for in-house training. By number of employees participating, 81 percent receive computer and language training. Because local staff salaries are low in dollar terms, training allocations to Regional and Country Offices are very low relative to headquarters departments. Based on the IEE survey, only 59 percent of headquarters staff and 51 percent of field staff believes that FAO provides an appropriate level of training. National officers express the least satisfaction. IEE budget and IT reviews both stress the need for training for job-related activities. This suggests that a more considered and strategic approach could yield dividends for FAO. The current emphasis on computer and language training may be driven more by inertia than by the need for improved staff competencies and employee development. A review in this area is suggested.

1281. The Independent Evaluation of Decentralization called for the rotation of technical staff[320], both as a means of ensuring effective linkages between headquarters and the field and to catalyse staff skills development. IEE staff survey results strongly reinforce that recommendation; 72 percent of senior technical staff views lack of rotation as an impediment to effective work. Although this recommendation was rejected by management at the time of the decentralization evaluation, the IEE recommends that it be re-examined. There are no FAO policies on rotation (either from country-to-country or within a specific function) and FAORs are not rotated through headquarters as a matter of policy, or even as general practice. In contrast, UNESCO requires successful field service as a criterion for promotion, particularly to P5 positions. FAO management has accepted the need for field and regional experience to be taken into account when selecting for senior positions. A next logical step, in the IEE's view, would be to align recruitment, staff development (including rotation[321]) and promotion criteria into a single and more coherent human resources policy framework. This should serve to strengthen FAO delivery capabilities in both headquarters and the field.

1282. In common with most other UN organizations, FAO has no cash incentives for performance. By contrast, the majority of the International Financial Institutions and organizations such as the World Trade Organization, the European Free Trade Association (EFTA) and some centres in the Consultative Group for International Agricultural Research incorporate performance-based pay as part of their remuneration packages. The UN system, generally, has been slow to move towards rewarding performance. To a great extent the International Civil Service Commission may be said to have failed to provide effective leadership to the system in this respect. The older UN organizations seem to have an almost ingrained dislike of financial incentives. However, the experience of a growing number of international organizations shows that, if handled properly, financial and other incentives can contribute to improved productivity. In the national civil services of a number of member countries, quite substantial financial incentives are now common in upper management levels and are beginning to percolate downwards. The IEE recommends that FAO give consideration to the potential of selective non-financial incentives (e.g. recognition awards, special learning opportunities) for exceptional performance. These incentives would need to be linked to a credible performance appraisal system.

FINANCE

1283. The following section deals mainly with structural aspects of FAO financial management, including issues of accounting, payments and reserves. It does not address issues of extra-budgetary finances or the FAO budget, as these have been addressed in Chapter 7.

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[320] Recommendation 9 para. 190.

[321] Encouraging the use of departmental/divisional rotation for interested general service staff.

Financial structure and system

1284. The financial and accounting function of FAO is organized in a largely decentralized way. Budget holders worldwide are responsible for expenditures against authorized budgets. They enter their financial transactions into the financial system, and use reports to monitor activity. Complementing this, the Finance Division provides centralized accounting, financial operations, financial systems and treasury services. The IEE's review concluded that these arrangements are conceptually sound. FAO deserves positive recognition for having structured its financial function in this way.

Management of the financial system

1285. The Office of the Inspector-General recently audited several aspects of FAO's financial system management, including of financial procedures, financial reporting, accounts reconciliation, accounts payable and payment controls. The identified areas for improvement were quite minor. The overall picture that emerges is of a generally well-functioning control system. The IEE review focused on the five criteria of accuracy, adequacy, reliability, efficiency and utility to users. While noting significant concerns regarding utility to users, efficiency and impact in an accountability culture with inadequate delegation, the IEE similarly concluded that financial controls are functioning well.

1286. With particular regard to efficiency, however, the evidence points to high cost systems that focus disproportionately on areas of relatively low risk. The situation with regard to payment controls for travel is especially illustrative (see Box 8.3). As already indicated in Chapter 7, the IEE found weaknesses in financial risk management, specifically that audit reviews conducted to date have not addressed some of the larger key issues of the financial system, such as the management of liquidity, arrears, borrowing, exchange rate risks (including the impact of FAO's existing policies on relations with extra-budgetary donors), reserves and provisions.

Box 8.3: The burdensome and costly nature of FAO travel controls

All FAO travel is managed through a burdensome combination of *ex ante* and *ex post* controls. A travel request in a Regional Office requires seven signatures before it may be enacted. Staff who are allowed to purchase an electronic ticket have to provide FAO not only with ticket stubs and electronic receipt, but also with their credit card statement. Other international organizations require only a receipt and ticket stub for reimbursement. The electronic travel processing system (ATLAS) is a legacy system not integrated fully into the Oracle financials environment and the result is that information on travel expenditure is difficult to extract and integrate into budget or other reports. This entire system of *ex ante* and *ex post* controls should be the subject of a careful and thorough analysis to determine measures that would reduce costs, including exceptional transactions costs, and produce savings.

1287. The management of the financial system differs slightly between headquarters and other offices but the same themes emerged on user utility. These were:

a) the modules, which track the budgetary, accounting and cash aspects of all financial transactions start from the standard functions of systems within Oracle Financials – such as General Ledger, Accounts Payable and Accounts Receivable. They are complemented by external modules dealing with Travel, Field Accounting and Budget Management and Monitoring. With the exception of the Travel and Field Accounting Systems, which are not well integrated, the overall system is both well-designed and suited to an organization of the size and complexity of FAO. The introduction of the Human Resources Management System offers further opportunities for integration of FAO's financial management business processes. However, major benefits could be realized if these modules were more fully integrated with other financial management systems;

b) for example, essential "strategic management" business processes are covered by the Programme, Planning, Implementation Reporting and Evaluation Support

System (PIRES). This encompasses preparation of the Medium-Term Plan, the biennial PWB, annual work plans and assessment, and the biennial Programme Implementation Report. The most successfully developed and implemented components of PIRES have been those not requiring major integration with other systems[322]. Despite some attempts to integrate purely financial and more strategic management processes, full integration of the supporting systems would better address strategic and programme accountability processes with financial management and financial reporting requirements. In similar vein, the Field Programme Management Information System addresses some important requirements of the user community in relation to the extra-budgetary programmes, but, as noted elsewhere, these programmes need to be better integrated with Regular Budget programmes. Systems solutions will therefore require a more integrated approach, working down from the overarching strategies of the Organization (rather than functional business requirements) more effectively than has been possible in the past;

c) achieving cost-effective integration across business processes to achieve a truly integrated Enterprise Resource Planning, however, continues to pose challenges. Management is fully aware of the difficulties, cost and continuing challenges of systems integration, but less certain about when they can be overcome. In the meantime, the lack of a fully integrated business system also poses extra burdens on staff at all levels and its overall cost-effectiveness potential remains to be demonstrated; and

d) the tools provided for tracking expenditures against budgets are limited and not well integrated. Because of this, managers often resort to self-developed tools to track expenditures against budgets. While this phenomenon can be found in most large organizations, and local spreadsheets are not theoretically a problem, they also add to complexity and slow the consolidation of data.

The financial situation of FAO

1288. The current financial situation of FAO is dire. It is manifesting itself as both a liquidity crisis and as one of insufficient reserves and provisions.

1289. In recent years, FAO has been borrowing increasingly large amounts of money for a few months each year to meet its financial obligations. The IEE believes the decision to borrow was, and continues to be, correct. FAO deserves recognition for following that course, instead of the less rigorous path of compensating cash shortfalls with resources taken either from long-term investments, or (if it were possible) from extra-budgetary liquidity or stop-go practices on programmes and recruitments. FAO has also delayed TCP approvals (these are the only funds the Organization has that are not fully programmed) as a way of managing the cash flow. This is a very undesirable practice, because timely TCP action is at least as important as work on other parts of the FAO programme. Figure 8.4 shows the accelerating severity of the shortfall in liquid funds, necessitating recourse to external borrowing. In 2006, external borrowing peaked at US$104 million[323]. This situation is due to three main factors.

1290. The first factor is the growth in arrears on payment of assessed contributions by member countries. The gap between cumulative disbursements and Regular Programme contributions received increased significantly between 2001 and 2005[324], but declined significantly in 2006. The gap as of December 2005 stood at US$143 million (see Figure 8.5). While any estimate of future payments by member countries would be speculative, the trend here will need to be watched carefully. The level of arrears at year-end as a percentage of Regular Programme assessments

[322] IEE interviews across FAO and further confirmed in FC 107/19, 2004.

[323] FC Report 118/3.

[324] FC Report 113/3.

was: 7 percent, 8 percent, 11 percent and 11 percent between 2001 and 2004, jumping to 25 percent in 2005 before dropping back to 12 percent in 2006.

Figure 8.4: Regular Programme cash positions[325]

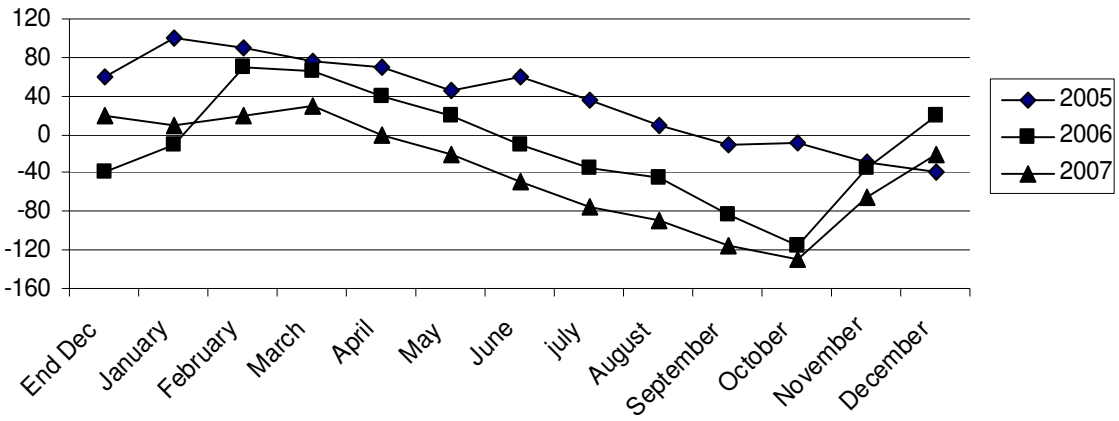
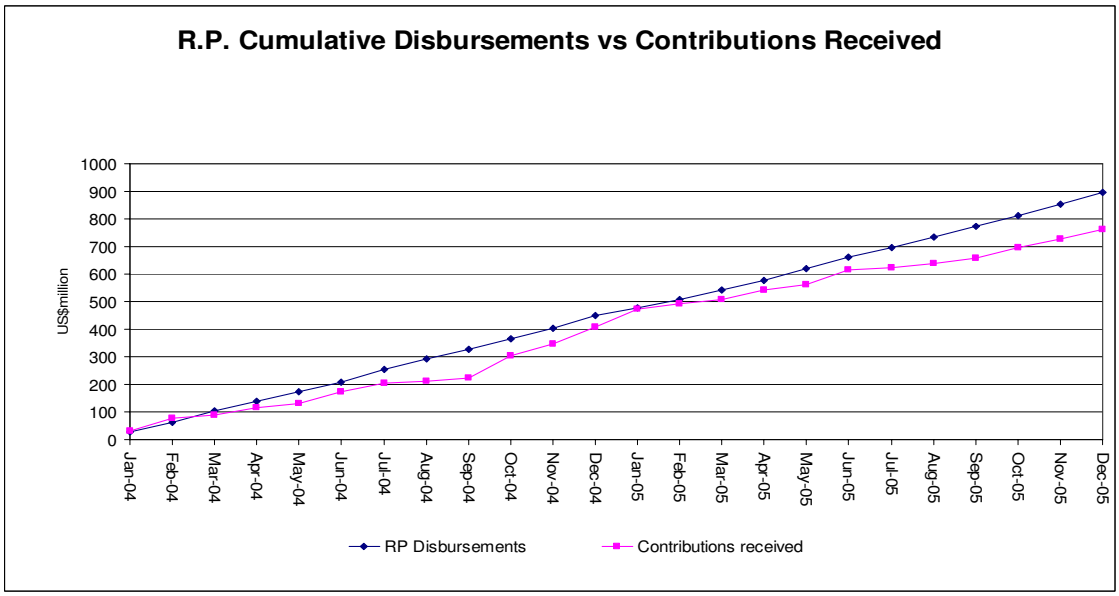


Figure 8.5: Regular Programme cumulative disbursements vs contributions received[326]



1291. The second factor involves arrears accumulated prior to 2001, amounting to US$28.9 million, or just over 20 percent of all cumulative arrears. The likelihood that many of these arrears will ever be collected may be remote, especially if the Member Nations concerned have not submitted an instalment plan for settling their arrears. IPSAS, which will be implemented by FAO from 2010, requires that "doubtful debts" or uncollectible revenues be provided for. The present UN accounting policies allow a 100 percent provision for all outstanding contributions, which provides an equally unrealistic financial picture of the assets of the Organization.

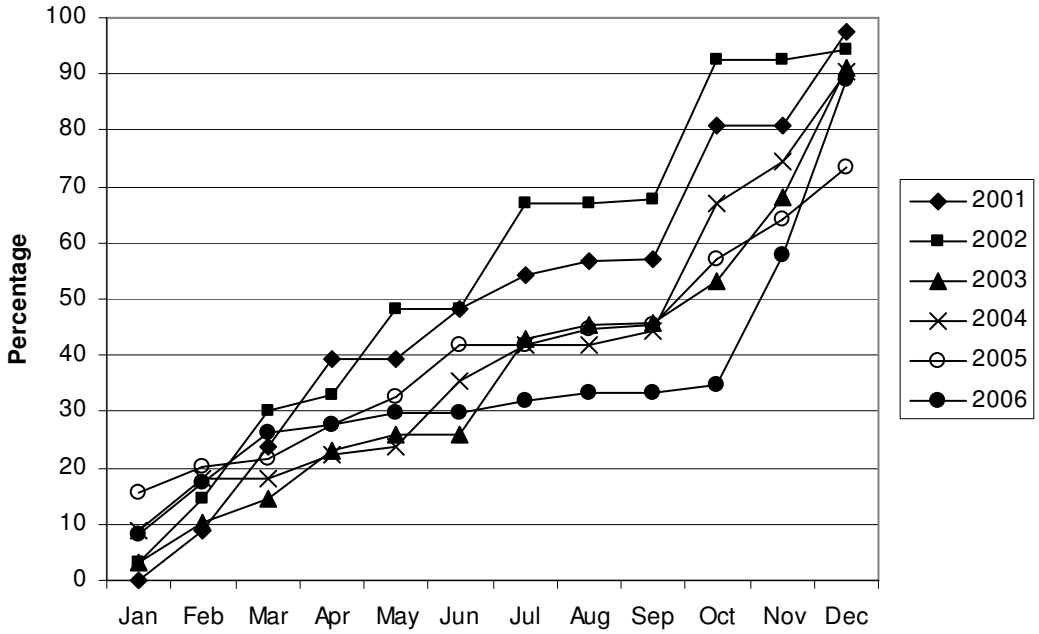
1292. The third factor is the timing of the receipt of assessed contributions. The impact of 'late' payments by major member countries is clearly seen in the financial statements of the

[325] FC Report 118/3.

[326] FC Report 113/3.

Organization. The payments by the 15 largest contributors to FAO's Regular Budget account for 85 percent of the total. The pattern of payments by these fifteen over the past six fiscal years shows that, on average, 25 percent of their total collective contribution is received only in the last two months (with the figure rising to 54 percent in 2006). The result is a cyclical cash flow problem during at least ten months (83 percent) of each fiscal year. This has grown to especially severe proportions over the past three years, as is clearly shown in Figure 8.6 below. In 2006, over 60 percent of all contributions received arrived during the last two months of the fiscal year[327].

Figure 8.6. Payment patterns of largest 15 contributors (Cumulative Percentage)



1293. Table 8.10 below shows the share of paid up assessed contributions for the 15 largest contributors to FAO for the period 2001-2006 and the share of total resources of the Organization that this constitutes. In addition, in order to ascertain the impact of late payments (or no payments at all), the IEE constructed a weighted index by multiplying the "country's indexes"[328] by their share of assessed contributions to FAO. Table 8.11 shows that in the last five years (2002-2006), the weighted index has increased by 31 percent (from 5.4 in 2002 to 7.8 in 2006). The weighted index of the four main contributors (which together fund around 57 percent of the budget) has increased even more (41 percent).

[327] The Basic Texts of the Organization stipulate the timely payment of assessed contributions as an obligation of membership. Specifically, Section 5.5 of the Basic Texts states: "Contributions and advances shall be due and payable in full within 30 days of the receipt of the communication of the Director-General referred to in Regulation 5.4 above, or as of the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears."

[328] The country's index is constructed by aggregating amounts paid against their distribution throughout the year.

Table 8.10. The 15 largest contributors' share of paid up assessed contributions at 30/9 each year (2001-2006)

Country	Share (%) of paid assessed contributions at 30/9 (2001-2006)						
	2001	2002	2003	2004	2005	2006	Average
USA	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	28	5
China	0	0	0	0	49	50	17
Japan	57	100	0	0	0	0	26
Mexico	68	24	48	100	60	22	54
Rep. Korea	0	100	100	0	49	100	58
UK	100	100	100	100	100	0	83
Germany	100	91	100	100	100	50	90
France	100	100	100	100	100	100	100
Italy	100	100	100	100	100	100	100
Canada	100	100	100	100	100	100	100
Spain	100	100	100	100	100	100	100
Netherlands	100	100	100	100	100	100	100
Australia	100	100	100	100	100	100	100
Switzerland	100	100	100	100	100	100	100
Share of total resources due (from the 15 largest contributors)							
	56	68	46	44	46	34	

Table 8.11: Weighted index applied to the top 15 largest contributors (2002-2006)

Rate Assessed Contributions 2006		2002	2003	2004	2005	2006	Average 2001-2006	Δ% 2002-2006
22.00	**USA**	2.27	2.45	2.61	2.67	2.67	**2.49**	**0.15**
19.86	**Japan**	0.72	2.36	1.96	2.26	2.27	**1.82**	**0.68**
8.84	**Germany**	0.45	0.39	0.40	0.35	0.59	**0.43**	**0.25**
6.25	**UK**	0.22	0.39	0.30	0.23	0.67	**0.35**	**0.67**
2.09	**China**	0.19	0.18	0.02	0.20	0.44	**0.27**	**0.56**
1.55	**Brazil**	0.25	0.24	0.27	0.23	0.22	**0.24**	**-0.13**
4.98	**Italy**	0.21	0.20	0.20	0.31	0.18	**0.23**	**-0.14**
6.15	**France**	0.13	0.20	0.35	0.13	0.16	**0.20**	**0.20**
1.83	**Rep. of Korea**	0.04	0.06	0.23	0.19	0.09	**0.14**	**0.57**
1.62	**Australia**	0.12	0.13	0.15	0.13	0.12	**0.13**	**0.06**
2.57	**Spain**	0.10	0.10	0.10	0.15	0.09	**0.12**	**-0.14**
1.92	**Mexico**	0.11	0.10	0.05	0.10	0.12	**0.11**	**0.09**
2.87	**Canada**	0.52	0.08	0.14	0.05	0.08	**0.15**	**-5.68**
1.72	**Netherlands**	0.04	0.03	0.03	0.05	0.04	**0.04**	**-0.00**
1.22	**Switzerland**	0.01	0.01	0.01	0.01	0.04	**0.02**	**0.67**
	Sum 15 largest contributors	**5.37**	**6.93**	**6.84**	**7.07**	**7.79**		**0.31**

Reserves and provisions

1294. FAO's audited financial statements[329] show Total Reserves and Fund Balances for the General Fund are negative figures of US$71 million, US$42 million and US$115 million at the end of 2001, 2003 and 2005, respectively. If all Members had paid their contributions on time, these figures would have yielded positive balances of US$110 million, US68 million and

[329] Documents C-2003/5 A, C-2005/5 A and C-2007/5 A.

US$64 million. These deficits pale in comparison to current unrecorded financial liabilities of US$415 million at the end of 2005. This will need to be incorporated into the balance sheet for the changeover to IPSAS (see below) by 2010. When that is done, the more accurate picture of FAO's financial situation will show a deficit in Total Reserves and Fund Balances of about US$350 million.

1295. The source of these additional liabilities is the need for appropriate provisioning of after-service liabilities of US$654 million[330]. Of that amount, US$239 million have been recognized in the financial statements as staff-related liabilities, out of which US$208 million have been by holding long-term investments[331]. The difference (i.e. US$446 million) is not yet funded. FAO has proactively engaged the Governing Bodies in addressing the problem and in provisioning and earmarking specific amounts towards its staff-related liabilities.[332]

1296. FAO is not alone in confronting a significantly increased negative balance sheet as a consequence of accounting systems' changes. This is due to the slow evolution in public organizations towards adopting rigorous financial reporting standards and developing financial statements to reflect more accurately their actual financial situation alongside the additional goals of increasing transparency and accountability. In July 2006, the UN General Assembly adopted the new IPSAS and approved the resources needed for the Secretary-General to begin implementation of the Standards with a target completion date of 2010. WFP and WHO intend to complete the changes in 2008. IFAD has already implemented the International Financial Reporting Standards (IFRS). WHO and ILO share the same Oracle technical platform as FAO in their implementation of IPSAS in 2010. FAO has demonstrated a strong willingness to take advantage of these opportunities of interagency collaboration in its efforts.

1297. Immediate or full financial provision need not be made for FAO's liabilities, although the new standards will require they be shown in the accounts. This may give rise to more discussion on steps towards their provision. Given the Organization's already deeply stressed financial situation, this will pose major challenges that will require concerted efforts by both management and the Governing Bodies.

1298. The introduction of the split assessment in US dollars and Euros from 2004 considerably reduced the risk to the Organization of exchange rate fluctuations between the US dollar and the Euro, as some 54 percent of the Organization's Regular Programme expenditures is in Euros. A majority of extra-budgetary income is also received in Euros. The introduction of IPSAS in 2010 would provide the possibility for the Organization to introduce multi-currency accounting. This would also enable the accounts of at least some of the main providers of extra-budgetary funds to be provided in their national currencies and their currency of donation. At the moment the immediate conversion of extra-budgetary receipts into the dollar is a significant cause of misunderstanding at the working level. For donors it can entail costs in moving backwards and forwards between currencies.

1299. Split budgeting as distinct from split assessment and multi-currency accounting would also provide greater transparency on the actual cost increases by separating out exchange rate fluctuations. At present, these give a misleading picture in the budget resolution of the Organization's actual budget. Introduction of split accounting would have a one- time cost, but once in operation, the benefits through increased transparency, better reporting, improved financial management and better relations with extra-budgetary donors, would be considerable.

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[330] Comprising US$533 million for After-Service Medical Coverage and US$121 million for other staff-related liabilities.

[331] US$114 million for After-Service Medical Coverage and US$78 million for Separation Payments.

[332] See FC 109/17, May 2005. This places the Organization ahead of the United Nations, UNESCO and ILO, which so far have not provisioned for their much larger liabilities for after service medical costs . The totals for each of these organizations are US$2 073 million, US$601 million and US$389 million, respectively.

1300. Major new investment is needed for FAO to undertake the financial, accounting and information technology system changes that will be required for successful transition to IPSAS by 2010. The Organization has constituted a project team and is currently engaged in the phase of analysing high-level change requirements. When that is done, a project plan and detailed budget will be prepared and submitted for Conference approval in November 2007 for work to be completed in the 2008-09 biennium. The Finance Committee has already indicated that the Organization's Capital Expenditure Fund should be used for this purpose.

1301. The benefits of this investment will also be significant. Accounting changes give organizations opportunities to revisit financial processes and structures. The enhanced transparency and accountability which IPSAS will introduce should enhance the value of FAO services to its clients, increase mutual trust between FAO and its Governing Body and facilitate future programme funding discussions and negotiations.

1302. **Rollover of funds between biennia**: Application of the findings of the External Auditor in 2003 further reduced the possibilities to commit Regular Programme funds from one biennium for expenditure in the following biennium. Non-carryover of funds between financial years was once considered to be a standard best accounting and budget practice. It was followed by most OECD governments in their own national accounts. However, this practice is no longer recommended. It is now widely considered that the best approach should allow for some carryover as an incentive to prudent financial management. Such carryovers can be of small negative or positive balances. In the case of FAO, there is the possibility for carryover for TCP, the capital facility and security facilities but not for the regular programmes of work of the Organization. This has led to a hiatus with a stop-start at the end of each biennium and the beginning of the next. It has also encouraged a rush to spend at year-end by units which find themselves with allotments remaining and to inefficient use of short-term personnel.

INFORMATION TECHNOLOGY

1303. Financial resources for computer related services increased from 2 percent to 3.9 percent of the FAO budget in the period 1994-95 to 2006-07. The Information Technology Division provided generally good service to individuals using the institution-wide systems such as e-mail and standard office technology packages. Support for technical and field applications was weak, however, and there are opportunities to improve client support. The IEE's recommendations fall into three broad categories: the structure of IT services in FAO (including particularly suggestions related to the Director-General's reform proposals); client-service issues, covering the present situation in which technical applications seem to have a lower priority than other systems; and IT governance, which deals with a number of issues relating to the day-to-day management of IT systems.

1304. An up-to-date inventory of all the IT and communications systems at FAO does not exist. There is an Application Management System that contains some information, but it has not been updated for some time. Given this, the IEE estimates that there must be at least 500 IT data bases and systems in FAO. The major systems are in the AF Department, with important technical databases in ES, AG and KC Departments. These account for 72 percent of FAO systems by number. They range from the Oracle business suite platform, the FAO Statistical Database (FAOSTAT) and the World Agricultural Information Centre (WAICENT) to the Conference, Council and Protocol Affairs Division's room and office booking system and the Transboundary Animal Disease Information System.

1305. The dispersion of system responsibility throughout FAO is to a great extent matched by the distribution of personnel working on IT issues. There are three FAO management committees dealing with IT, each with its own sub-committee. These policy-level committees are established at the ADG level and are chaired by the Deputy Director-General. Technical issues are handled by sub-committees.

1306. The basic FAO IT telecommunication networks function well, especially at headquarters, and are well maintained. Nevertheless, IEE surveys and interviews revealed general dissatisfaction with the support provided (especially for technical systems) by the Information Technology Division at an organizational rather than at an individual level. The problems of delivery, maintenance and technical response are explained in significant measure by the many specialized technical applications within FAO (about 50 percent of the total number of systems). Although from a technical perspective these are doubtless important and valuable, this diversity renders the provision of support very difficult. Moreover, there is insufficient recognition that technical applications have different requirements in respect of software and hardware than administrative applications. These have to be taken into account and standards developed for them separately from other applications (e.g. reporting tools).

1307. Funding for new IT projects is sometimes secured by the originating departments through special Regular Programme allotments or from extra-budgetary funds. This risks that the budgeted amount for new systems is underestimated, leading to inadequate provision for full life-cycle costs such as maintenance, upgrades and enhancements. This situation is reinforced by the fact that there is no standard review process for new or upgraded systems over a certain size. The Capital Expenditure Facility, put in place in the 2006-07 biennium, provides the means for advance planning, full costing and life cycle funding. It is first being applied to administrative systems, but could be extended to technical applications.

1308. IT staff throughout FAO are well qualified, competent and dedicated. They are, however, severely over-stretched. Exact comparisons of IT costs with benchmark institutions was not possible, as costs depend upon the degree to which so called "third generation" Enterprise Resource Planning systems have been integrated into an organization's work and are generic rather than customized. However FAO, with an IT staff to total staff ratio of 1:33, is more sparing in its staffing than those comparators from which data were available. Their ratio was around 1:25. Productivity has improved over earlier estimates for international organizations of 1:17 made in 2002[333]. A previous independent review of FAO staffing by KPMG in 2002 recommended that nine additional IT technical posts should be added to the then staffing levels by reducing the number of non-staff positions[334]. This proposal was never adopted.

1309. The trend internationally in recent years has been to increase outsourcing of IT services which affords organizations greater flexibility. It has proved especially valuable for organizations that use basically off-the-shelf software that requires little adaptation to their specific needs. This would not apply to FAO, but an updated and thorough examination of the costs and benefits of greater outsourcing versus reliance on in-house expertise would seem to be appropriate at this point. As part of this, attention should be given to concerns expressed by FAO IT specialists that they are falling behind in the technical knowledge and skills required of their trade, because appropriate training is not financed by FAO and it is difficult to release staff from their regular duties.

1310. With two exceptions in Oracle applications, there are no standard change control procedures in FAO. This means that there is no record of system changes and that each time an upgrade or further change is required, a time-consuming review of the system is undertaken to understand the impact of the change. This is not a fault in FAO alone. System audits in the World Bank, UN and UNESCO also identified this as a problem. "Backup and restore" procedures, while they exist in headquarters, are not regularly tested. In Country Offices there is no real support for backup and restore, despite some headquarters backstopping from OCD and the KCT Division, and some expertise in the Country Offices. Field offices are left to their own devices. An IT risk assessment project is underway, following a recommendation by Internal Audit that

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[333] Davies. M., 2002. *The Administration of International Organizations*.

[334] Staffing Review AFI, KPMG, 2002 Section 6.

improved processes were needed[335], but field offices are not involved in this project. Furthermore, risk is seen as an issue of backup and restore, rather than as a need for a formal disaster recovery plan or a business continuity policy. ICC provides full business continuity planning for that part of the FAO data and systems held on its mainframe environment.

1311. The IEE examined most of the main corporate-wide IT systems in FAO, including those in Country Offices and those linking country operations to headquarters. Both the FAO communications infrastructure and general staff applications seem broadly "fit for purpose". However, the recently implemented division of labour between development and maintenance within the Information Technology Division has led to unnecessarily bureaucratic implementation within FAO. This includes a time-consuming analysis report for all cases whether they involve simple changes or new developments.

1312. Appropriate maintenance and upgrading costs have not been included in the budgets for most new systems, except for administrative systems included in the Capital Expenditure Facility for the 2006-07 biennium. This has created a serious situation across FAO of too many systems with insufficient resources for their effective application. On the other hand, there is a danger of over-centralization and further loss of client focus on the needs of scientific/ technical users and the field offices. There is in this a very important issue of balance. Systematic examination of client and system needs and of relative costs and benefits of centralized and decentralized services and approaches will be required to achieve the right balance.

1313. Determining the longer-term recurrent and new capital resource requirements for IT systems is complex and fraught with uncertainties. A system's life cannot be easily foreseen, nor can all the upgrades that may be required. Nevertheless, where new system proposals are subject to institutional review before being approved, it is possible to make at least reasonably approximate estimates of costs that should be in the budget for long-term maintenance. Such periodic maintenance and upgrade costs for systems funded through the Regular Programme should be accommodated within the normal budget process, making full use of the Capital Expenditure Facility. For systems financed through extra-budgetary funding, a one-time charge to meet the longer-term costs should be included as a matter of strict policy, with the "revenue" being placed in a suitable holding account such as foreseen in the Capital Expenditure Facility. In this regard, availability of funds to train IT staff on new systems and new system upgrades is an important consideration and is different from regular training needs, due to the rapid nature of IT developments and the tendency for systems suppliers to modify products at regular intervals.

1314. An important FAO IT headquarters risk analysis is about to be completed. This is an essential step and should be followed by specific risk management and mitigation strategies. The area of IT activity with the highest risk factors, however, is currently the field environment, which is not covered by the project. This is a serious gap in the IT defences of the Organization and the IEE strongly recommends priority attention to this matter.

1315. From the outset of the World Agricultural Information Centre portal (WAICENT), FAO has had difficulty in setting and maintaining web application development standards because of poor and fragmented communication between operators of different databases, the Information Technology Division and the technical departments. The IT staff concerned have insufficiently enforced the application of development standards or quality control. More broadly, strong IT governance, and clear and consistent lines of responsibility, authority and accountability for information systems have never been fully worked out. These issues should also be addressed in formulating the integrated strategies that are urgently required, but which must take account of the different requirements of technical division and administrative applications.

1316. Comprehensive management reporting systems are one way of increasing transparency and improving decision-making. There are three management reporting systems in FAO, all

[335] Disaster Recovery Plans, FAO Audit, 2002.

accessed from the intranet[336]. The state of management reporting in FAO is acknowledged to be poor[337] and has taken second place to operational effectiveness of IT systems. The referenced report acknowledges that there is no overall design concept, no institutional ownership of corporate reporting systems and that the data warehouse contains good financial data but does not provide sufficient coverage of required reporting areas. The Field Programme Management Information System can be accessed by FAO Permanent Representatives and seems to be well used by Trust Fund donors.

1317. That apart, Permanent Representatives have no access to management information, even though it would be easy to download relevant material from other standard reporting areas. If the FAO Permanent Representatives' website contained management information relevant to their needs, FAO would go a long way to meeting the demand for greater transparency. The other two systems could potentially provide a lot of useful information, but often carry out-of-date and poor quality information, although recently a number of up-to-date summary reports have been placed in the Management Information System. A reporting structure like the one in UNICEF could provide a helpful model for FAO to follow.

1318. The core Enterprise Resource Planning (ERP) system in FAO for administrative and financial applications is Oracle e-Business Suite, whereas in WFP it is SAP and in IFAD Peoplesoft. The adoption of three different systems by the Rome-based agencies represents a major lost opportunity for important synergies, capital and recurrent cost savings and collective efficiency gains[338]. For the most part, however, it would seem that the decisions to use specific systems were independent ones made by the users and not part of a standard policy to review potential synergies as major applications are needed. The potential savings from closer coordination in the development of new systems is considerable[339]. The United Nations Joint Inspection Unit (JIU) reported that the WFP FMIP (its financial enterprise system that incorporated global connectivity) cost US$37 million and that FAO's Oracle financials (Phase I) costs have been in the region of US$28 million with another US$20 million expended for Phase II[340]. Until a major upgrade of one of the three main corporate systems is required or until there is a new generation of Enterprise Resource Planning, only relatively minor IT efficiencies can be achieved in current corporate systems. When the next major upgrade occurs, however, there should be a commitment to joint action towards shared technologies among the three agencies and to the running of a single payroll administration.

1319. There is the possibility of achieving significant convergence of financial procedures between the three agencies during the implementation of IPSAS, which would eventually make it easier to move all three financial systems to one platform. There is also a possibility for closer cooperation in communications infrastructures and in the procurement of hardware and peripheral equipment. One certainty is that the technologies of ERP systems will continue to change, to be enhanced and to offer greater and greater capacities. All three agencies, in the interest of sound management and good governance, should enunciate an agreed policy of ensuring that any future ERP system would be adopted by all three.

1320. In the meantime, the Oracle e-Business Suite has the potential to provide effective corporate support to FAO over the next few years. During that period, FAO should actively

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[336] The Management Information System, the Field Project Management Information System and the Country Office Information Network.

[337] IDWG on Cross Cutting Issues – Management Information Systems, Summary Note, October 2005.

[338] In some, albeit more minor areas, shared IT programmes between UN agencies have been adopted. At least two of FAO's systems (ATLAS and FAS) have been obtained from other UN agencies and PIRES has been shared with ILO. In addition the code underlying FAOSTAT2 has been shared with IBRD, UN and OECD.

[339] As does the JIU.

[340] Managing Information in the UN System Organizations, Management Information Systems, JIU 2002/9, Table 5, 2002.

pursue the opportunities of managing the system more effectively through its membership of the Customer Advisory Board of International Organizations (CABIO), a users' group comprised of other international organizations using Oracle ERPs, i.e. Oracle eBS and Peoplesoft (e.g. ILO, WHO, UNDP and IFAD). A similar group has already been set up by the six UN organizations using SAP[341]. Working together will keep the developers responsible for up-to-date system maintenance on Oracle technology and provide a more effective voice when issues need to be taken up with Oracle. Joint efforts can act as a forum to create cost-effective management, such as when the new IPSAS standards need to be implemented or upgrade problems are identified.

1321. FAO has made consistent efforts to include the Country Offices in all aspects of IT planning, but there are serious deficiencies in headquarters support for systems once installed. Moreover, IEE country visits confirmed a consistent pattern of inadequate security over information technology systems in Country Offices that may give rise to problems in the future.

1322. Finally, field offices are not directly accessing the corporate financial system, which makes it difficult for them to see their information. Registration of purchases (in other than local currency) by field offices is entered in two different systems by two different individuals. The Organization is addressing these issues in its latest system upgrade projects, but until this is resolved, there is a risk of inconsistency in the data and there is redundancy in the work of one group apart from the process not being cost-effective.

OTHER AREAS OF ADMINISTRATION

Procurement and contracting services

1323. The efficiency of a procurement operation can be measured by comparisons of cost and delivery times. Comparative data of that kind is not available in FAO. As a result, it has been difficult to measure the procurement function's performance. The Oracle database does not permit delivery to be monitored or cost-effectiveness assessed. In fact, the manual systems that existed in the past provided better information in this regard. FAO procurement officers expressed the view in IEE interviews that significant efficiency gains would result from greater delegations of authority[342], including tender limits, but this is an issue related to wider considerations as to where delegation in FAO should rest[343] and how it should be managed. The External Auditor and the United Nations Volker report reviewed FAO's handling of the UN Oil for Food programme in Iraq and found no significant fiduciary problems. This demonstrates that FAO's heavy and costly controls also bring benefits, given the problems that arose elsewhere in the UN and in national administrations plus the fact that it was the largest programme ever managed by FAO.

1324. There are procurement issues that need to be considered in a broader policy and technical framework. The contraction in FAO's Field Programme, combined with outposting of staff, has diminished the number of headquarters staff supporting complex procurement actions[344]. At the same time, the percentage of FAO procurement for emergencies has increased sharply. As discussed in several evaluations[345], these shifts, along with the slow pace of procedures, are creating a problem that could severely damage FAO's credibility. As part of avian influenza preparations new emergency delegations were worked out, but they had not been implemented by the time this report was written – a further indication of the risk-averse culture in FAO.

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[341] Verbal information received from UNICEF.

[342] There were recent, although somewhat modest, increases in delegations of authority for procurement. See Director-General's Bulletin 2006/19.

[343] It is understood that Audit is currently reviewing how it should be involved in the tender process.

[344] Also commented upon by the External Auditor in 2005 – Recommendation 33, C 2005/5B.

[345] See, for example, Strengthening Livelihoods Through Food and Nutrition Security in Vulnerable SADC Countries, 2006; Real-Time Evaluation of the FAO Emergency and Rehabilitation Operations in Response to the Indian Ocean Earthquake and Tsunami, 2007; and Multilateral Evaluation of the 2003–05 Desert Locust Campaign, 2006.

1325. Contracts negotiated by the procurement services cover obligations entered into with commercial concerns. Letters of Agreement (LoAs) are intended to cover obligations with non-profit entities. The Legal Office has stated that "LoAs were created to provide a valid contractual framework in cases where other instruments available in FAO were not suitable for the types of activities to be performed and for which a competitive process would not be practicable."[346] LoAs were intended to be used in the country of operation only. However, apart from small value orders and proprietary items, all large commercial orders must be sourced multi-nationally. Because of this, LoAs have increasingly been extended to cover other situations, even though their design is still oriented towards the original in-country concept.

1326. LoAs have been a particular problem in emergencies or in areas of civil unrest. These situations require *ad hoc* and practical responses to deliver assistance or supplies through complex arrangements with local networks. Increasingly, delivery of assistance requires adaptation of FAO policies to deal with non-conventional delivery structures. The main problems are that: FAO is unable to contract easily with small commercial or semi-commercial concerns; all arrangements for handling cash disbursements require FAO staff (such arrangements often being at variance with the needs of emergencies); and limits on cash transactions in the field are unrealistic. There are also, for example, private philanthropic foundations in the USA that would be willing partners with FAO, but which cannot be because there are no appropriate policy instruments to respond flexibly to their specific legal requirements.

1327. The *ex ante* controls on LoAs are considerable. For LoAs over US$200 000, in some cases up to 17 signatures are needed before Director-General approval, including an *ex ante* review by Audit. A form of "due diligence" questionnaire is needed and approval has to be obtained from an ADG in order to contact the institution concerned, regardless of its local or international standing. Staff in the Shared Services Centre are required to ensure that each paragraph of a LoA conforms to required wording. This is a very time-consuming and labour-intensive process. The current application of LoAs as a contracting modality does not support effective partnerships. LoAs require adherence to the sole perspective of FAO; they do not easily accommodate changing work plans; and they do not foresee the (reasonable) possibility that partner institutions may need to receive a portion of costs in the form of overheads to cover their own expenses. A final criticism of LoAs is that in all cases over US$50 000 they require an audited statement of accounts[347], which can be quite onerous and costly for the recipient organization.

1328. Memoranda of Understanding (MoUs) are instruments designed to secure cooperative arrangements with other institutions. There is no overall policy governing MoU and to a great extent they reflect FAO requirements of the partner organization.[348] FAO's partners, however, see MoUs as complex and bureaucratic instruments that place operational constraints on their own activities.

1329. These issues were highlighted in the FAO evaluations of the Tsunami[349], Avian Influenza[350] and Desert Locusts[351], which underscored the bottlenecks to efficient delivery and effectiveness. These concerns have been taken up by the FAO Programme Committee and

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[346] Umbrella Review of Letters of Agreement FAO Audit Report, 2002.

[347] The need for some relaxation in this requirement has been accepted in principle but remains to be converted into standard practice.

[348] To quote the Legal Office: "The designation MoU has much to do with our own practice which our counterparts have generally accepted."

[349] Real-Time Evaluation of the FAO Emergency and Rehabilitation Operations in Response to the Indian Ocean Earthquake and Tsunami, 2007.

[350] The First Real-Time Evaluation of FAO's Work on Highly Pathogenic Avian Influenza, draft 2007.

[351] Multilateral Evaluation of the 2003–05 Desert Locust Campaign, 2006.

endorsed by the Council, which recently mandated a process evaluation to analyse the nature of the operational constraints and the risks associated with any procedural changes[352].

1330. The Commissary and Credit Union both provide ancillary (non-core) services for staff. Review of their management or effectiveness was outside the scope of the IEE. However, both services fall within the remit of the AF Department and are relevant to the IEE because not all indirect management and oversight costs are reimbursed by these services. The accounts of the Commissary and the Credit Union are audited by both internal and external auditors and the External Auditor has suggested that less time be spent on audit activities[353].

1331. FAO has one of the very few credit unions in the UN system that is an integral part of the Organization and therefore staffed with international civil servants. It is unlike credit unions that operate within the legal context of the host country, as it is not a part of a national banking system, and cannot offer the full range of services normally found elsewhere. It is, in effect, a savings operation. To offer attractive savings rates, it leverages on the fact that it employs staff under FAO contracts whose salaries are net-of-tax. Without that advantage it would not be competitive with other financial institutions. For this reason the Credit Union needs to be closely associated with FAO. However, there are some contradictions in its operation. Its assets belong to its members and risk is borne by them. Yet it reports to FAO management. Its staff are subject to recruitment conditions imposed by FAO and they are considered internal candidates for vacancies, although this could impact on client relationships. It is internally audited by the Office of the Inspector-General, yet staff of Audit can be and are members of the Credit Union, which could give rise to conflicts of interest.

The Security Service

1332. The 1989 baseline review recommended that the Security Service be downsized and that contracting-out be tested as an alternative to direct employment. Subsequently, and in response to increased UN-wide attention to security issues, the budget for security has been ring-fenced and a higher budget has been authorized. A large part of this (some 47 percent) is for field office security. Today, FAO seems to have large numbers of headquarters security staff relative to United Nations comparators, especially if assessed against the number of compounds (see Table 8.12 below).

Table 8.12: Line security staff relative to number of building compounds

Organization	Number of security staff including line supervisors	Number of separate building compounds	Ratio of security staff per number of compounds
FAO	43	1	1:4
UNESCO	59	2	1:3
WHO	18	1	1:2
OECD	25	2	1:1
WFP	24	2	1:1
IFAD	22	2	1:1

1333. Across the UN, there is clearly a preference for in-house security staff, but this is not uniform. At least two UN agencies reviewed had a mix of outsourced and in-house services with supervision being kept in–house. The experience of OECD is perhaps instructive. In 2000, it

[352] CL 132/11 para. 34.

[353] Report of the External Auditor for the Financial Period 2000-2001, CL 2003/5, 2003.

considered that security should be an in-house operation[354], but since then it has decided that it is more cost-effective to outsource some security work. WFP used to have a part of its security service outsourced but has brought it back in-house. IFAD has part of the work outsourced but has retained some in-house in order to have sufficient security staff with language skills. Cost apart, outsourcing has advantages of flexibility to cover absences and leave. This suggests that the recommendation of the 1989 baseline review be re-examined to determine whether increased flexibility might not prove cost-beneficial for FAO.

CONCLUSIONS AND RECOMMENDATIONS

1334. The above analysis leads the IEE to the following conclusions in five broad areas.

1335. First, the Organization and its Members can be credited with recognizing the importance of attaining efficiency savings in the area of administration as well as technical programmes. FAO can also be commended for taking a number of positive actions, such as quantifying savings over the years and establishing a new framework for capturing efficiencies. However, although the administration of FAO performs very well in the application of FAO's regulations and approved procedures, this is achieved through high transaction costs that translate into high direct costs and additional hidden costs through the transfer of administrative tasks from administrative divisions to FAORs, technical departments and decentralized offices. The administrative system is also characterized by a host of *ex ante* and *ex post* control requirements, a general absence of client focus in administrative systems, low levels of delegated authority relative to comparator organizations, and systems that view human resources management in technocratic rather than strategic terms.

1336. Second, as also clearly evident in Chapter 3, FAO's administration causes substantial negative effects on the Organization's technical work and its external image. It reinforces an inherently risk-averse institutional culture. Technical and FAOR staff spend an inordinate amount of time trying to meet administrative requirements and overcome administrative hurdles in matters, such as hiring consultants with the required competencies in a timely fashion. Maintaining the necessary staff technical competencies is also made more difficult by rigidities in the administrative and human resources systems and inadequate planning for staff development.

1337. Third, some steps taken recently to increase delegations of authority are summarized above. These should help, but many more steps and much more ambitious measures will be required for FAO to become the kind of dynamic and agile organization that is needed to meet the challenges of the new development context outlined in Chapter 2. Relatively modest, incremental approaches will not achieve what is needed. A much more systemic, root and branch approach will be required, predicated on the principle of subsidiarity[355] and aimed at a shift in the institutional culture.

1338. Fourth**,** FAO's current financial situation is dire. It is manifesting itself as both a liquidity crisis and as one of insufficient reserves and provisions. The liquidity or cash flow problem has been deteriorating steadily, forcing the Organization to borrow increasingly large amounts of money. This is due principally to the timing of the arrival of assessed contribution payments by Members. The situation is unhealthy and unsustainable. The long-term financial soundness of FAO will require new approaches and financial support from Members and a more systematic and institutionalized approach to financial risk management.

1339. Fifth, FAO has devoted substantial incremental resources to information technologies in both relative and absolute terms and made laudable progress in recent years. New investments are

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[354] See Administration of International Organizations, Davies, 2002, p. 378.

[355] Subsidiarity is the principle that a higher level of authority should only become involved in an issue if it cannot be adequately resolved at a lower level.

continuing. Nevertheless, many serious problems exist. Lack of overall coherence has led to an unnecessary and costly fragmentation of systems throughout the Organization and to an unnecessarily bureaucratic division of labour between systems development and maintenance. There is no up-to-date inventory, which reduces ability to develop strategies and policies. Nor is there a protocol for recording system changes. More generally, IT corporate governance needs to be strengthened. The imperative for a rigorous risk analysis, although now well advanced, remains to be completed.

1340. These broad conclusions lead to a range of recommendations.

Overall recommendations

1341. The lack of individual accountability, transparency and trust in the FAO administration leads to high direct and indirect costs, including those associated with a risk-averse institutional culture. Without basic change to the institutional culture of FAO (see Chapter 6), the Organization cannot expect to become the efficient and effective knowledge organization that it wants to be or be truly fit for the 21st century. The recommendations outlined below can contribute to such change but, as with all programmes of institutional culture change, strong leadership from the very top will be essential.

Recommendation 8.1:

1342. A comprehensive root-and-branch review should be undertaken on all aspects of the Organization's human and financial resources management and administration. The review should be guided by:

a) giving substance to the Director-General's reform proposal to consolidate and integrate core administrative functions with a single policy perspective and one clear line of authority;
b) modernization of the Human Resources Management Division to make it less a process facilitator and more a strategic partner, building human resources strategies and advising and supporting senior management;
c) the maximum degree of streamlining and simplification possible of rules and procedures;
d) delegation of authority, based on the principle of subsidiarity;
e) a substantial shift from *ex ante* to *ex post* controls;
f) incentives to encourage, recognize and reward initiative and performance at both the group and individual levels; and
g) focusing administrative processes and support services on the client basis.

1343. The review should be facilitated by a contracted external agency specialized in institutional analysis and cultural reform. The process followed should be fully consultative, engaging with staff and management, seeking views and guidance and building ownership throughout the entire process. For organizational, administrative and coordination purposes, the external agency should report either to the Deputy Director-General, or to a revamped Office of Strategy Resources and Planning in the Office of the Director-General (as set out in Chapter 6) or to the Reform Group. It should specifically not report to the proposed Corporate Support Services Department, as this could entail conflicts of interest. One of the outcomes of the review should be to provide a time-bound target for substantial administrative efficiency improvements. The target should quantify the improvements that can be realized in monetary terms (i.e. in the form of budget reductions) and those that provide indirect improvements by reducing the "hidden" costs of administration to the benefit of programme delivery.

Human resources

1344. The principles expressed in Recommendation 8.1 entail an enhanced degree of communication between the Human Resource function and senior management. A strategic human resources management framework is needed to engage senior management and the Human

Resources Division jointly in implementing key human resources objectives. As part of this, staff will need to be convinced that a true alignment exists between incentives and superior performance. To these ends, the IEE recommends the following:

Recommendation 8.2:

1345. **Policy framework: T**he IEE recommends alignment of recruitment, staff development and promotion criteria into a single and more coherent human resources policy framework. This should also give attention to the age profile of FAO employees and ensure thereby a continuous renewal of the Organization by recruiting younger employees. In preparing it, and following FAO Management's acceptance of the need for field and regional experience to be taken into account when selecting for senior positions, FAO should implement the recommendation of the Independent Evaluation of FAO's Decentralization on the **rotation** of technical staff[356] (which it has already broadly accepted). This is both a means to assure effective linkages between headquarters and the field and to catalyse staff competencies development. More specifically, the IEE recommends a new policy whereby within the next two years, the general practice would be for all FAO Representative posts to be filled by rotation. Development of this should include full communication and consultation with FAO staff, including staff associations as appropriate.

Recommendation 8.3:

1346. **Contracting modalities** should be designed to respond to the rapidly changing context in which FAO works by increasing staffing flexibility to respond to shifts in technical competency requirements and geographic placements, while also delivering the highest possible quality to FAO's clients in the most cost-effective way. This must always be within the human resources framework of the International Civil Service Commission, International Labour Organization Tribunal and national practices. The IEE recommends particularly the following:

a) just as staff contracts are a simple package of three types with gradually progressing entitlements, a similar package should be developed for other employees. A fee-based contract format with no benefits, with transparently determined fee variations, could be envisaged and fully delegated to the divisional level. Such contracts could have gradated time and cost parameters related to the length of the expected contract, allowing for reasonable extensions to cover unforeseen developments yet provide real disincentives to continual contract extensions;

b) a move towards greater use of call-down contracts[357], which should now be greatly accelerated. If the Organization were to proceed to a greater use of call-down contracts, the need for continuity and corporate memory would require a judicious balance between that modality and indeterminate staff. There would seem to be no doubt, however, that a much greater use of call-down contracts would furnish major benefits. At the same time, call-down contracts could sometimes be the basis for long-term relationships;

c) the provision of financial resources to accord management greater flexibility in making proactive changes in staffing for reasons of ensuring competencies, aligning competencies with programme priorities and addressing consistent underperformance. Consideration could be given to financing this as a percentage of staff costs (e.g. 5 percent) placed in a separate fund. Dependent on the outcomes and requirements emerging from a new Strategic Framework (as recommended in Chapter 7), consideration could also be given to membership funding of a one-time special programme of institutional re-alignment; and

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[356] Recommendation 9 para. 190.

[357] Call-down contracts allow for the rapid access of specialized expertise by pre-qualifying individuals and then entering into service contract arrangements with them against agreed fees and on either a retainer or call down arrangement, often for a specified number of days per year.

d) at the same time, FAO should help to initiate and work within the United Nations system for a major overhaul of the UN employment system which has led to an inefficient and inequitable combination of highly insecure short-term staff and overly protected staff on continuing contracts.

1347. In addition, the IEE recommends that modifications be made to FAO payment bands for consultants so that the Organization gains true competitiveness and is aligned with market rates. Better pay bands will facilitate simpler contracts, eliminating non-financial benefits and leading to more effective delegation.

1348. Similarly, the IEE recommends that more liberal conditions and simpler procedures should be in place for paying former FAO staff and UN and other retirees market-based rates. Time limits on FAO retirees working for the Organization should be retained and there should be a strictly enforced requirement, with no exceptions, that retirees have a six-month gap after their last day in service before re-employment in any capacity. Retirees from other employers and consultants over 62 should simply be recruited at market rates.

Recommendation 8.4:

1349. **Recruitment**: Clear levels of responsibility for recruitment should be established, Division Directors should be assigned responsibility for selection of general service staff and ADGs for professional and national officer (professional) staff. Director-level staff and FAORs should continue to be selected and appointed by the Director-General. The Human Resources Management Division should be assigned responsibility in the selection process for all professional positions (particularly for those at P4 and above), for ensuring that accurate competency profiles are prepared and applied and that proper reference and background checks are conducted.

Recommendation 8.5:

1350. **Achieving geographic balance** and **gender balance:** The Director-General should continue to hold overall responsibility for achieving these balances, but within a more inclusive framework of delegated responsibilities. To this end, ADGs or their equivalent should be required to meet general targets set on a broad regional basis[358] (for geographical balance) and FAO's medium-term target of 35 percent for gender balance, together with a high-priority target of achieving 35 percent of women in management and FAOR posts. The situation in each department should be reported to the Director-General quarterly, showing annual cumulative progress[359]. The Human Resources Management Division should be specifically tasked to support this effort by developing a supply of suitable candidates, encouraging suitable junior recruits with long-term potential (e.g. through the APO programme) and through targeted recruitment missions and advertising.

1351. Also with a view to greater gender balance, the IEE welcomes the Human Resources Gender Plan of Action that is currently being prepared, particularly its emphasis on integrated approaches to recruitment and retention of female staff with policies such as work-life balance.

Recommendation 8.6:

1352. **Performance management:**

a) The IEE endorses the broad thrust of the new performance appraisal approach set out by the Human Resources Management Division, particularly its emphasis on staff development. However, the IEE strongly recommends that it not be introduced gradually, as is the current intention, but implemented fully and as quickly as

[358] Based on present mid points of target ranges the broad targets could be Africa 13%, Asia 21%, Europe 31%, Latin America 11%, Near East 6%, North America 13%,and S.W Pacific 5%.

[359] A similar conclusion was reached by the Audit in its report Recruitment of Professional Staff.

possible. During the early period of implementation some adjustments and additional support for supervisors may be required, but a performance appraisal system in FAO has been pending for many years and should not be further delayed. It is also central to the success of Results-Based Management in the Organization;

b) consistent with emerging best practice, the IEE recommends that performance appraisal begin at the top with the Director-General, the Deputy Director-General and the Assistant Directors-General. Corporate performance objectives should be set by the Governing Bodies and the Director-General's achievements assessed against these and reported to Governing Bodies, as should those of other senior staff;

c) managers should be assessed on their ability to conduct performance appraisal both quantitatively and qualitatively, including ranking staff into different performance categories. Comprehensive training in performance management will be needed for all managers from the Director-General down;

d) the evaluation of FAO Representatives should be a two-way process following a principle of peer group review. Selected FAORs would also evaluate their colleagues at headquarters, and in particular the division directors who are tasked with providing services to them; and

e) poor performance should first be addressed though appropriate training. Thereafter, earmarked funds equivalent to a proportion of common staff costs should be put aside in a pool for agreed separations and for *force majeure* separations, where required.

Recommendation 8.7:

1353. **Staff incentives:** A proposal for limited financial incentives, perhaps along the lines of the scheme now being applied in the European Free Trade Association (see Box 8.4), should be studied for possible introduction into FAO on a low-cost, trial basis. In the absence of a financial reward system, the IEE recommends introduction of a range of non-financial incentives (i.e. recognition awards, special learning opportunities, part sabbaticals, and so forth) for exceptional performance. This, of course, needs to be linked to the strong performance appraisal system indicated above.

Box 8.4: The EFTA budget savings scheme

If a programme manager can achieve all his/her targeted results, as measured appropriately, and at the same time do so with budgetary savings then the savings can be reallocated in a subsequent budget period. Of these savings 75 percent return to the organization, either for reallocation or as part of a year-end financial surplus and 25 percent can be redistributed by the manager. The manager can redistribute these savings in one of two ways; either they can be reused for specific programme objectives that the relevant unit wishes to achieve and which were not possible in the context of the original budget or small staff bonuses can be paid in recognition of the success of the unit in achieving its objectives within budgetary targets. If the experience of the World Bank is taken as an example, small bonuses in the range of US$500-1000 can have a very positive impact on staff.

1354. Also, much greater encouragement should be given not only to rotation, but also to lateral moves. High-performing staff should be identified and accelerated career development practices applied.

Recommendation 8.8:

1355. **Training:**

a) Increase the overall resources for training in FAO, which are still relatively small for a knowledge-based institution;

b) training support in FAO assigns disproportionate emphasis to languages and basic office skills (which can be expected on recruitment). A better balance is required

between these areas and others such as the development of RBM, technical and project support activities (including gender analysis), effective management of administrative and operational processes and management training. The IEE especially recommends significant investments in management training to equip FAO managers with leadership skills and the capabilities required to respond with flexibility to the new and changing circumstances confronting FAO; and

c) if training allocations are to be distributed, this should take account of dollar amounts per professional and per general service staff member throughout FAO and not on the basis of the dollar payroll for each office which severely disadvantages smaller departments and especially FAORs. In addition, however, a central training allocation should be retained to ensure that highest priority training needs are addressed on a corporate and strategic basis.

Administration

Recommendation 8.9:

1356. The following specific recommendations are made:

a) FAO management committees in the administrative field should be chaired by ADGs or D2 staff. These committees should be empowered to make decisions, although they would, of course, need to refer strategically important issues to Senior Management. Consistent with the subsidiarity principle and that of effective delegation, the Office of the Director-General would hold representation on these committees by exception only;

b) outpost one administrative officer to each department: to act as an administrative problem-solver, to support and train departmental general service personnel dealing with administrative matters, and more generally to stimulate and assure client focus approaches to the technical divisions. This should be done in a balanced manner. For example, small departments might initially share one support officer. Experiences should then be assessed to determine if more staff should be outposted or the outposting discontinued; and

c) evaluate the success of relocation of Shared Services Centre functions on the basis of 'client' satisfaction and efficiency considerations, before outposting further functions.

Recommendation 8.10:

1357. **Procurement and related services**:

a) Two different procurement policies should be developed for supporting first and second phase emergency response respectively, focusing on *ex post* controls and tolerating a higher level of risk for first phase responses;

b) with advice from the Legal Office, a simpler and more flexible policy and system for Letters of Agreement with partner organizations should be developed, using an 'umbrella' format with standardized user options. The Director of the Administrative Services Division (or its successor in the event of organizational change) should be delegated authority to approve a suitable proportion of major LoAs. Approval for registration of LoA partners should be delegated to division directors, based on risk-assessment metrics to decide appropriate flows of advance funding. *Ex ante* pre-audit control should be eliminated (see also Chapter 6); and

c) division directors should be given authority to approve travel, thus facilitating fast decision-making in order to capture savings for FAO. Proof of purchase for self-purchased tickets should be simplified (i.e. it should require only one proof of purchase – the ticket receipt – and not also credit card information as is now required). Controls on proof of travel should also be simplified.

Information technology

Recommendation 8.11:

1358. The IEE supports the concept of a Chief IT Officer and consolidation of all IT functions into one division (the Information and Communication Technology Division – see Chapter 6) under him/her. The division would integrate IT systems development activities, including systems programming of corporate systems[360] and:

a) IT long-term planning;
b) corporate applications (including management reporting systems);
c) field, regional and liaison office applications; and
d) user support group.

1359. Each functional sub-unit within the Information and Communication Technology Division should provide an integrated service for a defined user group, including re-establishment of Information Technology Officers (ITOs) in each user department or office selected jointly by the department head and the Chief Information Technology Officer. This should facilitate system coherence and quality improvements; provide efficiencies, particularly at the policy level, that will enable staff reassignment to enhance technical and field applications in particular; and ensure retention of knowledge on new developments within each sub-unit. The IT Division would need to work extremely closely with the main technical divisions operating databases and with the Office of Knowledge Communication as per the proposed new organizational structure presented in Chapter 6 and ensure that representatives from the different technical areas are in the committees and sub-committees that make decisions on standards for technical applications. At the same time, an updated and careful examination should be carried out on the costs and benefits to FAO of outsourcing versus in-house IT services to achieve the most advantageous balance between the two.

1360. **Recommendation 8.12: IT risk management**

a) A comprehensive risk assessment should be undertaken for the IT structure in Country Offices and Liaison Offices;
b) as a precursor to improved risk management, Oracle-based Financials should be deployed to Country Offices as soon as technically feasible and with appropriate training in use[361]; and
c) funding procedures and cost/benefit studies for new applications need to be established, which are realistic and include certain foreseeable long-term costs (such as maintenance and staff training on upgrades).

Finance

1361. FAO leadership should use the challenge and opportunity presented by the transition to IPSAS to achieve significant efficiencies and improved effectiveness in all areas (technical, financial, systems and governance). To this end, the IEE recommends the following:

Recommendation 8.13:

1362. Despite some attempts to integrate purely financial and more strategic management processes, full integration of the supporting systems needs to be pursued more vigorously so as to address strategic and programme accountability processes with financial management and financial reporting requirements. A structured automated system for a series of management reports should be developed that meets the needs of the different levels of management and line users. In addition, the FAO Permanent Representatives website should be upgraded and made the

[360] Including *inter alia* IT units in technical departments and KCEW, KCT, OCD (IT) and PBE.

[361] FAO is currently working on a new Oracle field system to be deployed in the near future.

means by which management information of interest to the governance structure of the Organization is disseminated.

Recommendation 8.14:

1363. FAO leadership should use the transition to IPSAS to achieve significant efficiencies and improved effectiveness in financial accounting, financial management and decision support systems. The Organization should consider the introduction of accounting and budgeting in Euros and US dollars and possibly accounting for extra-budgetary funds in Euros, US dollars and possibly other currencies as part of the project to introduce IPSAS. The IEE commends the Organization's ongoing initiative to assess change requirements for the changeover to IPSAS.

Recommendation 8.15:

1364. FAO must develop an **institutionalized strategy for financial risk management,** guided by clear distinctions between what lies within management's authority (i.e. financial strategy and approaches) and what requires specific authorization by the Council (i.e. financial policy). The objective is not to create bureaucratic impediments, but to provide assurance that sufficient checks and balances exist to prevent the Organization from accidentally taking on unnecessary financial risk and to provide protection to the Organization and its staff.

Recommendation 8.16:

1365. The consequences to FAO of arrears and of major payments arriving late in the fiscal cycle are severe, not only in the cost of borrowing but also in damage to programme efficiency and effectiveness. This is a problem that affects many multilateral organizations. The IEE is fully aware that arrears and late payments raise complex political issues that have been discussed in many fora over many years. The IEE is also convinced, however, that serious and transparent actions to address this problem are long overdue. Member country demands that FAO should demonstrate high and transparent standards of accountability should be matched by similar standards for their own accountability as Members.

1366. With this in view, the IEE recommends that:

a) FAO continue its policy and practice of borrowing in order to address liquidity shortfalls;

b) FAO's website should show the arrears and late payments situation by country, updated on a monthly basis; and

c) the interest costs of borrowing to meet liquidity shortfalls should be met by charges against FAO investment income and not to miscellaneous income as is the current practice. Charges to miscellaneous income entail a *de facto* subsidy to countries that do not pay their assessed contributions on time. In addition to demonstrating clearly the financial costs of arrears and late payments, the change would establish a much more accurate baseline picture of FAO Regular Budget finances.

1367. In addition, the IEE recommends that following a review of long standing arrears, some of which may be written off, the FAO Governing Bodies give consideration to strictly enforcing provisions linking voting rights with arrears. The established practice of FAO has been to waive these provisions and the IEE recommends that this should cease. As set out in current provisions, the voting rights of countries in arrears should be suspended and no exceptions granted. Similarly, citizens of countries in arrears should not be eligible for appointment to FAO posts. Finally, it is recommended that eligibility for new TCP grants should be suspended for countries in arrears.

Recommendation 8.17:

1368. In addition to TCP and capital and security accounts, the possibility for roll over of a relatively small proportion of working funds between biennia should be introduced in FAO, both as a matter of good financial management and of income and expenditure smoothing.

Recommendation 8.18

1369. The following specific additional financial measures are also recommended:

a) continue funding all under-funded long-term after-service liabilities which are presently in the order of US$445 million. The changeover to IPSAS may open possible channels for discourse between Member Nations and the Secretariat on alternative means for addressing this issue. The IEE recommends that this opportunity be taken;

b) within this objective, accelerate the provisioning and earmarking of funds to cover **after-service liabilities**. FAO deserves credit for the fact that it is already ahead of many other UN agencies on this; and

c) pursue more proactive and creative thinking on plan design for non-financial opportunities to reduce liabilities to retirees (e.g. on health costs by using national health schemes for routing costs where feasible), to serving staff (e.g. through greater but equitable use of deductibles related to health costs) and for FAO self-insurance against major risk (perhaps in an inter-agency pool).

Recommendation 8.19: Other

1370. Through the recently created Inter-Institution Coordination Committee (IICC), pursue opportunities for further joint or coordinated activities with WFP and IFAD in several of the areas discussed in this chapter:

a) a policy framework should be developed, based on the concept of organizational neutrality and using the existing strengths of each agency. It should periodically be discussed in the appropriate Governing Bodies;

b) levels of security staffing should be re-examined in the light of comparator data showing FAO to have high staff levels, with a view to outsourcing a proportion and seeking some common service with the other Rome-based agencies (for example, with WFP taking day-to-day responsibility for inter-agency security and FAO making relevant executive decisions); and

c) travel services in particular present a major opportunity and are being jointly tendered with IFAD. The IEE recommends undertaking a joint feasibility study under the IICC, with the participation of outside consultants, before any new contracts are negotiated with travel agencies, to decide on the best common operating procedures, the most cost-effective way to deliver a common service and related standardization of procedures.

Recommendation 8.20: Other

1371. It is also recommended that:

a) in an era of security uncertainties, a stand-by business continuity plan should be part of overall risk assessment and planning. At a minimum, it should cover core human resources activities, payroll, building management, communications and key financial activities including field accounts; and

b) the Commissary and Credit Union should be run by independent boards, appropriately representing the users. Each board should include a representative of the Director-General to protect the interests and reputation of FAO. Both the Commissary and the Credit Union should be run as fully financially independent operations. The day-to-day operations of the Commissary should be contracted out and run by a suitable organization experienced in the retail trade. Management of the FAO catering contract, currently a Commissary responsibility, should revert to Facilities Management.

Acronyms

ADDG	Associate Deputy Director-General
ADG	Assistant Director-General
AEZ	Agro-Ecological Zoning
AF	Department of Human, Financial and Physical Resources
AFF	Finance Division
AFH	Human Resources Management Division
AFS	Administrative Services Division
AG	Agriculture and Consumer Protection Department
AGE	Joint FAO/IAEA division for nuclear techniques in food and agriculture
AGNP	Nutrition Planning, Assessment and Evaluation Service
AGP	Plant Production and Protection Division
AGS	Rural Infrastructure and Agro-Industries Division
AGSF	Agricultural Management, Marketing and Finance Service
AIDS	Acquired Immune Deficiency Syndrome
AKIS	Agricultural Knowledge and Information Systems for Rural Development
APO	Associate Professional Officer
APRACA	Asia-Pacific Rural and Agricultural Credit Association
AQUASTAT	Global Information System on Water and Agriculture
AU-IBAR	African Union-Interafrican Bureau for Animal Resources
AUD	Office of the Inspector General
BAH	Booz Allen Hamilton
BSE	Bovine Spongiform Encephalopathy
CBD	Convention on Biological Diversity
CC-IEE	Council Committee for the Independent External Evaluation of FAO
CCLM	Committee on Constitutional and Legal Matters
CCP	Committee on Commodity Problems
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CFS	Committee on World Food Security
CGIAR	Consultative Group on International Agriculture Research
CGRFA	Commission on Genetic Resources for Food and Agriculture
CI	Conservation International
CIAT	Centro Internacional de Agricultura Tropical
CIFOR	Centre for International Forestry Research
CO	Country Office
COAG	Committee on Agriculture

COFI	Committee on Fisheries
COFO	Committee on Forestry
COO	Chief Operating Officer
CP	Cooperative Programme
CPF	Cooperative Partnership on Forests
CSO	Civil Society Organization
DAC	Development Assistance Committee
DDG	Deputy Director-General
DFID	Department for International Development
DG	Director-General
DLCC	Desert Locust Control Committee
EB	Extra-budgetary
EC	European Commission
ECHUI	Ending Child Hunger and Under-nutrition Initiative
ECOSOC	Economic and Social Council of the United Nations
ECTAD	Emergency Centre for Transboundary Animal Diseases
EFTA	European Free Trade Association
EMPRES	Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases
EPTA	Expanded Program for Technical Assistance
ERP	Enterprise Resource Planning
ES	Economic and Social Development Department
ESA	Agricultural Development Economics Division
ESS	Statistics Division
EST	Trade and Markets Division
ESW	Gender, Equity and Rural Employment Division
EU	European Union
FAOR	FAO Representative
FAOSTAT	FAO Statistical Database
FAS	Field Accounting System
FC	Finance Committee
FERTISTAT	Fertilizer Use Statistics
FI	Fisheries and Aquaculture Department
FIAN	FoodFirst Information and Action Network
FIGIS	Fisheries Global Information System
FISHERS	Global Number of Fishers Database
FIVIMS	Food Insecurity and Vulnerability Information and Mapping Systems

FLEG	Forest Law Enforcement and Governance
FNPP	FAO Netherlands Partnership Programme
FO	Forestry Department
G77	Group of 77 at the United Nations
GAIN	Global Alliance to Improve Nutrition
GAO	Government Accountability Office of the US Congress
GAP	Good Agricultural Practices
GCCC	Government Counterpart Cash Contributions
GCP	Government Cooperation Programme
GDP	Gross Domestic Product
GDPA	Gender and Development Plan of Action
GEF	Global Environment Facility
GEMS	Global Environmental Monitoring System
GFAR	Global Forum on Agricultural Research
GIEWS	Global Information and Early Warning System on Food and Agriculture
GIL	Library and Documentation Systems Division
GIS	Geographic Information System
GMO	Genetically Modified Organism
GPA	Global Programme of Action for the Protection of the Marine Environment from Land-based Activities
GS	General Service
GTOS	Global Terrestrial Observing System
GTZ	German Agency for Technical Cooperation
HACCP	Hazard Analysis Critical Control Point
HIV	Human Immunodeficiency Virus
HLCM	High Level Committee on Management of the United Nations
HORTIVAR	Horticulture Cultivars Performance Database
HQ	Headquarters
HRMS	Human Resources Management System
IAEA	International Atomic Energy Agency
IAP	Immediate Action Plan
IBRD	International Bank for Reconstruction and Development
ICP	Industry Cooperative Programme
ICRAF	International Centre for Research in Agro-Forestry
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
ICSC	International Civil Service Commission
IDWG	Interdepartmental Working Groups

IEE	Independent External Evaluation
IFAD	International Fund for Agricultural Development
IFI	International Financing Institution
IFPRI	International Food Policy Research Institute
IFRS	International Financial Reporting Standards
IGG	Inter-Governmental Commodity Group
IIASA	International Institute for Applied Systems Analysis
IICA	Inter-American Institute for Cooperation on Agriculture
ILO	International Labour Organization
ILRI	International Livestock Research Institute
IMF	International Monetary Fund
IOMC	Inter-Organization Programme for the Sound Management of Chemicals
IPGRI	International Plant Genetic Resources Institute
IPM	Integrated Pest Management
IPPC	International Plant Protection Convention
IPSAS	International Public Sector Accounting System
IPTRID	International Programme for Technology and Research in Irrigation and Drainage
IRRI	International Rice Research Institute
ISDR	International Strategy for Disaster Reduction
ISNAR	Institute for National Agricultural Research
ISRIC	International Soil Reference and Information Centre
IF	Information Office
IT	Information Technology
ITPGR	International Treaty on Plant Genetic Resources for Food and Agriculture
ITTO	International Tropical Timber Organization
IUFRO	International Union of Forestry Research Organizations
IUCN	International Union for the Conservation of Nature
IWMI	International Water Management Institute
JIU	Joint Inspection Unit of the United Nations System
JM	Joint Meeting
KC	Knowledge and Communication Department
KCC	Conference and Council Affairs
KCE	Knowledge Exchange & Capacity Building Division
KCI	Communication Division
KCT	Information Technology Division
KM	Knowledge Management

LADA	Land Degradation Assessment in the Drylands project
LEAD	Livestock and Environment Development Initiative
LEG	Legal Office
LDC	Least Developed Country
LO	Liaison Office
LoA	Letters of Agreement
LOBR	Liaison Office with European Union and Belgium
LOGE	Liaison Office with the United Nations (Geneva)
LOJA	Liaison Office in Japan
LONY	Liaison Office with the United Nations (New York)
LOWA	Liaison Office for North America
MDG	Millennium Development Goal
MoU	Memorandum of Understanding
MS	Manual Section
MSU	Management Support Unit
MTP	Medium-Term Plan
NACA	Network of Aquaculture Centres in Asia-Pacific
NARS	National Agricultural Research Centre
NEAFC	North East Atlantic Fisheries Commission
NEPAD	New Partnership for Africa's Development
NFPF	National Forest Programme Facility
NGO	Non-governmental Organization
NMTPF	National Medium-Term Priority Frameworks
NO	National Officer
NR	Natural Resources and Environment Department
NRLA	Land Tenure and Management Unit
NRR	Research and Extension Division
NSDS	National Strategy for the Development of Statistics
OCD	Office of Coordination of Normative, Operational and Decentralized Activities
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODG	Office of the Director-General
OECD	Organization for Economic Co-operation and Development
OIE	World Organisation for Animal Health
OPE	UNDP Office of Project Execution
OSCE	Organization for Security and Co-operation in Europe-
P	Professional

PAIA	Priority Area for Inter-disciplinary Action
PAN-UK	Pesticides Action Network UK
PBE	Office of Programme, Budget and Evaluation
PBEE	Evaluation Service
PBEP	Programme and Budget Service
PC	Programme Committee
PEPFAR	The US President's Emergency Plan for AIDS Relief
PGRFA	Plant Genetic Resources for Food and Agriculture
PIRES	Programme Planning, Implementation Reporting and Evaluation Support System
PPAB	Programme and Policy Advisory Board
PPRC	Programme and Project Review Committee
PROFOR	Programme on Forests
PRSP	Poverty Reduction Strategy Paper
PWB	Programme of Work and Budget
RAF	Regional Office for Africa
RAP	Regional Office for Asia and the Pacific
RBB	Results-Based Budgeting
RBM	Results-Based Management
REDCAPA	Red de Instituciones Vinculadas a la Capacitación en Economía y Políticas Agrícolas de América Latina y del Caribe
REU	Regional Office for Europe
RLC	Regional Office for Latin America and the Caribbean
RNE	Regional Office for the Near East
RO	Regional Office
RP	Regular Programme
SAA	Senior Agricultural Advisers
SADC	Southern African Development Committee
SAICM	Strategic Approach to International Chemicals Management
SAFR	Sub-Regional Office for Southern and East Africa
SD	Sustainable Development Department
SEAGA	Socio-Economic And Gender Analysis
SEUR	Subregional Office for Central and Eastern Europe
SFERA	Special Fund for Emergency and Rehabilitation Activities
SFI	Soil Fertility Initiative
SFLP	Sustainable Fisheries Livelihoods Programme
SINGER	System-wide Information Network for Genetic Resources
SLAC	Subregional Office for the Caribbean

SMM	Senior Management Meeting
SOCO	The State of Agricultural Commodity Markets
SOFA	The State of Food and Agriculture
SOFI	The State of Food Insecurity
SOFIA	The State of World Fisheries and Aquaculture
SOFO	The State of the World's Forests
SOTER	World Soil and Terrain Database
SPFS	Special Programme for Food Security
SPS	Sanitary and Phytosanitary Measures
SPWB	Summary Programme of Work and Budget
SRC	Subregional Coordinator
SRO	Subregional Office
SSC	Shared Services Centre
SWAP	Sector Wide Approaches
TA	Technical Assistance
TAC	Technical Advisory Committee
TAP	Temporary Assistance Pool
ToR	Terms of Reference
TQM	Total Quality Management
TC	Technical Cooperation Department
TCA	Policy Assistance and Resources Mobilization Division
TCDC	Technical Cooperation between Developing Countries
TCE	Emergency Operations and Rehabilitation Division
TCI	Investment Centre Division
TCO	Field Operations Division
TCOS	Special Programme for Food Security Management and Coordination Service
TCP	Technical Cooperation Programme
TFAP	Tropical Forestry Action Plan
TKN	Thematic Knowledge Networks
TRIPS	Trade-Related aspects of Intellectual Property rights
UEMOA	Union Economique et Monétaire Ouest Africaine
UK	United Kingdom
UN	United Nations
UNC	Office of UN Coordination and MDG Follow-up
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group

UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFF	United Nations Forum on Forests
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNIDO	United Nations Industrial Development Organization
USA	United States of America
USAID	US Agency for International Development
UTF	Unilateral Trust Fund
WAICENT	World Agricultural Information Centre
WARDA	Africa Rice Centre
WIEWS	World Information and Early Warning System on PGRFA
WFP	World Food Programme
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
WWF	World Wildlife Fund

Annex 1: Tentative Costs and Savings and Summary of Recommendations by Cluster

INTRODUCTION

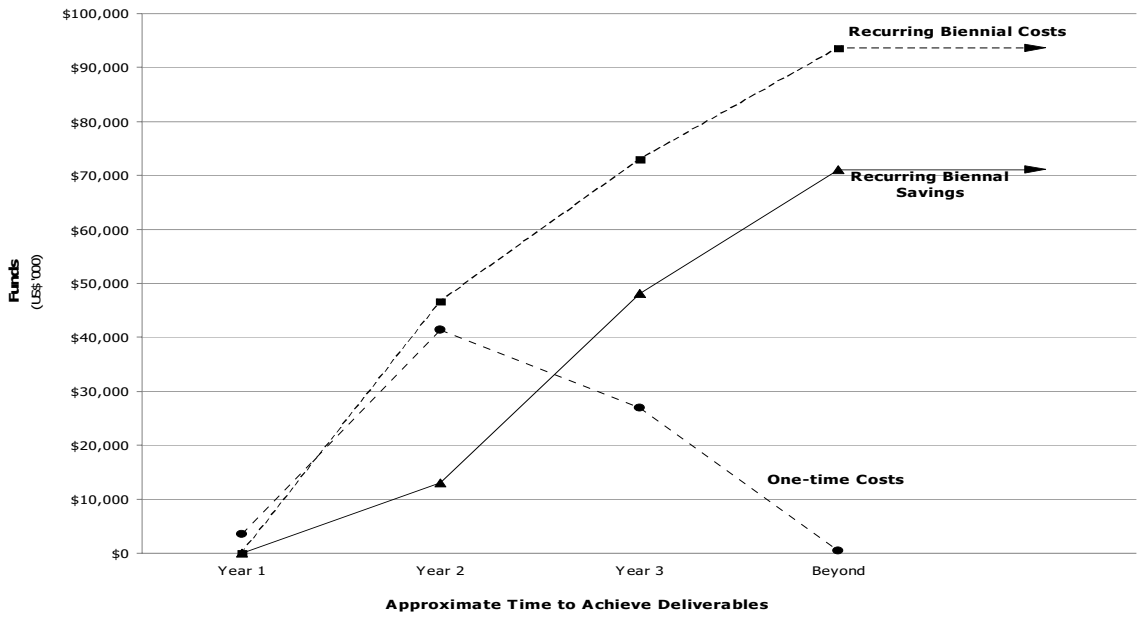
All the information in this annex is tentative and preliminary. The suggested lead responsibility for recommendations and deliverables as well as the estimated "intensity" are aimed at clarifying the intent behind the IEE's recommendations in order to assist and guide the elaboration of more detail in the Immediate Action Plan.

The tentative costs and savings estimates were developed by the IEE core team, making use of information provided on request by the Programme and Budget Service of FAO. They may be expected to change depending on assumptions made, decisions adopted and more detailed examination.

TENTATIVE COSTS AND SAVINGS

Cluster	Theme	On-going Biennial Savings (US$ '000)	Recurring Biennial Costs (US$'000)	One-time Costs (US$ '000)
Overarching	Immediate Action Plan			$1,200 - $2,800
1. Strategy	New corporate Strategic Framework			$1,000 - $2,000
	Component strategies (across technical areas)	$1,600 – $1,800	$1,700 - $1,920	$600 - $1,200
	Considerations for Strategic Choices	$9,600 - $11,200	$14,070 - $19,690	$1,610 - $2,830
	Specific external partnerships		$2,800 - $3,200	$100 - $300
	Technical Cooperation at country and regional level		$13,400 - $20,600	
2. Governance	Conducting governance reform			$280 - $310
	Global Governance role			$25 - $40
	Fiduciary role & oversight		$6,100 - $7,600	
	Governance Architecture	$640 - $820	$6,460 - $8,500	
	Governance Proceedings		$1,600 - $1,950	$100 - $110
3. Systems and Culture	Overarching review of management & administration			$3,000 - $5,000
	Human Resources framework		$9,300 - $11,400	$2,750 - $3,550
	Administrative efficiency	$8,350 - $16,200	$1,800 - $2,000	$50 - $70
	Information Technology		$1,080 - $1,330	$720 - $880
	Organizational Culture (direct measures)		$1,900 - $2,100	$1,000 - $1,500
4. Structure	Headquarters	$29,100 - $30,700		$50,000 - $55,000
	Field	$12,000 - $20,000	$17,500 - $29,000	
TOTAL		**$61,290 - $80,720**	**$77,710 - $109,290**	**$62,435 - $75,590**
After-Service Liability Costs			*$39,700*	

Figure 1.3: Tentative estimated costs and savings from IEE recommendations



SUMMARY OF RECOMMENDATIONS BY CLUSTER

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Overarching Recommendations				
Immediate Action Plan	Formulate and adopt of a 3-4 year Immediate Action Plan (IAP) based on the Report recommendations. (1.1)	A communications plan should form an integral part of this to keep all members, the FAO Management and main partners apprised of the progress on an ongoing basis.	Governing Bodies Management	+++
		Some of the recommendations fall into the category of 'quick wins', providing early evidence of progress, contributing to momentum and building confidence. Other recommendations are of a longer-term nature and these should be tracked through regular progress reports.	Governing Bodies Management	+++
		The Immediate Action Plan must be co-owned and co-directed by the Governing Bodies and the Management. The aim of the IAP is to secure the future of FAO as the dynamic, credible, trusted and effective global organization that its original architects intended. This is clearly the responsibility of governance, but it can only be achieved with co-management and co-ownership by both the governing bodies and management. Momentum must not be lost or the opportunity for reform with growth will be lost with it.	Governing Bodies Management	+++
Immediate Action Plan	Following the broad discussion and agreement on the way forward at the November 2007 Council and Conference, the Council should establish a joint working group with management to develop the Immediate Action Plan and start-up actions for implementation. (1.2)		Management	+++

†††† The estimated "intensity index" for each deliverable is an indicator of the work required and/or number of actors that would be involved. The main influencing factors were: the number & diversity of people that must be consulted (especially if external as well as internal), the length of time required for due process, and the likely extent of negotiation.

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Cluster 1: Strategy				
New corporate Strategic Framework	**Strategic Framework** Develop a clearly-enunciated strategy covering the full range of FAO products to at least 2015, understood and endorsed by all its members and unequivocal in its stipulation of means-to-ends requirements. Existing programmes that do not fall within the Strategic Framework would be phased out, unless specifically approved by the Governing Bodies. (7.1) ***Also Cluster 3***	Go beyond general aspirations and statements of noble goals by: a) taking analytical account of FAO's absolute and dynamic comparative advantage; b) presenting unequivocally the five or six (maximum) priority themes on which FAO proposes to focus its efforts; c) enunciating systematic criteria for priority setting and applying these to define real priorities (what would have first call on resources? what would have second call? and so on); d) establishing clearly the areas in which FAO will cease to work, and setting the general magnitude of resource requirements for its objectives; e) delineating strategies for securing those resources; and f) setting the performance and results targets to which the Organization will be held accountable.	Governing Bodies Management	+++
		Revisit and modify the architecture of the New Programming Planning Model to make the new Strategic Framework and the Medium Term Plan consistent. The programme model would need to be truly corporate in nature, fully integrating extra-budgetary funds into all aspects of programming, including the establishment of objectives. The new Strategic Framework should include all the key elements of a four year Medium-Term Plan (i.e. full programming parameters, critical mass and opportunity cost requirements and means to ends for that period)	Governing Bodies Management	+++
		Build on the 3 goals of member countries currently identified in the Strategic Framework and strongly linked to the MDGs. Theses could provide the basis for a logical framework linkage to programmes and an overall focus on impacts. The new Strategic Framework, incorporating fully the key elements of a four-year Medium-Term Plan, should facilitate focus by the Governing Bodies on a long- and medium-term strategy, while leaving management of the work programme to the secretariat and *ex-post* accountability on progress towards agreed objectives to the Governing Bodies.	Governing Bodies Management	++
		Identify five or six priority themes to serve as the basis for FAO resource mobilization. This would present donor members with clear objectives and priorities against proposed programmes, justifications for these and the approximate scale of resources required. It would invite and enable enhanced programme coherence and would challenge donors to work with, and lend appropriate support to, approved strategic and programmatic priorities. See also recommendation 7.2.	Governing Bodies Management	+++
		Communicate regularly the key corporate themes (5 or 6, no more) both upwards to Governing Bodies through programme and budget documents showing links to programmes, and downwards to staff with indicators of the results against which their work should be measured. This should, in turn, facilitate a ripple effect of priority setting and focus at divisional and sub-divisional levels throughout the Organization. Regional and country strategies should also be finalised within the framework of these agreed priorities (see also Chapter 6).	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Country-level work can and should benefit both the recipient country and global normative work and also help to advance UN reforms. Therefore, it should be coherent with national medium-term priority frameworks (more focused than they are at present), which in turn nestle within the UNDAF and eventual agreements in respect of "Delivering as One".	Management	+++
		Agree at the Regional Conferences on a few core themes for the regional level, which coincides with FAO's global priorities	Governing Bodies	+++
New corporate Strategic Framework	**Strategic Framework** Identify, in close interaction between Secretariat and Membership, a limited number of priority technical themes, each supporting one or more goals of member countries. The themes would be focused, they would integrate advocacy, normative work and technical cooperation, and they would have a life span of at least six years (3 biennia). New themes above the maximum would not be added without eliminating existing ones. (7.2)	Criteria for selection of programme priorities should include: a) absolute priority in terms of member needs b) use of the Organization's potential comparative strengths, including, existing capacity, cross-disciplinarity and integration of advocacy, normative work and technical cooperation c) topicality and interest to providers of extra-budgetary funds d) potential for partnership.	Governing Bodies Management	+++
		Integrate Regular Programme and extra-budgetary resources on the basis of the themes, which would be set as absolute priority for mobilizing extra-budgetary resources. Appoint a fully dedicated theme manager beyond a certain volume of funds	Governing Bodies Management	+
		In deciding programme priorities, Members should focus on major goals and significant work areas, not on outputs	Governing Bodies	++
New corporate Strategic Framework	**Strategy and Priorities** The three goals of Member Nations (overcoming hunger and malnutrition; agriculture as a contributor to economic and social development; sustainable management of the natural resource base for food and agriculture) should provide the ultimate goals in the logical framework hierarchy of means-to-ends analysis for FAO. (3.1)	Allocate a small portion of the overall technical budget of the Organization (perhaps 10%) to Deputy Directors-General responsible for technical programmes fund incentives to work on the Goal under their responsibility, particularly across divisions and departments.	Governing Bodies Management	++
		This should be an area of priority for resource allocations in order to foster interdisciplinarity.	Governing Bodies Management	++
Component strategies (across technical areas)	**Resources Mobilization** Put in place a coherent and dynamic resource mobilization strategy around the priority themes and the national medium-term priority frameworks (7.6)	Mobilize resources around the priority themes and the NMTPFs. Refer to the Governing Bodies any resources outside these parameters and over $1 million before acceptance (7.6.A) ***Also Cluster 2***	Management	+
		Encourage, delegate authority and provide incentives to FAORs and managers to mobilize resources (7.6.B) ***Also Cluster 3***	Management	+
		Delineate targeted investments towards the search for new sources of support outside the traditional donors, in particular the new private foundations (7.6.C)	Management	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		As recommended in the TeleFood evaluation, with the aim of building and reinforcing FAO support in the public and with small business, establish a new and independent foundation entirely outside the Organization's bureaucracy. The foundation should replace TeleFood and funds raised should go to the priority themes, with FAO support limited to the first 3/4 years (7.6.D)	Management	+++
		Encourage donor pool funding around the themes, national medium-term priority frameworks and SFERA (for emergencies), reducing transaction costs and increasing ownership in line with the Paris Declaration. Individual donors may also enter into long-term partnership programmes consistent with the framework (7.6.E)	Management	++
		Under the leadership of FAO's Governing Bodies, seek agreements to ensure that the costs of the global roles of the Organization as a statutory body are placed on a predictable and sustainable basis and increase member ownership of them within the FAO family. This would include requirements for conventions and other statutory arrangements to finance fully the roles required of FAO. (7.6.F)	Governing Bodies	+
Component strategies (across technical areas)	**Partnership Strategy** Enlarge FAO's vision to permit the Organization to influence the governance of agriculture in the 21st century by strengthening partnerships and alliances based on comparative advantage and the search for greater effectiveness and efficiency. (5.1)	Develop a corporate-wide partnership strategy to (i) build a stronger culture of partnership within FAO, making it a part of the way it does business rather than an after-thought, and (ii) foster a more strategic and less fragmented approach to initiating, implementing and assessing partnerships. The strategy will also want to take account of many of the general lessons learned in attempted development partnerships over the past several years	Management	+++
		Implement the recommendations made by the Evaluation of FAO's Partnerships	Management	++
Component strategies (across technical areas)	**Partnership Strategy** Include FAO partners in Governing Body processes to a greater extent, including in the development of agreements relevant to and required for the global governance role of FAO. (5.2) ***Also cluster 2***	Involve, formally and informally, civil society and the private sector in Governing Body processes, contributing to the development of global policies and agreements. See also recommendation 4.19.	Governing Bodies Management	++
		Give priority to partnerships as a means to heighten impact, scaling-up effectiveness and efficiency, as well as to address multi-sectoral challenges facing the sector.	Management	++
Component strategies (across technical areas)	**Knowledge Management** Facilitate knowledge sharing and play a policy role in seeking to balance interests between knowledge generation, often in the private domain, and knowledge availability, in the public domain, especially for the least developed countries. (3.3)	Develop a strategic vision focused on specific areas of knowledge access, paying particular attention to: a) copyright issues and the needs of the poorest countries b) assessing the value of the materials and collaboration with search engine providers in simplifying the location of quality information c) availability of materials in languages other than English d) dialogue with other providers of technical cooperation (in the private sector as well).	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Component strategies (across technical areas)	**Advocacy and Communication** Build a truly corporate strategy for communication and advocacy, shaped through a more collegial process and endorsed by the Governing Bodies (3.4)	The Strategy should: a) Bring together FAO's resources for key campaign impact points b) Facilitate integrated communication of FAO's more detailed and technical policy messages by creating convergence around a limited number of central themes or goals of advocacy, which should, to the absolute maximum extent possible, coincide with the overall priority themes of the Organization. c) partner strongly with the Rome-based agencies for fundamental common messages, unifying World Food Day, TeleFood, and Ambassadors Programme around this common goal. (3.4.A) See also recommendations 5.4 and 5.10	Governing Bodies Management	+++
		Decide whether to pursue and expand advocacy to the general public in a way which is more closely integrated into FAO's overall public communication strategy or to drop it. If FAO was to expand its work in this area, a separate FAO foundation should be established, free from FAO procedures and entirely self supporting after two biennia. If it does not become fully established and self-supporting after these four years, the project should be terminated. (3.4.B)	Governing Bodies Management	+++
Component strategies (across technical areas)	**Capacity Building** Develop a capacity building strategy, following an assessment of the needs and capacities of countries at different stages of development and in different parts of the world. It will recognize that capacity building outside government has not been an area of comparative strength for FAO (3.24)	Developing countries, donors and partners should be involved in this strategy development to ensure that the necessary capacity building services are available to countries, not that they are necessarily provided by FAO (see also recommendation 3.5). Partnerships thus need to be an essential aspect of the strategy.	Management	+++
		Capacity building should be a priority area for mobilisation of extra-budgetary resources, especially as TCP is unsuitable for many of the capacity building purposes (3.24.A)	Management	++
		Approaches to training and higher education should maximise on partnership and networking, recognising the limitation of new media and in general addressing the needs of teachers before trying to directly assist students (3.24.B)	Management	++
		Capacity building should be located more centrally in relation to the integration of HQ-based and country work, including many of the functions currently performed by the Technical Cooperation Department (see chapter 6). (3.24.C) ***Also Cluster 4***	Management	++
Component strategies (across technical areas)	**Collaboration with CSO/NGOs** Develop collaboration with civil society and non-governmental organizations (5.8).	Update FAO policy and procedures, and expand information flow, to help educate FAO staff on the importance and benefits – and risks – of partnerships with NGOs. The policy should recognize that partnerships based on mutual respect can help FAO gain greater exposure and professional credibility at global, national and local levels. It should focus particularly on developing partnerships with CSO/NGOs with a strong interest and experience in rural areas. (5.8.A)	Management	+++
		Put in place an active outreach programme to environmental NGOs with an interest in FAO's commitment to environment in agriculture and natural resource management. (5.8.B)	Management	++
		Continue to maximize collaboration with NGOs on emergencies, including the deepening of relationships on the basis of a clear strategy, thus increasing the acceptance and legitimacy of FAO's coordinating role. (5.8.C)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		While effective public awareness campaigns are important and need broad advocacy, FAO should cease TeleFood projects as they are largely ineffective in reaching their objectives and expensive and burdensome to administer for both FAORs and recipients. (5.8.D)	Management	+
		FAO should seek to draw civil society and private sector representatives into national policy processes facilitated by FAO. (5.8.E)	Management	+++
		Empower FAO country representatives to make project and budgetary decisions that will make associations with NGOs on common interests feasible. (5.8.F) ***Also Cluster 3***	Management	+
Component strategies (across technical areas)	**Collaboration with the Private Sector** Establish a clear corporate strategy and policy framework for working and partnering with the private sector, including particularly with small and medium enterprises (5.9)	Strengthen FAO staff understanding of the varied and increasingly significant roles played by private firms in agricultural development.	Management	++
		Focus on partnership opportunities in agriculture and rural development with UN Global Compact participants	Management	++
Component strategies (across technical areas)	**Advocacy and Communication** Develop a corporate strategy for communication and advocacy in partnership with key players in civil society, the private sector, the media and other counterpart organizations (5.10) See also recommendation 3.4.	Develop, together with the Rome-based agencies a common strategy to exploit World Food Day and other events to promote greater understanding of critical food and agriculture issues. See also recommendation 5.4.	Management	++
Component strategies (across technical areas)	**Risk Assessment and Planning** Develop a stand-by business continuity plan as part of risk assessment and planning, (8.20A)	At a minimum, cover core human resources activities, payroll, building management, communications and key financial activities including field accounts ***Also Cluster 3***	Management	++
Preliminary strategic choices for the Technical Programme	**Basic Statistics and Data** Give considerably greater priority to the provision of basic data and statistics. (3.5)	Re-examine the statistical needs for the 21st Century and how they can best be met. The re-examination should heavily involve users and, starting from information needs, consider if data output can be rationalised or there are new data or aggregation of data required.	Management	++
		Consolidate crops and livestock statistics with food insecurity and vulnerability information, early warning systems, and nutrition information. (3.5.A)	Governing Bodies Management	+++
		Emphasize strengthened partnerships with other organizations, especially in basic crop and livestock activities (3.5.B)	Governing Bodies Management	+++
		Strengthen geo-referenced data bases for natural resources (in particular land and land use). (3.5.C)	Governing Bodies Management	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Pay more attention to fresh water, but, since other organizations are active in this sector, partnership is essential. (3.5.D)	Governing Bodies Management	+++
Preliminary strategic choices for the Technical Programme	**Information Systems and Publications** Resource information systems adequately, as maintaining and strengthening them is fundamental to the performance of the Organization (3.6)	Make more hard copy publications available for the Least Developed Countries, in view of the continued difficulty with internet and computer access (3.6.A)	Management	++
		Further consider the modalities of implementing the language policy: agree on a budget for each language within which a panel of users should decide on the application of the funds for translation, in addition to translating meeting documents (3.6.B)	Management	++
		Mirror web-sites for Chinese and Arabic could be developed and based in the respective countries/regions. Documents in those languages at individual and institutional levels could be made available on the central site trough links to the mirror. (3.6.C)	Management	++
Preliminary strategic choices for the Technical Programme	**Support to Investment** If the Investment Centre is to continue to function, predicate this on the promulgation of a new and clear strategy for the Organization's role in supporting developing countries to determine their own priorities, approaches and plans for investment, including with respect to PRSPs. FAO's goal should be to build partnership between countries, IFIs and other donors for improved investment strategies and the related policy packages. (3.7)	New agreements with the IFIs should be established if Investment Centre relationships with them are to continue and, in addition, long term extra-budgetary support should be sought to complement regular programme resources in providing direct assistance to countries	Management	+++
		Apply integrated approaches that go beyond the Investment Centre and its current operating modalities. This would need to include priority attention to the longer term needs of countries, in particular with regard to economic, social and institutional policy and technical opportunities and limitations with respect to investment potential	Management	++
		FAO's current Regular Budget support to Investment Centre activities outside this strategy, once developed and approved, should not continue (3.7.A)	Governing Bodies Management	+++
		Act at the political level to build strong collaboration with IFAD, so as to provide technical and policy inputs to IFAD's work and the expertise and country presence need for IFAD to become a strategic partner to countries (3.7.A)	Management	++
		As the World Bank's lending for agriculture continues to increase, link FAO's country-focussed partnerships to the potential for Bank lending. (3.7.B)	Management	++
		Forge an appropriate an appropriate strategic relationship with the African Development Bank as it intends to expand its role considerably in African agriculture and rural development (3.7.B)	Management	++
		Recruit senior personnel with the requisite expertise to ensure capacity to provide quality inputs for investment in the emerging areas which create employment through value added and in upstream policy work related to investment and donor support. (3.7.C)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Preliminary strategic choices for the Technical Programme	**Support in Emergencies** Assign high priority to FAO's work in emergencies. (3.8)	Formulate and approve in the Governing Bodies an overall strategy to elucidate and gain a clear mandate for those emergency functions in which FAO is strong. The strategy should be dynamic and subject to regular discussion also in the Governing Bodies. There should be clear concentration on large emergencies where FAO can act in partnership with others and maximise on its comparative advantages.	Governing Bodies Management	+++
		Some increase in the Regular Programme resources allocated to maintain operational capacity in the Emergency Operations Division (TCE) is justified	Governing Bodies Management	+++
		Reinforce the continuation of FAO's capacity for plant pest emergency management (especially locusts) and strengthen standing capacity for livestock diseases ***Also Cluster 3***	Governing Bodies Management	+++
		Examine systematically the roles FAO assumes in emergencies (from resource mobilization to planning, coordination and delivery) in order to assess their effectiveness and impact, while taking account of their full inter-dependence. Areas that require major improvements are operational procedures, contracting of human resources and the use of staff and consultants, prioritization on large emergencies, and information on beneficiaries, targeting and the use made of FAO outputs, and funding requests on differentiated assistance for sustainability. ***Also Cluster 3***	Governing Bodies Management	+++
Preliminary strategic choices for the Technical Programme	**Overall Technical Work** Rebalance the distribution of resources with increases in the proportions to forestry and fisheries and a significant increase in the proportion of resources for livestock (3.9)	Enlightened decision-making from the Governing Bodies is needed, as many government representatives come from the crops sector	Governing Bodies Management	++
Preliminary strategic choices for the Technical Programme	**Plant Production and IPM** Develop a more meaningful programme on plant nutrition and small scale urban and peri-urban horticulture or, after a period, wind them down. (3.10)	Cease efforts to undertake normative work in other areas of crops; separate work by the Nutrition Group (AGN) is not justified.	Governing Bodies Management	++
		The activities of the Crops and Grassland Service and the Seeds and Plant Genetic Service should be merged to ensure greater synergies and more effective use of resources (3.10.A) ***Also Cluster 4***	Governing Bodies Management	++
		The International Rice Commission should be wound-up, or continued under the CGIAR if the CGIAR system agrees (3.10.B)	Governing Bodies Management	++
		FAO's role in the development of policy and regulation for Integrated Pest Management remains critical. There is however no longer the same need for FAO involvement at community level (3.10.C)	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Preliminary strategic choices for the Technical Programme	**Livestock** A significant increase in resources is justified and livestock deserves focus in a separate small Department (3.11.A).	As a precondition focus on: a) pro-poor sector policy and management b) animal health, addressing implications for the poor, the national economies of developing countries, and global risks to both the livestock sector and human health c) livestock and environment issues	Governing Bodies Management	++
Preliminary strategic choices for the Technical Programme	**Institutional Support to Agricultural Development** Develop overall policies that assign priority to institutional relationships which maximise the strengths of the public, private and NGO sectors, the application of new media as appropriate and strong partnering. (3.17)	Unless substantial new resources become available, allowing to re-establish all areas of institutional development as priorities, work should be further concentrated in order to maintain critical mass in those areas accorded priority by countries. Also, if adequate new resources do become available, institutional development work should emphasize the private sector.	Governing Bodies Management	++
		Should FAO seek a continuing role in promoting higher education reform and institutional links, this should be pursued in close partnership with UNESCO and if possible the World Bank (3.17.A)	Management	++
		Further study the strengths, weaknesses and relevance of the Farmers' Field School model, as well as the potentials for networking with NGOs and the public sector in support of group learning through the use of new media (3.17.B)	Management	++
		Given FAO's recent attempts to work on a more integrated basis on agri-business development (and assuming resources availability) this programme should be further integrated and pursued for a 3-4 year period, after which a rigorous, independent evaluation should be conducted. As part of this further integration, seek at same time to ensure that the effort integrates with IFAD, ILO, UNIDO and ITC, with special attention to Africa and with a view to a substantial sector-wide joint program on agri-business. Concentrate on facilitating measures for employment and income generation, including financing, the tax regime, market access and standards (fair trade, organic, protection of workers especially children). If no clear strategy and no joint programme emerges and this is confirmed by the evaluation, work in this area should cease (3.17.C)	Management	++
		Some separate work on rural finance may be justifiably continued, preferably jointly with IFAD but separate work on marketing is not justified (3.17.D)	Management	++
Preliminary strategic choices for the Technical Programme	**Nutrition** Form a more systematic and differentiated assessment of the economic, food and nutrition policy support needs of FAO's developing member countries. Clarity on this would enable greater use of partnerships and better division of labour in all aspects of policy work, including with IFPRI and international commodity bodies (3.18)	Pay increased attention to nutrition as an integral part of food, food security and food vulnerability policy, with more emphasis given to understanding the root causes of mal and under-nutrition: fully integrate nutrition work integrated into policy; discontinue activities in home gardening, now undertaken by many organizations; consider that nutrition education in schools and community nutrition can be better carried out by other organizations, in particular UNICEF; discontinue other work on food composition. (3.18.A)	Management	+++
		Pay increased attention to medium-term commodity market analysis which provides a basis for policy assistance (as short-term market analysis is increasingly be taken up by the private sector and the developing countries make very little direct use of FAO analysis) (3.18.B)	Management	+++
		Pay increased attention to commodity analysis for dynamic products with potential for growth (3.18.C)	Management	+++
		Pay increased attention to creating an enabling environment for business development (3.18.D)	Management	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Preliminary strategic choices for the Technical Programme	**Gender Mainstreaming and Women's Empowerment** Fully integrate the Gender Plan of Action into FAO's programme cycle and report on it specifically as part of that cycle (3.19)	Assign priority to gender in the funds reserved for inter-disciplinary and facilitating action on the three goals of member countries (3.19.A)	Governing Bodies Management	++
		Gender focal points should have selection criteria, clear terms of reference included in their job description and the necessary seniority (3.19.B) ***Also Cluster 3***	Management	++
		Staff training in gender and women's empowerment should receive renewed priority with a particular priority to FAOR professionals and gender focal points (3.19.C) ***Also Cluster 3***	Management	++
		Explore possibilities for greater partnership with other organizations (3.19.D)	Management	++
Preliminary strategic choices for the Technical Programme	**Environment and Natural Resources** Accord clear priority to climate change issues. Inter-unit cooperation, external partnership and definition of roles are especially critical (3.20)	FAO Governing Bodies and the Secretariat should examine texts originating from non FAO bodies (in addition to those from FAO itself) to ensure that the interests of FAO's constituency are well reflected (3.20.A). See also recommendations 4.5 and 4.7.B. ***Also Cluster 2***	Governing Bodies Management	++
		Give particular priority to the development of geo-referenced data bases in FAO's area of mandate and to the implications of these data as to provide both monitoring and policy assistance to members (3.20.B). See also recommendation 4.5.C	Management	+
		Provide policy and legislative assistance and capacity building with relation to international agreements of both FAO and others (3.20.C)	Management	+
		Crop biodiversity and access to that should remain a priority. FAO's comparative strengths and the relative importance of work in domestic livestock biodiversity is less evident (3.20.D)	Governing Bodies Management	++
		Partnerships with UNEP and the Global Environment Facility (GEF) can be advantageous in advancing FAO work in these areas.	Management	++
Preliminary strategic choices for the Technical Programme	**Production Technologies, Transfer and Piloting** Emphasize the significant comparative advantage in the implications of technology for policy and reduce attention to technology development, transfer and piloting in favour of policy support and capacity building. Concentrate on facilitating access to knowledge on production technologies (3.21)	Develop strengths as a knowledge manager, rather than producing the definitive technical guidance in what is a highly competitive area. This will include developing networked access, addressing copyright issues and promoting the availability of alternative language versions. (3.21.A)	Management	+
		Use pilot projects only very selectively where they fill a genuine gap, where there is a strong expectation of policy makers following the results of the pilot, and where the preconditions are present for the eventual expansion of those elements of the pilot found valuable (3.21.B)	Management	+
		Combine the Special Programme for Food Security into a wider major programme thrust of the Organization for increased production, employment and income generation in agriculture, taking into account the lessons that will be derived from evaluations of ongoing national and regional programmes for food security. Separate TeleFood projects should be discontinued and the resources obtained through continued TeleFood fundraising used to support the major theme areas. (3.21.C)	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Work on production technology should be eliminated in agro-industry and mechanisation and further reduced, particularly in crops and livestock. (3.21.D)	Governing Bodies Management	++
Preliminary strategic choices for the Technical Programme	**Legal Services** In view of the reduced resources and the apparent lack of priority from Members, concentrate legal support to member countries in those areas of clear strength in relation to international agreements (3.22)		Management	++
Preliminary strategic choices for the Technical Programme	**Policy and Strategy** Bring together the Organization's capacities in securing livelihoods and increasing economic and social well-being to follow through on the continuum created by its advocacy to the policy development (3.23)	Fully analyze countries' policy support needs. See also recommendation 3.18. (3.23.A)	Management	+++
		Draw on FAO's potential strength in bringing together technical specialists, with economists and sociologists for the Organization's policy work (3.23.B)	Management	+++
		Present options and distinguish short- and longer-term impacts in policy work. In case of positive long-term impacts, the transition options should be analyzed (3.23.C)	Management	+++
		Address the fragmented approach to policy work. Fisheries, forestry and livestock policy should rather continue to be handled separately, in order to preserve the close integration with their sectors (3.23.D)	Management	+++
		Integrate nutrition into food policy work and give more attention to understanding the root causes of mal- and under-nutrition (3.23.E)	Management	+++
		Integrate direct support to countries and more normative work (3.23.F). See also recommendation 7.1	Management	+++
		Recognize and equip FAORs as the primary policy interface at country level (3.23.G)	Management	+++
		Improve division of labour between FAO and other organizations by clearly defining country needs and priorities and pursuing institutional changes to allow FAO to exploit its comparative strengths (3.23.H)	Management	+++
Preliminary strategic choices for the Technical Programme	**Lands and Soils** Assign greater priority to lands and soils (3.12)	In case of forced choices, give priority to preserving the global information system., but if FAO regains the cutting edge of global data development, these approaches and methods will also need to be transferred to member countries; thus, capacity building in this and the inter-face with policy are important areas for assistance.	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Preliminary strategic choices for the Technical Programme	**Joint Work with IAEA** With the present budget constraints cease to resource this joint work (3.13)	Where there are strong synergies, work may be taken up as partnerships under the respective FAO programmes. See also recommendations 3.11.B and 6.11.	Governing Bodies Management	++
Preliminary strategic choices for the Technical Programme	**Water and Irrigation** Re-align resources, secure new ones, and apply a different, longer-strategic approach which would enable FAO to contribute to integrated policies and programmes which bring together engineering, tenure, economics, management and legislation. (3.14)	Build on existing networks, such as UN Water, to strengthen partnerships and link to the broad body of international expertise	Management	++
		To underpin this, global data will be essential on water itself, the uses being made of it, returns to different applications and its costs. Ensuring the availability of this data should remain an FAO priority	Management	++
Preliminary strategic choices for the Technical Programme	**Fisheries** There is room for adjustments but Fisheries should be given greater priority in the allocation of resources. Securing this will require enlightened decision-making from the Governing Bodies, where many government representatives are not directly from the fisheries sector. (3.15)	Develop a coherent strategy for fisheries work at the level of integrated policy and the related global data requirements. Fish from the water to the fork should play a greater role in livelihood development, creating employment beyond fishing boats in both farms and value added chains. FAO's role cannot be in the details of the technology, but in the systems, legislation and approaches which support this development, while safeguarding equity, health and the environment.	Governing Bodies Management	++
		Provide further support to the development of global and regional legislation through strong partnerships	Governing Bodies Management	++
Preliminary strategic choices for the Technical Programme	**Forestry** Place somewhat greater emphasis on forestry in the overall resource allocation. (3.16)	Develop a strategy as agreed at the last session of the Committee on Forestry, in order to facilitate a more integrated inter-sectoral approach and place a continued but selective emphasis on partnerships Work should be presented on a logical framework basis which corresponds to the three Strategic Framework goals and areas for concentration of resources within the overall programme priorities should be defined.	Governing Bodies Management	++
Specific external partnerships	**Livestock** Make every effort to continue to forge partnerships, although FAO's own work in these areas should not be held back pending the willingness of others to partner (3.11.B)	Withdraw FAO funding from most work on livestock of the Joint FAO/IAEA Division (AGE). If justified, establish a partnership outside the Joint Division for developing Elisa kits. See also 3.13 and 6.11.	Governing Bodies Management	++
		Further develop the partnership with OIE and WHO by setting up a joint programme with a common secretariat for many of the areas of interface (e.g. capacity building, surveillance and early warning, emergency response, and research networking with ILRI)	Management	++
		Build a strong partnership with ILRI and IFPRI for policy work	Management	++
Specific external partnerships	**Partnerships with the United Nations** Ensure that FAO partnerships – through	Promote the Collaborative Partnership on Forests model as a useful way to address key issues and build networking opportunities. (5.3.A)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
	collaborative arrangements, inter-agency coordination mechanisms and interaction with UN intergovernmental bodies – contribute to the accomplishment of the FAO mission and, in turn, contribute to that of the UN system as a whole (5.3)	Promote partnerships that reduce FAO's direct role in implementation where it is less strong. (5.3.B)	Management	++
		Foster opportunities for real partnerships at the country level by empowering FAO country representatives to make decisions on substance and budget. (5.3.C)	Management	+
		Promote results-oriented partnerships that configure the comparative strengths of UN system entities, in which FAO may lead, facilitate or participate (5.3.D)	Management	++
		Continue to contribute to UN reform and to help shape UN system policies, through inter-agency coordination mechanisms (5.3.E)	Management	+
		Play a constructive role in initiatives that enable more joined-up and effective UN system support at the country level, while recognizing the overarching need to ensure: national ownership and coordination; building and using national systems and scaling up through partnerships beyond the UN system (e.g. bilateral agencies, IFIs and NGO networks). (5.3.F)	Management	++
Specific external partnerships	**Partnerships with the Rome-Based Agencies** Further develop collaboration with the three Rome-based agencies (5.4)	The three Rome-based agencies should continue working together on merging common services in Rome, including, as soon as possible, IT and communications applications that could be operated under common ownership, such as library management system platform and, eventually, enterprise resource planning. (5.4.A). See also recommendation 8.19	Governing Bodies Management	++
		Undertake – with encouragement from the Governing– more ambitious efforts in strategic and programmatic partnerships (5.4.B)	Governing Bodies Management	+++
		Build a joint communications and advocacy strategy with WFP and IFAD (details in recommendation 5.10) (5.4.C). See also recommendation 3.4.	Management	++
Specific external partnerships	**Partnership with the WB and IFIs** Partnerships with the World Bank and the IFIs are examined in Chapter 3 and recommendations are also made there (5.5)			
Specific external partnerships	**Partnership with the CGIAR** Develop a genuine coalition for agriculture, rural development, and knowledge availability and transfer in collaboration with CGIAR (5.6)	Hold discussions at senior-management and governing body levels	Management	+++
		Open up the coalition for wide partnerships	Management	+++
		Learn lessons from the agreement under which FAO holds the CGIAR genetic resources in trust as a global good	Management	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Specific external partnerships	**Partnership with OIE** Examine potential for a closer relationship with the OIE, including collaboration on global governance requirements in animal health and a possible merger of the secretariat managements (not the governance structures) (5.7)	Details in recommendation 3.11.B	Management	++
Technical cooperation at country and regional level	**Technical Cooperation at Country and Regional Levels** Form partnerships in the context of the priority action themes with selected developing countries and donors for concentrated attention to progress in particular work areas. (3.2)	To the extent possible concentrate on partner countries committed to working on a number of themes, both increasing the efficiency of FAO resource use and the probable of impacts to the benefit of the countries concerned. Such work will naturally coincide with the agreed National Medium-term Priority Framework (NMTPF) and should be aligned to the maximum possible within UN-system priorities as specified in the UNDAF. Give priority to the LDCs of Africa, especially as relates to overcoming hunger and malnutrition and pushing forward economic growth with job creation	Management	++
		The national medium-term priority frameworks should be further emphasized and strongly integrated into "Delivering as One", re-capturing their original intention of being a set of evolving national priorities on which FAO agrees to work with the country over the medium term. They would be developed through dialogue with the government, other members of the international community and, where appropriate, non-state actors. They should match the Organization's strengths and be driven by the FAO Representation, rather than by planning teams from headquarters or Regional Offices (3.2.A)	Management	++
		Regional and sub-regional technical support teams should function as one, providing direct assistance to member countries with emphasis on the areas of the Organization's comparative advantage, including its normative strengths. The teams' work programme would be established with the countries of the sub-region they serve; Members of the teams would cease to report separately to different technical departments and divisions (3.2.B) ***Also Cluster 4***	Management	++
		The FAO Technical Cooperation Programme (TCP) should continue to be a priority demand led programme within the overall priorities of the Organization and approved national medium-term priority frameworks. Funds should be stabilised at their present proportion of the overall budget and the programme should not be treated as a reserve fund any more any more than any other technical programme of the Organization. Indicative amounts should be assigned on a regional basis with the countries in each region being made aware of those amounts. Restrictions on use of international expertise should be removed in the interests of flexibility. Approval authority should lie with the Regional Representative with no requirement for referral to headquarters. TCPs would specify the results being sought and the outcomes expected and would continue to be subject to ex post audits and evaluations. (3.2.C)	Governing Bodies Management	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Technical cooperation at country and regional level	**Technical Cooperation at Country and Regional Levels** Define regional allocations and apply indicative working allocation criteria based on country need and track record in effectiveness of resource utilisation, while maintaining a demand-driven TCP (7.8) ***Also Cluster 3***	Allocate TCP funds by region, using published criteria. See also recommendation 3.2.	Governing Bodies Management	+++
Cluster 2: Governance				
Conducting governance reform	**General** Put many of the recommendations into immediate effect on an interim basis, pending changes in Basic Texts where required, for example changes to reporting lines for technical committees and role of the Independent Chairperson of the Council should be implemented immediately. If this is not done, the whole process of reform will be jeopardized; but this should not be misread as indicating all rules should be suspended; rather that new working practices should be immediately adopted. (4.1.A)		Governing Bodies	+++
Conducting governance reform	**General** The process of governance reform should be conducted under the leadership of the Independent Chairperson of the Council and as part of the Immediate Action Plan recommended in this report (see recommendations 1.1 and 1.2) (4.1.B)		Governing Bodies	++
Conducting governance reform	**General** After six years there should be a comprehensive review of progress on governance reforms and their effectiveness, including the possibility of initiating a further round of reforms, grounded at that point in a much improved climate of trust. These measures could include, inter alia, the consideration of replacing the Council with an Executive Board, open to official observers. It could also absorb the functions of the Programme and Finance Committee. (4.1.C)		Governing Bodies	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Global governance role	**Global Policy Coherence** Prioritize those areas, among all international issues that arise, where FAO is going to be proactive in developing global consensus (4.4)	Develop, in cooperation with the Technical Committees and the Council, a rolling strategic plan for tackling global governance issues (see also recommendation 4.1), based on the review of the state of global food and agriculture and of world's legal framework; criteria should include global significance for food and agriculture, dependent populations and potential for partnerships with other organizations. The capacity of the FAO Management and the Governing Bodies themselves will also be critical (4.4.A) ***Also Cluster 1***	Governing Bodies	+++
		In some cases FAO should take an early initiative, aware that parts of the discussion are likely to become the eventual prerogative of others (4.4.B)	Governing Bodies Management	+
		The Governing Bodies, and not just the Management, should seek partnerships on specific issues more often (4.4.C) ***Also Cluster 1***	Governing Bodies	++
Global governance role	**Global Policy Coherence** On behalf of FAO's constituency, review international agreements being drafted elsewhere in order to influence the decision-making fora (4.5)		Governing Bodies Management	++
Global governance role	**Global Policy Coherence** Undertake a review to enable FAO to establish bodies with a high degree of self-governance and financing, while remaining within the framework of FAO (this could entail adopting an alternative to Article XIV) (4.6) ***Also Cluster 4***		Governing Bodies	++
Global governance role	**Participation** Enhance broad participation in governance processes (4.19)	One or two day informal meetings open to broader representation prior to the start of the formal meeting should become more standard practice in technical committees. Expert panels could also feature in this architecture.	Governing Bodies Management	++
		The Conference should continue being open to the participation of recognised observers from NGOs representing civil society and the business sector, and they should continue to have the right to speak. See also recommendation 5.2. ***Also Cluster 1***	Governing Bodies Management	++
		As a more dynamic Conference Agenda develops, consider facilitating a parallel global forum or fora for non-governmental interest groups.	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Leadership on many issues in the UN system is with the UN in New York. It is important for FAO governing body members to interact with their counterparts there at the informal level, both on the basis of regional groups and areas of interest such as oceans and forests.	Governing Bodies	+
Fiduciary role and oversight	**Functional Architecture** Clearly specify the respective functions of governance and management in the Basic Texts (4.3). See also recommendation 4.1 ***Also Cluster 3***	Functions of Governance: a) keep under review the major trends of world hunger, food and agriculture, the emerging needs, problems and opportunities for agriculture in the member countries and FAO's comparative advantages to maximize its contribution to the well being of humanity; b) play a proactive role in global governance of food, agriculture, fisheries, forestry, livestock, natural resources and the associated natural resource bases, including the global commons of climate and oceans, contributing to and establishing policy coherence and international agreements, regulatory frameworks and codes of practice as necessary; c) define the strategy and performance measures for the Governing Bodies themselves and transparently monitor and report performance against them (see also recommendation 4.14); d) define the Organization's strategy, priorities, and budget and agree on its overall programme of work, ensuring adequacy between the agreed budget and the agreed programme of work; e) decide major organizational changes; f) define the Constitution and Basic Texts of the Organization and take necessary measures to ensure that both the rights and obligations of member countries are met; g) monitor the implementation of governance decisions; h) exercise oversight ensuring that: the Organization operates within its financial and legal framework; there is transparent and independent evaluation of the Organization's performance in contributing to its planned outcomes and impacts; there are functioning results-based budgeting and management systems; and policies and systems for human resources, information and communication technology, contracting and purchasing etc., are functional and fit for purpose; i) appoint through election the Director-General, establish performance targets for him/her and review performance against those measures (see also recommendation 4.20); and j) undertake governing body to governing body contacts with other Organizations.	Governing Bodies	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Functions of management include responsibility for all aspects of the internal workings of the Organization and its programme of work, in line with the decisions of the Governing Bodies and in conformity with the Basic Texts: a) proactively propose to the Governing Bodies: priorities, programmes, areas for institutional improvement and areas for improvement in governance itself; b) decide the detail of the programme of work and ensure its effective and efficient implementation; c) appointment and management of the Organization's staff, subject to the exceptions specified in the Basic Texts; d) all aspects of contracting and purchasing; e) management of all aspects of the Organization's finances; f) decide and undertake internal reorganizations commensurate with improved programme effectiveness which do not affect: a) the balance between staff and non-staff resources; b) the balance between headquarters and the decentralized offices; or c) the balance between administrative, oversight and technical functions; g) support the Governing Bodies in the execution of their work; h) monitor all aspects of the Organization's work and its finances and report on it to the Governing Bodies; and i) maintain and develop relations and partnering at the secretariat level with other organizations both within the UN and more widely.	Governing Bodies	++
Fiduciary role and oversight	**Election of Director General** Professionalize the present Director-General appointment procedures in line with emerging best practice (4.20)	A job description and competency profile for the post should be professionally developed, and the appointment widely advertised. Candidates should also have an opportunity to address the Council to provide their reflections on their objectives, views and vision regarding the Organization, and answer questions from the membership.	Governing Bodies	++
		Set a 4-year term for the tenure of the post with the possibility of a single re-election for a second term of four years	Governing Bodies	++
		Modify the Basic texts to require a two-thirds majority of the total membership for a constitutional change on the term of office of the Director-General (rather than those present and voting)	Governing Bodies	+
Fiduciary role and oversight	**Programme Cycle** The Conference should meet in May or June so that the detailed programme of work can then be subsequently established. This will also enable to streamline the programming and budget process. (7.3) ***Also Cluster 3***	Prior to the Conference, the Council should endorse a general programme direction and agree on an indicative but reasonably reliable biennial budget level.	Governing Bodies	+++
		The Secretariat (but not necessarily the DG) should be proactive in informally talking with key Governing Body members in order to build consensus. Working through the Programme Committee will be an important part of this process	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Fiduciary role and oversight	**Audit** Address several systemic weaknesses to ensure the adequacy and independence of audit. (7.9)	Prepare an organization-wide risk management framework to inform the annual or biennial audit plan, including the selection of areas to be audited. Accord priority to the areas of highest corporate vulnerability. If the Office of the Inspector-General lacks capability, obtain it through contracts (7.9.A) ***Also Cluster 3***	Management	++
		Reconstitute the Audit Committee entirely on the basis of independent external membership. The Committee should advise the Director-General but also report directly to the Governing Bodies. Membership on the committee should be jointly agreed by the Finance Committee and the Director-General. (7.9.B) ***Also Cluster 4***	Governing Bodies Management	++
		Provide FAO's internal audit work plans to the Governing Bodies, as per the standards of the Institute of Internal Auditors (7.9.C)	Management	+
		The Office of the Inspector-General should cease being a member of all internal management and administration committees, but be called, of course, to meetings when the results of any ex post audits are discussed (7.9.D) ***Also Cluster 4***	Management	+
		Consistent with the guidance of the JIU, current reporting procedures should be adjusted to afford the Inspector-General direct access to the Finance Committee (7.9.E) ***Also Cluster 3***	Governing Bodies	++
		FAO's external auditor should be specifically mandated by the Governing Bodies to conduct regular audits of the functions of the Organization's senior management with adequate funding for this work to be assured by the Governing Bodies. The External Auditor should also be mandated to conduct regular oversight reviews of the functioning of internal audit, consistent with best practice. (7.9.F)	Governing Bodies	+
		Establish an ethics committee with a mandate for independent review of any ethical issues brought to its attention, including any resulting from internal audits. (7.9.G)	Management	++
		Conduct an external peer review of FAO's internal audit function at least once every 5 years (7.9.H) ***Also Cluster 3***	Management	++
Fiduciary role and oversight	**Evaluation** FAO's evaluation function should be made independent, continuing the line already set by the Governing Bodies in 2003. Institutional arrangements for this should be such as to ensure the responsiveness of the evaluation office to the	Establish the Evaluation Unit as a separate office, with a strong consultative link to management and reporting to the Council through the Programme Committee(7.10.A)	Governing Bodies	++
		Establishment of a small expert evaluation panel to provide advice to the Governing Bodies on evaluation policy and the standards of evaluation work (7.10.B)	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
	needs of both the Governing Bodies and management. This would also enable easier integration of the evaluation functions of the three Rome-based agencies should this be agreed upon at a later date. To do so, enhance reporting to the Governing Bodies and engagement of Members. (7.10).	The head of evaluation should prepare rolling multi-annual evaluation plans, maintaining the 'demand-led' principle to ensure that evaluation meets the immediate needs of the Governing Bodies and Management, while at the same time ensuring coverage of different areas of work and that no significant body of work escapes independent evaluation in the medium term and areas of greatest risk are evaluated. The plans would be reviewed and approved by the Governing Bodies after appropriate consultation, including with Management. ***Also Cluster 2***	Governing Bodies Management	++
		The evaluation budget, once voted by the Governing Bodies, would be allocated directly to the Evaluation Office. To ensure continued flexibility in responding to management needs, a percentage (possibly 15 percent) of the biennial evaluation budget should be set aside in a reserve to respond to unprogrammed and unforeseen requirements. (7.10.C) ***Also Cluster 3***	Management	++
		Review the classification of the position of the Head of the Evaluation Office on a par with other UN agencies with a mature evaluation function. S/he would be appointed by the Governing Bodies following an open competitive process and screening by a panel including independent evaluation specialists, representatives of FAO management and the Governing Bodies. The Head of Evaluation would be appointed for a fixed term and not be eligible for other appointments in FAO for a suitable period after completion of this assignment. S/he would have the sole responsibility for appointment of staff and consultants, following open and competitive processes and as authorized by Governing Bodies.(7.10 D)	Governing Bodies Management	++
		The Evaluation Office should have a formal advisory role on: i) programme priorities in the light of overall evaluation results; ii) development of RBM systems that feed monitoring and evaluation, including auto-evaluation; and iii) providing lessons learned in and to knowledge networks (7.10.E)	Management	++
Fiduciary role and oversight	**Evaluation** Fund core evaluation plans approved by Governing Bodies adequately (7.11)	In line with best practice in the UN system, set Evaluation Budget targets at 1% of the Organization's Regular Budget for independent corporate evaluation, with an additional 0.3% for auto-evaluation and 0.3% for periodic independent thematic impact assessments.	Governing Bodies	+
		Maintain leadership in requiring a mandatory contribution of 1% of each extra-budgetary contribution for evaluation purposes	Management	+
		Continue to assign highest priority to strategic, corporate level evaluation, and to ensure full evaluation of extra-budgetary programmes. ***Also Cluster 1***	Management	++
Governance architecture	**Conference** Reorient the role of the Conference to enable it to fulfil its role better and become more attractive for active ministerial participation. (4.7)	Strengthen the discussion on the State of Food and Agriculture, which should remain the key item for consideration: concentrate each Conference on one or two major global themes, receive policy inputs from the technical committees, invite independent experts, host side-events (4.7.A) ***Also Cluster 1***	Governing Bodies	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Consider, upon advice by the technical committees, global legislation developed by FAO and other international fora, strengthening the Conference's role as global forum for food and agriculture and advocate for the hungry and those dependent upon agriculture (4.7.B.) See also recommendations 3.20 and 4.5.	Governing Bodies	++
		Render more effective and efficient the role of the Conference in deciding the budget and overall priorities of the Organization by: changing the date of the Conference to May/June of the second year of each biennium and having the Conference decide budget levels and develop a more detailed programme of work allowing for consideration by the Council in October or November, allowing for major efficiency gains in the process and smooth implementation of an agreed programme of work. (4.7.C) ***Also Cluster 1***	Governing Bodies	++
Governance architecture	**Council** In the first phase of reform, the Council should emerge as the executive arm of the Governing Bodies. Thus, global governance discussions and decisions will take place in the FAO Conference and technical committees and the Council will oversee the work programme of the Organization. Costly overlaps in discussions between the Programme and Finance Committees, the Council and Conference will be reduced. (4.8)	The Council should meet more frequently – up to four times a year - but for shorter sessions. This will enable it to address issues on a regular and systematic basis, and with reduced agenda formality and active participation of members in setting the agenda. (4.8.A)	Governing Bodies	+++
		The Council will no longer consider items related to global governance, treaties, and conventions, including the state of food and agriculture. These will be discussed in the technical committees and the Conference. This recognises the non-specialist and limited membership of the Council and helps to eliminates duplicate discussion. (4.8.B)	Governing Bodies	+++
		The Council will discuss all items previously discussed in the Programme and Finance Committees on the basis of the Committees' recommendations, not on the original documents, including for the Programme of Work and Budget. This will reduce the extent of duplicate discussion, promote more effective and focused decision-making and encourage more substantive and less politicized debate.(4.8.C)	Governing Bodies	+++
		The Council will receive the reports of the technical committees and the Regional Conferences on work priorities and programme and budget matters. It will take these into account in its recommendations to the Conference and its final decision on the biennial programme of work. Such reports will have been previously reviewed in the Programme Committee. (4.8.D)	Governing Bodies	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		The Council should exercise, on behalf of the Conference, the following functions: i) defining and advising on strategy and performance measures for the governing bodies; monitoring and reporting performance against these measures; and strategy, priorities, and budget of the Organization; ii) agreement on the overall programme of work; iii) decisions on major organizational changes; iv) monitoring of the implementation of governance decisions; v) oversight, ensuring that: the Organization operates within its financial and legal framework; the Organization's performance in contributing to its planned outcomes and impacts are subject to transparent and independent evaluation; there are functioning results-based budgeting and management systems; policies and systems for human resources, information and communication technology, contracting and purchasing, etc are functional and fit for purpose; extra-budgetary resources are effectively contributing to the Organization's priority goals; and management performance is monitored against established performance targets. (4.8.E)	Governing Bodies	+++
		The Council should no longer meet immediately before the Conference as this has been found to only produce discussion which is then repeated in the commissions of the Conference. Thus, the requirement for the Council to review certain documents and transmit them formally to the Conference would be dropped. (4.8.F)	Governing Bodies	+++
		As the Council is intended to develop as an executive body and policy will be discussed in the technical committees and the Conference, consideration could be given to withdrawing the right to speak for observers not representing regional groups. (4.8.G)	Governing Bodies	+++
		The Council, as with other governing bodies, will have limited resources to seek independent advice. (4.8.H)	Governing Bodies	+++
Governance architecture	**Council Committees** Programme and Finance Committees will provide the main support to the Council's work (4.9)	Hold more frequent meetings for shorter periods and prepare agendas and background documents highlighting critical issues (4.9.A)	Governing Bodies	++
		Discuss the limited overlapping agenda items (such as the budget) in joint sessions, avoiding duplicate discussions (4.9.B)	Governing Bodies	+
		Aide-mémoires of the Committees will cover only recommendations to the Council, will not summarize the debate, and will be prepared under the authority of their Chairs (4.9.C) ***Also Cluster 3***	Governing Bodies	+
		Increase transparency through web casting of meetings to Members only and availability for consultation on the website of tapes of the meetings, in addition to ICC's open seminars (4.9.D) ***Also Cluster 3***	Governing Bodies	+
		Reactivate adherence to competency requirements for selection to the committees, as per the Basic Texts (4.9.E)	Governing Bodies	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Retain the Committee on Constitutional and Legal Matters (CCLM) and consult the appointment of the Legal Counsel with the Council appropriately, so as to increase the clear impartiality of the role.	Governing Bodies	+
Governance architecture	**Enhanced leadership and management role in governance of the Independent Chairperson of the Council** The ICC should work to strengthen the functioning of the Governing Bodies both in their global governance and internal oversight roles, in full respect of the clear delineation of lines of responsibility between FAO management and the Governing Bodies. As a result, the functions of the Independent Chair, leading governance to exercise its political authority in fixing clear strategic directions, and that of the Director General, leading the work of the Secretariat in line with the decisions of the governing bodies, will complement each other and provide coherence and synergies for the benefit of the organization. He/she would seek to exercise leadership in and act as a strong catalyst towards building understanding and trust across the membership (4.10.A)	An independent expert group will review and certify the candidates' competence before the election.	Governing Bodies	+++
		Set tenure of the role for 2 years, with possibilities to be re-elected to a single further period of 2 years. The functions of the ICC should comprise: a) chairing all Council meetings and the joint meetings of the Programme and Finance Committees; b) conducting informal consultations regarding pending issues, acting as an honest broker and looking for common ground among parties; convening ad hoc meetings when required, as part of the confidence-building measures mentioned above, and ensure a better preparation and ownership by governance of all formal meetings of the Organization; c) monitoring procedures for the selection of Members to serve on governance bodies to ensure their effective working, which may include appropriate induction and training measures; d) ensuring that independent expertise is drawn upon, as necessary, for technical and governance bodies; e) liaising with the chairs of technical committees (see below) to ensure the effective contribution of those bodies; f) liaising frequently with the Director-General and senior managers to strengthen the relationship and build trust between governance and the management; g) establishing task forces and working groups as necessary to support the work of governance, within the operating budget established for the Governing Bodies; and h) involving governance in the preparation and agendas of all Governing Body meetings and technical committees, and deploying efforts to improve governance proceedings by incorporating internationally accepted best practices in governance.	Governing Bodies	++
		An essential immediate task will be to guide the delicate process and work of the Joint Working Group entrusted to deliver the Immediate Action Plan (see also recommendation 1.1), and in particular to act as a bridge to a new shared vision and strategy for FAO to "meet the needs and challenges of the 21st century." This immediate task would require almost continuous presence in Rome during the formulation of the Immediate Action Plan and subsequently a considerably greater presence than has been recent practice.	Governing Bodies	+++
Governance architecture	**Enhanced leadership and management role in governance of the Independent Chairperson of the Council.** Establish a small, completely independent Governance Secretariat, with sole allegiance to the Governing Bodies, to assist the Independent	This secretariat will support the Chair and member countries to fulfil all governance functions. It will also undertake necessary research and monitor the preparation of background or policy papers. In so doing, it should make sure that issues of particular relevance to developing countries are brought forward to the attention of Governing Bodies. The secretariat would consist of four professional posts (one at the D level and have the final responsibility of reporting to the various chairs for the preparation of *aide-mémoires* recording decisions of meetings. Such reports would no longer be cleared within the FAO secretariat.	Governing Bodies	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
	Chairperson of the Council. (4.10.B)	Finance the ICC and its small secretariat by an independent budget allotted by the Governing Bodies, which would be, at least to a certain extent, a reallocation of resources.	Governing Bodies	++
Governance architecture	**Technical Committees** Technical Committees of the Council should be less focused on the functioning of FAO Secretariat and become main fora for consideration of legislative and technical matters for recommending to the Governing Bodies policies and programmes that FAO should follow. (4.11)	In order to prepare Conference decisions, they should continue to report on programme and budget matters to the Council and, with a change in the FAO Basic Texts, report directly to the Conference on the policy areas of their mandate. The Council, which is non-specialist and does not include the full membership, is not expected to add value in this policy area and is expected to concentrate on executive functions. (4.11.A)	Governing Bodies Management	++
		Ministerial meetings are particularly appropriate for the forestry, fisheries and livestock sectors and when there is a major global issue on the agenda. They should deal strictly with policy issues requiring world attention and only meet when there are such issues to discuss. The technical work should remain in the committees. Ministerial meetings should take place immediately after the committees, and receive the recommendations on policy of the technical committee for their endorsement. This endorsement should then be the document reviewed by the FAO Conference as having the agreement of the ministers in the sector (this requires a change in the Basic Texts) (4.11.B)	Governing Bodies	++
		Consideration should be given to dividing COAG into four quite separate segments: Crops, Livestock, Natural Resource Management and Agricultural Policy, to ensure full attention to the totality of FAO's agenda. Within the segments, flexible attention should be given to emerging issues. COAG should cease to discuss the Programme Implementation Report and debate on the Programme of Work and Budget should take place in the specialist segments. (4.11.C)	Governing Bodies	++
		Greater use should be made of high level expert panels held immediately prior to Committees, with an informal occasion for the Committee members to meet with the high level experts prior to formal start of the meetings. External expertise should also be available to the committees through the Chair of the Council. (4.11.D)	Governing Bodies Management	++
		Formal sessions should be shortened and more seminar/informal discussions held with non-governmental representatives encouraged to participate. (4.11.E)	Governing Bodies	++
		The Committee on Commodity Problems (CCP) should meet in Geneva, encouraging participation also of delegates to WTO and UNCTAD or arranging to meet jointly with those two organizations. This would add value to the current discussions on commodity problems within each of the three organizations, reduce overlaps and encourage synergies and mutual understanding. The focus of these meetings should be the analysis of problems and opportunities for international cooperation on commodities, for which FAO has a legitimate and recognized role.	Governing Bodies	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		The Inter-Governmental Groups (IGGs on hard fibres, meat, etc.) should only be convened when needed (not on a regular basis, as currently). Regional meetings could be called where appropriate. Convening them contiguously to the CCP would further the involvement of specialists in the main meetings. The informal seminars referred to above will be particularly important to a revitalised CCP by including industry and civil society representation. In this way the CCP would not only fulfil a policy role but a capacity building one on agricultural issues for trade negotiators and lobbyists and on trade for agricultural and commodity specialists. (4.11.F)	Governing Bodies	++
		The governing bodies of the main agreements and treaty organizations should have direct access to the appropriate Committees of the Council (requires specification in the Basic Texts) (4.11.G)	Governing Bodies	++
		The Chairpersons of the committees should be selected on the basis of their technical competencies and assign them continuity of office between sessions. They should work in close consultation with and report to the Independent Chairperson of the Council. The chairs, working with the Chairperson of the Council, will have the responsibility for ensuring that agendas of the technical committees are developed in close consultation with the membership. Technical documents will be provided in most cases by management, but it is the responsibility of the Chairperson to ensure that the required documents are requested and produced. If necessary, the Chairperson must be able to seek outside advice for the preparation of documents and advisory presentations on key issues.	Governing Bodies	++
		The reports of the committees should address recommendations and be prepared under the authority of the Chair and be in two parts: i) programme and budget recommendations; and ii) global policies to be addressed by the Conference.	Governing Bodies	+
Governance architecture	**Ministerial Conferences** The Council should continue and to strengthen its role in convening ministerial meetings on subjects of global importance that could benefit from the existence of international agreements, arrangements, and codes of conduct or other means of concerted international cooperation. (4.12)	This in addition to the ministerial conferences held in concert with technical committees.	Governing Bodies	++
Governance architecture	**Regional Conferences** Maintain and strengthen Regional Conferences on an experimental basis (subject to independent evaluation after 6 years) with the aim of reaching agreement for concerted regional or sub-regional action, contributing from a regional perspective to global governance issues and to defining priority areas for policy and normative work in	They should become part of the governance of FAO and report, as do the technical committees, to the Conference on global and regional governance matters and to the Council on Programme and budgetary matters, including priorities at the regional level for use of extra-budgetary funds. (4.13.A)	Governing Bodies	++
		The Regional Office, in close consultation with governments, should draw up a concrete and focused agenda for the Regional Conference, dealing with major regional issues. (4.13.B) ***Also Cluster 4***	Management	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
	the region (4.13)	Executive summaries containing policy recommendations from all the Regional Conferences, with clear indications of priorities and costs, should be prepared under the authority of the Independent Chairperson of the Council well in advance of the Conference and sent to members. The chairs of the Regional Conferences or their nominees should be present at the Council and Conference sessions where their reports are presented and be available to provide clarifications. (4.13.C)	Governing Bodies	++
Governance architecture	**Composition of regional groupings** Review regional groupings (4.18))	The Independent Chairperson of the Council should engage in conversation with the membership to set up an *ad hoc* group to consider different groupings	Governing Bodies	+++
Governance proceedings	**Trust** Restore trust through progressive and successful achievement of a series of confidence-building measures. The enhanced role and functions of the Independent Chair of the Council will be of key importance in promoting and mobilizing this process. (4.2)	The Independent Chairperson of the Council should convene informal information seminars immediately before and after each session of the Council, the Programme Committee and the Finance Committee (4.2.A)	Governing Bodies	+
		The Director-General and the Secretariat should reach out to Membership through seminars and consultative groups (4.2.B)	Management	++
Governance proceedings	**A performance contract for governance** The Governing Bodies should establish a medium-term performance contract for themselves on what they intend to deliver, a set of priorities for governance, an indicative time-table and possibly efficiency targets, thus providing a framework for Members to judge the Organization's Governing Bodies covering the global governance agenda and the executive governance of FAO. (4.14) ***Also Cluster 1***	Include the performance contract in the medium term planning of the Organization and monitor and report progress with an independent review after six years.	Governing Bodies	+
		Address the global governance elements of this agenda. Based on a study of the world's legislation for food and agriculture, determine high priority areas needing international policy coherence and agreement in which FAO can be proactive (see also recommendation 4.4). In addition, review draft texts of treaties and agreements being negotiated outside FAO (see also recommendation 4.5). Criteria for selection should include: significance, dependent populations, other Governing Bodies' availability to partner, and the capacity of Secretariat and Governing Bodies.	Governing Bodies	+++
Governance proceedings	**Best Practices** Incorporate internationally accepted best practice procedures such as ownership, effectiveness, transparency, coherence and accountability. This will require a pro-active role for the ICC. (4.15)	Critically review the performance of Governing Bodies at least every four years, with Independent Chairperson of the Council facilitation and utilizing independent external expertise (4.15.A)	Governing Bodies	++
		Develop proactive practices for establishing agendas and review Basic Texts to determine if the number of standard agenda items can be reduced (4.15.B)	Governing Bodies	++
		Agree on decisions but not the text of the *aide-mémoire* which should concentrate on those decisions, be prepared by the Chair or the *rapporteur*, and be submitted under the authority of the Chair with assistance of Governance Secretariat. Allow requests for corrections to the *aide-mémoires* to be submitted to the Chair or be made at the following meeting. Provide verbatim records or tapes on the Internet. (4.15.C)	Governing Bodies	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Governance proceedings	**Consensus** Conference should revert to voting if very few members are blocking decisions (4.16)		Governing Bodies	++
Governance proceedings	**Selection of the Chairs** Retain the concept of rotation and regional balance among member states as important criteria in selecting the Chairs of all committees and the members of the Programme and Finance Committees. Equally important criteria is the question of competence and experience in economic, social and technical matters pertaining to the various fields of the Organization's activities as well as experience in administrative and financial matters. (These requirements are already indicated in the Basic Texts) (4.17) ***Also Cluster 3***	Regions should present a list of candidates to a panel of members appointed by the Council, which should represent the seven regional groups. This panel would scrutinise candidates' competencies and advise the Members which of the proposed candidates they jointly consider to be best equipped to perform the functions.	Governing Bodies	+
Finance	**Finance** Match member country demands that FAO demonstrate high and transparent standards of accountability by similar standards for Members' own accountability. In addition to demonstrating clearly the financial costs of arrears and late payments, this recommendation would establish a much more accurate baseline picture of FAO regular budget finances. (8.16)	Continue the policy and practice of borrowing in order to address liquidity shortfalls. Charge the interest costs of borrowing to meet liquidity shortfalls against FAO investment income and not miscellaneous income as is the current practice. Show the arrears and the late payments situation on the FAO website. updated monthly (8.16A)	Governing Bodies Management	++
		Following a review of long standing arrears, some of which may be written off, consider strictly enforcing provisions linking voting rights with arrears	Governing Bodies Management	+++
		Citizens of countries in arrears should not be eligible for appointment to FAO posts.	Governing Bodies Management	+++
		Eligibility for new TCP grants should be suspended for countries in arrears.	Governing Bodies Management	+++
Cluster 3: Institutional culture change and reform of administrative and management systems				
Overarching review of management & administration	Undertake a comprehensive root-and-branch review on all aspects of the Organization's human and financial resources management and administration. (8.1)	Contract an external agency specialized in institutional analysis and reform to facilitate the review; the external agency should report either to the Deputy Director-General, to a re-vamped Office of Strategy, Resources and Planning in ODG or to the Reform Group, but specifically not to the proposed Corporate Support Services Department, as this could entail conflicts of interest.	Management	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		The review should be guided by: a) giving substance to the Director-General's reform proposal to consolidate and integrate core administrative functions with a single policy perspective and one clear line of authority b) modernizing the Human Resources Management Division, making it less a process facilitator and more a strategic partner, building HR strategies and advising and supporting senior management c) maximizing streamlining and simplification of rules and procedures d) delegating of authority based on the principle of subsidiarity e) substantially shifting from ex ante to ex post controls f) providing incentives to encourage, recognize and reward initiative and performance at group and individual levels g) establishing client-focused administrative processes and support services	Management	+++
		The process should be fully consultative, engaging with staff and management, seeking views and guidance, and building ownership throughout the entire process.	Management	+++
		One of the outcomes of the review should be a time-bound target for substantial administrative efficiency improvements, quantifying the improvements that can be realised in monetary terms and those that reduce hidden administration costs for the benefit of programme delivery	Management	+++
Human resources framework	Align recruitment, staff development and promotion criteria into a single and more coherent human resources policy framework. (8.2)	Pay attention to the age profile of FAO employees and ensure thereby a continuous renewal of the organization by recruiting younger employees	Management	+
		Rotate technical staff, both as a means to assure effective linkages between headquarters and the field and to catalyse staff competencies development. Take into account field and regional experience to be taken into account when selecting for senior positions	Management	++
		Apply a policy whereby within the next two years the general practice would be for all FAO Representative posts to be filled by rotation. Development of this should include full communication and consultation with FAO staff including staff associations as appropriate.	Management	++
Human resources framework	**Contracting Modalities** Design contracting modalities to respond to the rapidly changing context in which FAO works: increase staffing flexibility to respond to shifts in technical competency requirements and geographic placements while also delivering the highest possible quality to FAO's clients cost-effectively. (8.3)	Just as staff contracts are a simple package of three types with gradually progressing entitlements, a similar package should be developed for other employees. A fee-based contract format with no benefits, with transparently determined fee variations, could be envisaged and fully delegated to the divisional level. Such contracts could have gradated time and cost parameters related to the length of the expected contract, allowing for reasonable extensions to cover unforeseen developments yet provide real disincentives to continual contract extensions. (8.3.A)	Management	++
		Accelerate the move towards greater use of call down contracts, while maintaining a judicious balance between that modality and indeterminate staff in order to maintain continuity and corporate memory. Call-down contracts can be the basis for long-term relationships (8.3B)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Provide financial resources to accord Management greater flexibility in making proactive changes in staffing for reasons of ensuring competencies, aligning competencies with programme priorities and addressing consistent under-performance; consider financing this as a percentage of staff costs (e.g.5%) placed in a separate fund and Membership funding of one-time special programme of institutional re-alignment (8.3.C)	Management	++
		Modify FAO payment bands for consultants to align them with market rates	Management	++
		Help to initiate and work within the UN system for a major overhaul of the UN employment system, which has led to an inefficient and inequitable combination of highly insecure short-term staff and overly-protected staff on continuing contract (8.3.D)	Management	++
		Set more liberal conditions and simpler procedures for paying former FAO staff and UN and other retirees at market rates	Management	++
		Retain and strictly enforce time limits on retirees working in FAO requiring that they have a six-month gap after their last day in service before re-employment in any capacity. Retirees from other employers and consultants over 62 should simply be recruited at market rates.	Management	++
Human resources framework	**Geographic and Gender Balance** Achieve geographic balance and gender balance under Director-General's overall responsibility, but within a more inclusive framework of delegated responsibilities (8.5)	ADGs or their equivalent should be required to meet general targets set on a broad regional basis (for geographical balance) and FAO's medium term target of 35% for gender balance	Management	++
		Report quarterly to the DG on the situation in each Department, showing annual and cumulative progress.	Management	++
		The Human Resources Management Division should develop a supply of suitable candidates, encouraging suitable junior recruits, conducting targeted recruitment missions and advertising	Management	++
		The IEE welcomes the Human Resources Gender Plan of Action that is currently being prepared, particularly its emphasis on integrated approaches to recruitment and retention of female staff with policies such as work-life balance.	Management	++
Human resources framework	**Performance Management** Improve performance management. (8.6)	Implement the new performance appraisal approach (which the IEE fully endorses) fully and as quickly as possible, rather than gradually, as it is central to RBM, while acknowledging that adjustments and additional support for supervisors may be required in the early phase (Rec.8.6.A)	Management	++
		Begin performance appraisal at the top with the Director-General, the Deputy Director-General and the Assistant Directors-General using corporate performance objectives set by the Governing Bodies (8.6B).	Management	++
		Assess managers on their ability to conduct performance appraisal both quantitatively and qualitatively, including ranking staff into different performance categories	Management	++
		Provide managers from the Director-General down with comprehensive training in performance management (8.6.C)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		For evaluating FAO Representatives, establish a two-way process on a peer group review principle, in which selected FAORs also evaluate their colleagues at HQs and in particular Division Directors who are tasked with providing services to them. (8.6.D)	Management	+++
		Address poor performance first through appropriate training; thereafter, a proportion of common staff costs should be put aside in a pool for agreed separations and for *force majeure* separations, where required (8.6.E)	Management	+
Human resources framework	**Staff Incentives** Introduce a range of staff incentives for exceptional performance, linked to the stronger performance appraisal system indicated above (8.7)	Study a proposal of limited financial incentives, for introduction on a low-cost, trial basis: perhaps along the lines of the EFTA model (see Box 8.4)	Management	++
		Introduce a range of non-financial incentives for high performing staff, such as recognition awards, special learning opportunities, part sabbaticals, etc.	Management	++
		Encourage lateral moves, rotation, and accelerated career development practices	Management	++
Human resources framework	**Training** Re-direct and strengthen staff training. (8.8)	Increase overall resources for training (8.8.A)	Governing Bodies Management	+
		Improve balance in training between languages and basic office skills and others such as the development of RBM, technical and project support activities (including gender analysis), management of administrative and operational processes and management training to equip FAO managers with leadership skills and capabilities to respond flexibly to the new and changing circumstances facing FAO. (8.8.B)	Management	++
		If training allocations are to be distributed, take account of dollar amounts per Professional and per General Service staff member throughout FAO, and not on the dollar payroll for each office, which severely disadvantages smaller departments and FAORs. (8.8.C)	Management	++
		Retain a central training allocation to address highest priority training needs corporately and strategically (8.8.C)	Management	++
Human resources framework	**Training** Direct training resources to building staff skills in identifying and monitoring outcomes and results, and developing baselines for related indicators (7.5) See also recommendation 8.8	Explore Results-Based Management (RBM) training efforts of benchmark agencies and others (including web-based training targeted at field staff), select an appropriate model and require all staff involved in programme planning and execution to become proficient.	Management	++
		Integrate RBM concepts into policies and manuals as needed.	Management	++
Support to changes in structure	**Technical Programme Departments** Empower Programme ADGs (6.17)	For the most part, continue assigning annual budget allotments to divisional heads, consistent with the principle of subsidiarity. Nevertheless, assign to the ADGs up to 10% of total allotment to each technical division for addressing unforeseen requirements, seizing new opportunities or furnishing incentives and rewards to Directors. These funds should be non-lapsing, with carryover from one fiscal biennium to the next to avoid any pressures to disburse unwisely at the end of a fiscal year.	Management	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Support to changes in structure	The key management layer for headquarters delegations should be Division Directors (6.18) ***Also Cluster 4***	They should be: a) The default level for all delegations – i.e. divisions should be given all delegations not expressly reserved for higher levels b) The level where full responsibility exists for informing all staff of FAO activities, for team-building and for passing concerns up and down the management chain c) Charged with ensuring that they and all their staff complete a full annual performance review, eventually based on assessment against RBM indicators	Management	+
		Enhance training focussing on Directors' managerial duties, because many do not currently see this as being the main part of their responsibilities	Management	+
Support to changes in structure	**Recruitment** Establish clear responsibility levels for recruitment (8.4)	Assign the responsibility for selection of General Service staff to Division Directors	Management	++
		Assign the responsibility for selection of Professional and National Officer staff to ADGs	Management	++
		Continue selection and appointment by the Director-General of Director-level staff and FAORs	Management	++
		Assign the Human Resources Management Division responsibility in the selection process for all professional positions (particularly for those at P4 and above) for ensuring that accurate competency profiles are prepared and applied and that proper reference and background checks are conducted	Management	+
Support to changes in structure	**Inter-disciplinarity** Build incentives for interdisciplinarity and focus on global goals and priority themes (6.16)	Assign a relatively small proportion of the regular Budget (e.g. 5%) roughly equally to the DDGs for Technical Work and Regional and Country Operations to be allocated as an incentive to cross-departmental and inter-disciplinary work. This would help provide focus on delivery against the three goals of member countries and the five to six priority themes as discussed in chapter 7.	Management	+
Administrative efficiency (interim)	**Project Servicing Charges** Proceed with the actions already under way to ensure that project servicing charges are regularly fixed at a level, which adequately covers real, "incremental variable" costs of FAO administration and, in light of the growing size of EB programme, move towards recovering a portion for fixed and (semi) fixed costs. (7.7)	Maintain the regular process for periodic review of actual servicing costs and adjustment of fees	Management	+
Administrative efficiency (interim)	**Administration** Improve administration processes (8.9)	Empower FAO management committees to make decisions, although they should refer strategically important issues to Senior Management. They should be chaired by ADGs or D2 staff and ODG should be represented by exception only (8.9.A)	Management	+

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		In a balanced way (e.g. smaller departments may share and Administrative Officer), outpost one Administrative Officer to each Department to act as an administrative problem-solver, support and train departmental General Service personnel, and stimulate and assure client focused approaches to the technical divisions. Assess the experience to determine whether more staff should be out-posted or the out-posting discontinued (8.9.B) ***Also Cluster 4***	Management	++
		Evaluate the success of relocation of Shared Services Centre functions on the basis of 'client satisfaction' and efficiency considerations, before outposting further functions (8.9.C)	Management	++
Administrative efficiency (interim)	**Procurement** Improve procurement and related services (8.10)	Develop two different procurement policies for first and second phase emergency response, focusing on ex-post controls and tolerating a higher level of risk for first phase responses (8.10.A)	Management	++
		With advice from the Legal Office, develop a simpler and more flexible policy and system for Letters of Agreement (LoA) with partner organizations, using an 'umbrella' format with standardized user options. (8.10.B)	Management	++
		Delegate approval of a suitable proportion of the major LoAs to the Director of the Administrative Services Division (or successor). Delegate approval for registration of LoA partners to Division Directors, based on risk-assessment metrics to decide appropriate flows of advance funding. (8.10.B)	Management	+
		Eliminate *ex ante* pre-audit control (8.10.B)	Management	++
		Authorize Division Directors to approve travel and simplify proof of purchase for self-purchased tickets (8.10.C)	Management	++
		Controls on proof of travel should also be simplified (8.10.C)	Management	++
Administrative efficiency (interim)	**Collaboration with the Rome-based UN agencies** Through the recently created Inter-Institution Coordination Committee (IICC) pursue opportunities for further joint or coordinated activities with WFP and IFAD in several of the areas discussed in Chapter 8 (8.19)	Develop a policy framework for joint or coordinated FAO/WFP/IFAD activities, based on the concept of organizational neutrality and using the existing strengths of each agency. It should periodically be discussed in the appropriate Governing Bodies. (8.19A)	Management	++
		Re-examine levels of security staffing in the light of comparator data showing FAO to have high staff levels with a view to outsourcing a proportion of security staff and to seeking some common service with the other Rome-based agencies. (8.19B)	Management	++
		Undertake a joint feasibility study under the Inter-Institution Coordination Committee, with the participation of outside consultants, before any new contracts are negotiated with travel agencies, to decide on the best common operating procedures, the most cost-effective way to deliver a common service and related standardization of procedures. (8.19.C)	Management	++
Administrative efficiency (interim)	**Other interim administrative action** Establish the Commissary and Credit Union as fully financially independent operations (8.20B).	The Commissary and Credit Union should be run by independent boards appropriately representing the users and be audited by commercial auditors selected with the concurrence of FAO	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Contract out day-to-day management of the Commissary to a private firm with experience in retail	Management	++
		Revert management of FAO catering contract to Facilities Management (8.20B)	Management	++
Finance	Pursue full integration of the supporting systems for strategic and financial management needs more vigorously so as to address strategic and programme accountability processes with financial management and financial reporting requirements (8.13)	Develop a structured automated system for a series of management reports which meets the needs of the different levels of management and line users.	Management	++
		Upgrade the FAO Permanent Representatives Website to the means by which management information of interest to the governance structure of the Organization is disseminated	Management	+
Finance	Use the transition to International Public Sector Accounting Standards (IPSAS) to achieve significant efficiencies and improved effectiveness in financial accounting, financial management and decision support systems (8.14)	Consider the introduction of accounting and budgeting in Euros and US dollars and possibly accounting for extra-budgetary funds in Euros, US dollars and possibly other currencies as part of the project to introduce IPSAS.	Management	++
Finance	Develop an institutionalized strategy for financial risk management (8.15)	This should be guided by clear distinctions between what lies within management's authority (i.e., financial strategy and approaches) and what requires specific authorization by the Council (i.e., financial policy). The objective is not to create bureaucratic impediments, but to provide assurance that sufficient checks and balances exist to prevent the Organization from accidentally taking on unnecessary financial risk and to provide protection to the Organization and its staff, so that a climate of transparency and sound financial decisions guide its work.	Management	++
Finance	Introduce the possibility of rolling over a relatively small proportion of working funds between biennia in addition to TCP and capital and security accounts, both as a matter of good financial management and for smoothing income and expenditure. (8.17)		Governing Bodies Management	+
Finance	Adopt additional financial measures for funding under-funded after service liabilities, and reduce liabilities to retirees (8.18)	Continue funding all under-funded long term after service liabilities which are presently in the order of $445 million. Take the opportunity presented by the changeover to IPSAS for opening possible channels for discourse between Member States and the Secretariat on alternative means for addressing this issue. (8.18.A)	Management	++
		Accelerate the provisioning and earmarking of funds to cover after-service liabilities. FAO deserves credit for being ahead of many other UN agencies on this. (8.18.B)	Management	++
		Pursue more proactive and creative thinking on plan design for non-financial opportunities to reduce liabilities to retirees, to serving staff and for FAO self-insurance against major risk. (8.18.C)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Information technology	Improve Information Technology risk management (8.12)	Undertake a comprehensive risk assessment for the IT structure in Country Offices and Liaison Offices (8.12.A)	Management	++
		As a precursor to improved risk management, deploy Oracle-based Financials to Country Offices as soon as technically feasible and with appropriate training in use (8.12B)	Management	++
		Establish realistic funding procedures and conduct cost/benefit studies for new applications, and include certain foreseeable long-term costs (such as maintenance and staff training on upgrades). (8.12.C)	Management	++
Organizational culture (direct measures)	Management should lead in rallying the high staff commitment around a much clearer vision of how FAO will work towards its mission with clearly articulated objectives with measurable indicators (6.1) See also recommendation 7.1	This must be done through processes of genuine consultation and participation aimed at building a practical sense of common purpose and be a first step in re-orientation to a culture of high performance	Management	+++
		Deep and extensive changes to policies and procedures on human and financial resources are needed in order to ensure that they are aligned with and focused on that clearer vision and engaged as efficiently and effectively as possible to achieving those clearer goals (i.e. aligning all the Organization's means with its ends explicitly). See also recommendation 8.1	Management	+++
		Treat FAO's human resources as the primary and strategic asset they are. Re-orient human resource policy and systems to attract the calibre of people and enable team-working in the way FAO needs to fulfil its aims. See also recommendations 7.5 and 8.2 through 8.8.	Management	+++
		Review, simplify and re-orient administrative procedures to be more 'client-focused', encouraging and supporting staff to be effective and accountable for achieving the results agreed above in an efficient way. Proposals should aim to advance transparency, advance the principle of subsidiarity and facilitate and enable horizontal and vertical communication.	Management	+++
Organizational culture (direct measures)	Constitute a special Working Group to lead development of and oversee an overall programme of culture change as part of the follow-up to implementation of the recommendations of the IEE (6.2) See also recommendation 8.1	Select the members of the Working Group from different parts and levels of the Organization. Its functions would be to: a) Monitor coherence between the principles outlined above and implementation of IEE recommendations (for example via annual employee surveys or even more frequently as required) b) On the basis of widespread staff consultation, advise Senior Management and the Human Resources function on complementary measures to be developed c) Act as a coach and facilitator of desired changes	Management	++
		Assign a staff member to service the Working Group. He/she should have management and staff acceptance.	Management	++
		Resort to advice by consultant specialists in culture change. Preferably, this would be one of the consultant firms also engaged on other change processes in FAO for consistency of approach and reduced transaction costs.	Management	++
Organizational culture	Encourage cross-departmental contact and take steps towards creating a map of where knowledge lies. (6.3)	Show those responsible for critical technical work and divisional administration in an organizational directory on the intranet. This could be further extended by including the job titles of all employees in a division. (6.3.A)	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
(direct measures)		Facilitate informal discussion groups by creating an easy mechanism for anyone in the FAO intranet to set up such groups (6.3.B)	Management	+
		Develop a well-written and strictly informal staff newsletter and website page with news about the Organization, staff, managers and other matters of interest (6.3.C)	Management	++
Organizational culture (direct measures)	Support early and transparent action on the fundamental changes described with immediate actions by the Director-General to signal his readiness to lead and engage in change and to present a more open and accessible image. (6.4)	These actions might include: actively encouraging senior staff to informally brief Permanent Representatives on technical and administrative issues; announcing, post factum, on the Intranet, the DG's official overseas visits and his major meetings with external contacts of importance; and meetings with small and informal groups of staff on topics of internal importance to FAO, mostly related to the Organization's work.	Management	+
Organizational culture (direct measures)	Accelerate development of a leadership cadre who consistently model good management practice, including "open door" styles to increase informal, direct communication; the giving and receiving of feed-back; regular staff meetings to inform them of developments and solicit their ideas, and periodic retreats. (6.5)	Expand the courses of the Joint Management Development Centre to include regular courses for senior management as well as lower levels	Management	++
		Involve the Human Resources function as a strategic partner in planning and executing management training, focused on the needs of specific individuals. This might include an increase in management training or coaching	Management	++
Cluster 4: Structure				
Headquarters structure	**Senior Management** Select three Deputy Directors-General on the basis of competency, profile and competition. The designation of two additional Deputy Directors-General will allow for major rationalization and consolidation of divisions and units, with significant cost savings through elimination of two Departments and a significant reduction on Divisions and Services (6.6)	a) One DDG entitled Chief Operating Officer would be primus inter pares. S/he would deputise for the Director-General in her/his absence. The COO's main task would be to support the Director-General in ensuring effective and efficient day-to-day operations b) One DDG-Regional and Country Operations and Coordination of Decentralized Offices will help to counterbalance the tendency towards a headquarters centric culture, give ADG/Regional Representatives and where necessary the FAO Representatives a senior champion within FAO headquarters, bring together all work for technical cooperation with responsibility for the decentralized offices, and provide a central point at the most senior level for the major priority of capacity building in member countries c) One DDG-Technical Work (Knowledge Manager) will: drive FAO's focus on the three interlinked goals of member countries (see Strategic Framework 2000-2015), holding some five percent of funding to promote cross-disciplinary work; provide a central focus of leadership to ensure coherence in the technical knowledge function of the Organization; ensure weaknesses or gaps at management level in technical departments are adequately supported; and manage major cross-cutting issues, in particular knowledge management, and support the technical departments in capacity building.	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Headquarters structure	**Senior Management and Office of the Director General** Establish a top management team, led by the Director-General, able to focus on the corporate agenda and empowered to make collective decisions (6.7)	The Top Management Team - led by the Director General - would comprise: a) The three Deputy Director-Generals (DDG) discussed above; b) ADG Corporate Support Services responsible for all FAO support services; c) ADG Strategy, Resources and Planning; and, d) ADG Corporate Communications, Intergovernmental and Inter-agency Affairs/Relations ***Also Cluster 3***	Governing Bodies Management	++
		Establish within ODG an Office of Strategy, Resources and Planning, building from the current base of PBE. It would integrate strategy development, programme planning, and resource mobilization, management and distribution, bringing together Regular Programme and extra-budgetary resources in support of the agreed priority themes and the national medium-term priority framework. The Field Programme Development Service currently in TCA would migrate to this office as would certain of the functions currently carried out by the Department of Human, Financial and Physical Resources for overall resources management. Within this overall framework, decentralised resource mobilisation would be encouraged and facilitated, with some support to decentralised offices if found desirable, while transferring routine budget management functions to the Corporate Support Services Department together with finance. This would facilitate "means to ends" thinking and the corporate strategic action required to mobilize the means.	Governing Bodies Management	++
		Establish an Office of Corporate Communications, Intergovernmental and Inter-agency Affairs/Relations bringing together a) the intergovernmental, interagency and corporate communication functions currently conducted by the Office of UN Coordination and MDG Follow-Up (UNC), b) the related matters of intergovernmental affairs handled by the Conference and Council Affairs Division (KCC), and c) the protocol affairs and the corporate strategy components of communications now in the Communications Division (KCI), including the International Alliance Against Hunger. This should provide major opportunities for synergies and cost-efficiency gains, enhance the DG's transmission of FAO messages to the larger international community, and facilitate corporate resource mobilization on an integrated and strategic basis, closely connected to the Office of Strategy, Resources and Planning. Routine administrative aspects of communications (such as printing, visa, tax exemptions, etc.) should migrate to the Corporate Services Department.	Governing Bodies Management	++
Headquarters structure	**Strategy, Programme and Budget Centre** Establish a new Strategy, Programme and Budget Centre within what is now PBE. (7.4)	Details in Recommendation 6.7.	Governing Bodies Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Headquarters structure	**Corporate Support Services Department** Establish a CSSD following the recommendations presented in chapter 8. (6.14) See also recommendation 6.7	This single department would be composed of four divisions and three units: a) Finance Division b) Administrative Services Division, which would include conference services, translation and printing c) Information and Communication Technology Division d) Human Resources Division e) Out-posted Support Services Centre (Budapest) f) Security Services Unit g) Medical Services Unit	Governing Bodies Management	++
Headquarters structure	**Technical Programme Departments** De-layering and combining units in the Technical Programme Departments (6.8)	Establish four departments, with the possibility of a fifth: i) Agriculture; ii) Economic and Social Development; iii) Fisheries and Aquaculture; and iv)-Forestry. The potential fifth department would be Livestock and Animal Health, given its growing importance and the clear comparative advantage of FAO in this area (see chapter 3). An Office of Knowledge Communication, reporting to the DDG responsible for Technical Work, would function as a knowledge manager, ensuring integration of the technical knowledge systems of FAO and formulating appropriate strategies and policies in that regard. The DDG Technical Work will be the budget holder for knowledge and information support services, including technologies. ***Also Cluster 3***	Management	+++
Headquarters structure	**Technical Programme Departments** The Economic and Social Development Department should become the development policy analysis centre of FAO, exercising a much greater and more central role in FAO's knowledge management. under an ADG, who would function de facto in the role of Chief Development Policy Officer (6.9)	The Department could comprise three main Divisions: a) The Economic, Food and Nutrition Policy Division, which would also include policy assistance (currently the Policy Assistance Service in the Technical Cooperation Department). This would integrate all FAO policy work in food and nutrition, including that currently carried out in the nutrition and consumer protection division b) The Institutional Organization and Policy Division, which would include gender, extension, training, employment, research institution and policy, tenure, agribusiness (including marketing) and rural finance (currently in AGS) c) The Statistics and Food Information Systems Division, which would integrate all aspects of FAO work in statistics and food information, including in agricultural trade, commodities and early warning. d) If and as resources permit and effective sustainable demand determined, consideration could also be given to adding legal expertise to the department.	Management	++
		Appoint a DDG Technical Work to head the Department, functioning de fact in the role of Chief Development Policy Officer. S/he would be budget holder for knowledge and information support services, including technologies.	Management	++
Headquarters structure	**Technical Programme Departments** Restructure the Forestry and Fisheries and Aquaculture Departments (6.10)	Continue appointing ADGs to head them.	Management	++
		Establish four or five "units", combining the present services in the most functional manner dissolving the divisions.	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Headquarters structure	**Technical Programme Departments** Restructure the Agriculture Department (6.11)	Establish three Divisions in this Department: a) Climate Change, Land, Water and Natural Resources Management Division, combining the Land and Water Division and the Environment, Climate Change and Bio-energy Division b) Food Safety, Consumer Protection and Standards Division (which would include Codex and could also address such issues as organic standards) c) Plant Production and Protection Division (unchanged but with a possible reduction in services to two)	Management	+++
		Dissolve the current Joint FAO/IAEA Division or distribute it functionally as units in the areas of food safety, livestock and plant production. See also recommendations 3.13 and 3.11.B	Governing Bodies Management	++
Headquarters structure	**Technical Programme Departments** Create a separate Livestock Department, Given the growing importance of this area and FAO's comparative advantage (6.12)		Management	++
Headquarters Structure	**Regional and Country Operations and Coordination of Field Offices Department** Unify all major aspects of FAO field operations, and strengthen reporting and support relationships between headquarters and the field by creating a Regional and Country Operations and Coordination of Decentralized Offices Department (6.13)	Regional ADGs would report directly to the DDG in charge of this department with both FAORs and the heads of the sub-regional technical teams reporting directly and exclusively to the Regional ADG. ***Also Cluster 3***	Management	+++
		The Department would be comprised of the decentralised offices and three divisions: a) The Field Operations Division as the coordination and responsibility centre link between headquarters and the field b) The Investment Centre whose activities are almost exclusively devoted to field level in support of project development c) The Emergency Operations and Rehabilitation Division	Management	+++
Headquarters structure	**Dual Gradings and Ceilings** Afford much needed flexibility to departmental ADGs to adjust positions to needs, while at the same time preventing any risk of upward position rift. (6.15) ***Also Cluster 3***	Apply dual grading: D1 and D2 for Division Heads and P5 and D1 Service and Unit Heads.	Management	+
		Establish ceilings for the number of D1 and D2 positions for each department	Management	+
Headquarters structure	**Information Technology** Establish a Chief Information Technology	Integrate IT systems development, including systems programming of corporate systems; IT long-term planning; Corporate applications (including management reporting systems); field, regional and liaison office applications; and user support group into this Division.	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
	Officer, and consolidate all IT functions into an Information and Communication Technology Division (8.11)	Facilitate systems coherence, provide efficiencies, particularly at the policy level, that will enable staff reassignment to enhance technical and field applications in particular, and ensure retention of knowledge on new developments within each sub-unit: each functional sub-unit within the Information & Communication Technology Division should provide an integrated service for a defined user group including re-establishing Information Technology Officers (ITOs) in each user department or office selected jointly by the department head and the Chief Information Technology Officer.	Management	++
		The Information Technology Division would need to work closely with technical divisions operating data bases and with the Office of Knowledge Communication as per the proposed new organizational structure presented in Chapter 6 and ensure that representatives from the different technical areas are in the committees and sub-committees that make decisions on standards for technical applications.	Management	+
		Carefully examine the costs and benefits to FAO outsourcing versus in-house IT services.	Management	++
Field structure	**Decentralization** Restore balance between HQ and the field, including a radical change in the institutional structure, business model and decision-making processes of FAO, in order to re-position the institution and provide it with efficient and effective link to countries and regions. Moreover, no further net transfers of resources from headquarters to the field should occur until resource adequacy has been assured. (6.19)	Structures should reflect differing levels of development as well as a number of features that characterize the food and agriculture landscape in each region. Introduce variations among regions, sub-regions and the country level. Some elements may be applicable to all regions, and others will have to respond to these differing situations.	Management	++
		Address a comprehensive set of issues (organizational structure, decision-making mechanisms, lines of communication, technical and financial resources, functions and procedures, critical mass and means-to-ends requirements) before pursuing future reforms in the direction of decentralization of functions and authority and of strengthening and rendering more effective FAO's field presence, in order to be relevant, credible, and have a major developmental impact, ***Also Cluster 3***	Management	+
Field structure	**Regional Offices** Establish new and clear roles for Regional Offices (ROs) maintaining their number and location. Streamline their functions and focus them more on analysis and policy advice, with greater autonomy and decision making powers. (6.20)	Change the reporting lines: Establish reporting lines between all professional staff in ROs and the Regional Representative, rather their headquarters divisions. Assign ROs first-line responsibility and accountability for the development of strategies and programmes across their regions. Sub-regional Offices coordinators and FAORs should report to the Regional Representative functionally and administratively, and the sub-regional coordinators should have no administrative responsibilities for Country Offices. While reporting to the Regional Representative, all professional field staff would maintain regular knowledge exchange and communication with technical colleagues at Headquarters and in other decentralized offices to ensure that the highest standards of technical quality are maintained and stimulated and to build corporate coherence. Technical colleagues whether in headquarters or other decentralised offices would exercise a quality assurance function vis-à-vis each others work and rotation policies would build competencies and corporate inter-changes.	Management	+++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
		Devote much of the effort of the ROs to analysis and policy work in close collaboration with the relevant technical divisions. Provide the RO the necessary amount of financial and human resources for them to keep abreast of developments, trends, problems and opportunities affecting food and agriculture in their region. Strengthen and professionalize their activities related to policy dialogue, analysis and advice, evolving as the most authoritative source of knowledge and information in FAO regarding their respective regions. In cooperation with other relevant regional organizations and non-regional organizations such as IFAD, entrust the ROs with the preparation of a biennial report on "The State of Agriculture, Food and Rural Life" in their respective regions. This report, which would build on, complement and strengthen the existing FAO flagship "State of" publications, would identify the major strategic issues, problems and opportunities, recognize regional priorities for common action and suggest possible national policies. It should aim to furnish genuine strategic direction by providing guidance to the organization as regards the major food and agriculture issues and concerns in the region, and identifying regional programmes and priorities. Those that fall within the five or six priority themes subsequently agreed by Conference would form the basis for finalising a regional strategy in each region. This work should cascade into country priority frameworks, including a basis for TCPs and a realistic alignment of objectives to what FAO can be expected to deliver.	Management	++
		Assign the ROs responsibility for convening, conducting, codifying results, preparing the final reports for, and following up on, the Regional Conferences which would become part of the governance system of FAO on a trial basis (see Chapter 4). The ROs would prepare the agenda in consultation with governments and stakeholders in the region.	Management	++
		The ROs should monitor regional perspectives and needs and ensure that these serve as guides to normative work conducted at headquarters.	Management	++
		The ROs should participate, with appropriate information and authority, in the preparation of the biennial budget and in the design and approval of regional and sub-regional projects.	Management	++
		The ROs should develop a strategy for capturing external funding that is consistent with the priorities, themes and the issues of the region. TCP funds should be allocated at regional level in line with PWB decisions and the Regional Office should allocate them and monitor their use within the national medium-term priority frameworks. In doing so, it should concentrate the scarce resources available for regional projects in a few areas of strategic regional significance. ***Also Cluster 1***	Management	++
		Consistent with the new reporting relationship, the Regional Representatives should provide direction and guidance to the work of the Sub-regional and Country Offices and be assigned authorities in the evaluation, appointment and removal, and monitoring of performance of sub-regional coordinators and FAORs. ***Also Cluster 3***	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Field structure	**Sub-regional Offices** Transform the Sub-regional Offices (SROs) into the technical support arm of FAO in the respective regions. (6.21)	Refrain from opening new SROs unless sufficient staff and funds to ensure their success and efficiency can be provided.	Management	++
		Link SROs' location to the sites of regional and sub-regional economic integration or agricultural organizations or to UN centres, as appropriate.	Management	++
		Determine the work of SROs strictly by the needs of the countries (and UN Country Teams) they serve. Do not expect staff to undertake extensive normative or administrative work and appoint them with the seniority required to play a policy role and staffing should be adjusted flexibly in both disciplines and duty station in line with needs. Staff/consultants on call down contracts can pay a particularly important role in the SROs by providing a broader base of expertise. Sufficient non-staff resources will be critical to the workings of the sub-regional offices. An effective staff ratio should also be achieved before increasing staff numbers to ensure staff and consultants can fulfil their responsibilities. ***Also Cluster 3***	Management	++
		Analyse the establishment of new Sub-Regional Offices in the light of: a) The cost implications of sustaining regional, sub-regional, and country offices b) The implications of the dispersion of technical staff and budgets among such large numbers of units, for the capacity of the Organization to carry out its more normative work. FAO now risks losing some of its main technical core competencies and comparative advantage. If this risk is not addressed through convincing strategies to restore the FAO technical base in critical areas, comparative advantage will be lost and, once lost, will not be regained	Management	++

Theme	Recommendation (Reference in brackets)	Specifications and Details	Lead Responsibility	Intensity ††††
Field structure	**Country Offices** Establish quite new foundations for the presence, structure, functions and staffing of FAO Country Offices, including benchmarks such as cost-efficiency norms, for opening and closing such offices. (6.22)	Review existing COs against the criteria below, bearing in mind various alternative arrangements, such as the extension of duel coverage by FAORs and having FAO Country Coordinators stationed outside the country in a neighbouring Regional of Sub-Regional Office: a) UN "Delivering as One" at Country Level as it may present FAO with opportunities for "win-win" consolidations and administrative cost savings. An FAOR could be replaced by a technical specialist in a UN office under the umbrella of the UN Country Coordinator. FAO presence and effectiveness could increase and revised arrangements could yield cost efficiencies, but this would need to be handled on a case-by-case basis as placing FAO staff in UNDP offices and hiring services has in the past often proven to be a more costly option. b) Size of the programme. If the size of a country programme falls below a specified ratio to office costs for more than three years, the office should be transformed into some other lower cost arrangement (e.g. multiple country accreditations, Regional Office coverage). Apply a ratio consistently above 1 to 3 as the benchmark in this regard. c) Size and poverty levels of agriculturally dependent population. The higher the dependence on agriculture and of national poverty levels, the greater the justification for keeping an office. d) Level of development of countries. Special consideration and criteria should apply to sponsoring and retaining FAOR offices in Least Developed Countries which are likely to be less able to access FAO services via other means. e) The existence of well-prepared FAO national priority frameworks. These instruments would need to be realistic in setting out what FAO can actually do, taking into account resource adequacy and linked to resource mobilization, as appropriate. f) The relevance of existing technical cooperation projects to FAO's overall strategy and the UNDAF. Consider the merit of retaining an office where activities have been determined by demand or donor-driven, with apparent strategy or purpose and where country studies have demonstrated little impact and spill-over effects. g) Ease of servicing the country from a nearby country and the cost-effectiveness of multiple accreditations, especially to smaller, reasonably contiguous countries. h) Potential for agriculture in economic growth i) The potential for major gains through new partnerships: rather than a single FAO presence at country level, consider partnerships with other organizations, both for technical support and representation needs. j) willingness of governments to cover costs of FAO country presence (except for Least Developed Countries).	Management	+++