

Assessment of the IPA Programme—A Way Forward

Final Report

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Introduction

This report, commissioned by the Office of the Inspector-General (OIG), assesses FAO's reform process since 2007. It also presents recommendations for how the Organization can optimize the benefits from the Immediate Plan of Action (IPA) in moving forward with a continuing organizational strengthening process.

The reform process comprises a broad range of institutional strengthening initiatives designed to build FAO capacity, agreed and funded by the FAO membership. Important foundations have been laid. The Immediate Plan of Action (IPA) is thus far doing its job as an *immediate* plan of action. However, the focus in most, if not all action, has been at the surface level neglecting important elements of organizational development. There is a need to secure the benefits from the organizational transformation and renewal desired by Members.

Overview of the reform process

In September 2007, the Independent External Evaluation (IEE) produced a comprehensive set of recommendations for renewing the FAO through a "transformational strategy of reform with growth".

To review the IEE recommendations, a special Committee of the Conference (CoC-IEE) was set up to work closely with management to create the IPA. The IPA generated considerable energy among managers and staff, and it gave rise to a large number of actions; some represented massive organizational change, and others were relatively small actions that the responsible managers could carry out comparatively quickly.

By October 2011, it was reported that 143 IPA actions had been completed by the end of 2010; a further 46 IPA actions had been completed by the end of October 2011; and an additional 33 actions were scheduled to be finished by the end of December 2011.

Assessment of the IPA reform programme

The assessment is based on seven principles for organizational change and reform in FAO.

Vision and purpose

Effective change management is shaped and driven by a compelling vision and clarity of purpose relating to, first, the desired programmatic outcomes and impact and, second, the Organization that Members and management wish to create. A major effort was undertaken by Members during 2008-9 to rethink the Organization's strategic priorities and tackle the strategic choices and dilemmas the FAO was facing. This led to the formulation of a new Strategic Framework for 2010-19. Unfortunately, the Organization did not take full advantage of this opportunity to make fundamental strategic choices. A process of review of the Strategic Framework has recently begun, and this may eventually have a far-reaching impact on programmes and on the organizational design of both Headquarters (HQ) and the field network. In addition, some initial work was carried out to define another element of the vision: the *organization* that Members and management want to create.



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| Change process | The IPA was based on a comprehensive assessment of the FAO environment. While ambitious in scope, it did not take a holistic approach to organizational change. There were too many fragmented projects and actions, and the approach lacked cohesion. Many projects dealt with surface as opposed to deeper, systemic issues. The drive to complete, in a relatively mechanistic way, a large number of actions meant that there was little attempt to assess FAO's readiness for and receptivity to change, to prioritize and sequence individual IPA actions, or to examine the capacity of the Organization to absorb change. |
| Field network | A robust field presence is essential to achieving the envisaged transformation of FAO. A number of indicators suggest, however, that there is reason for serious concern about the field network, and the network may represent one of the greatest risks facing FAO. Although several key policy decisions relating to the field presence have been made and are currently being implemented, there are still many issues to resolve. Among them are those related to organizational design, differentiation of roles, resource allocation, management capacity, support capacity, controls and accountability. |
| Institutional foundations | The IPA has focused on building capacity in the institutional foundations, and much has already been achieved. Most IPA actions have been completed or were scheduled to finish by the end of 2011; four major actions are still being developed: Managing for Results, enterprise risk management, human resources management; and, gRMS (global resource management system)—formerly known as Oracle R12 and IPSAS. |
| Levers of change | Levers of change typically focus on systemic organizational issues and seek to address the factors that can undermine a change process. The work of the culture change teams has been impressive. They have been pushing forward a number of concepts and initiatives that should have had much greater prominence in the IPA, notably leadership, professional excellence, performance, and accountability for results. Our principal concerns are that culture change was implemented as a separate project, it seems to a large extent to have operated autonomously, and managers were not engaged or pressured to engage as key agents of change. |
| Management of reform | FAO senior management has made a substantial investment in the IPA process. The IPA has always had some form of dedicated engine and has had access to significant financial resources. However, projects have not been planned with robust outputs and outcomes or with good metrics for performance indicators. The scale of the reporting on the IPA to Members is unique in terms of its volume and frequency. In the past two years, there has been a welcome attention to the benefits of the IPA in the reporting though this has been challenging in view of the planning weaknesses noted above. |
| Members' engagement in the governance of reform | The IPA was the result of an extraordinary engagement of Members, and they have a strong sense of ownership in the IPA and its processes. Members' keen involvement has however had some unintended consequences. Moving into the space normally occupied by management may have unintentionally undermined the management's leadership of the IPA. |
| Overall assessment of the IPA | The IPA clearly raised very high expectations among Members, managers and staff. We believe that these expectations were and are unrealistic. There is no way that the IPA, as designed, could bring about the transformation and renewal that Members were seeking when they adopted the IEE recommendations. The IPA actions are important as "catch-up" systems-building, but a number of key elements were missing for the IPA to result in substantial change and transformation. |



In saying this, we are not being pessimistic about the prospects for achieving the aspirations inherent in the IEE and IPA. Transformational change is achieved only through sustained, integrated attention pursued over several biennia. Many organizations start by focusing on systems and processes and then, in a second phase of reform, leverage more fundamental and systemic change in strategic priorities, organizational design and organization culture.

Optimizing the benefits in moving forward

We believe that the process of change should continue, but with a significant shift of focus. The IPA reform initiative should move from being a comparatively static reform programme to becoming an organizational strengthening *process*—where continuous improvement becomes the natural, normal, way of operating.

Vision and purpose

The recently initiated review of the Strategic Framework may eventually have a far-reaching impact on programmes and on the organizational design of both Headquarters (HQ) and the field network. This should be complemented by work on the internal vision, where the focus should be on organizational design, especially with respect to the roles of HQ/field, the workforce profile, allocation of resources and managerial roles.

Design of the organizational strengthening process

Going forward, the FAO's organizational strengthening process should be designed around three clusters of initiatives: the field network, institutional foundations and levers of change.

Strengthening of the field network

A rapid organizational assessment of the field network and the programme should be carried out, taking into account the results of audits and evaluations. The assessment would identify systemic obstacles that could prevent FAO from building a robust field presence and provide the basis for leveraging change in a very complex set of interacting systems.

Institutional foundations

Four major IPA projects are still being developed. All are prerequisites of being an effective, modern organization, and FAO programmes cannot improve significantly without them. These systems need to be completed; doing so will require continued investments, as well as a relentless focus on designing, managing and implementing them in a fundamentally different way.

FAO should give priority to human resources management (HRM) which needs significant strengthening. Managing for Results is a very important system and its implementation should be shaped by the recent review by OIG to ensure that the results-based approach is integrated into FAO's strategic, planning, budgeting, and monitoring systems. The global resource management system (gRMS) is vital. Enterprise risk management should be integrated into the other systems. An in-depth assessment of the executive management function should also be carried out, and a review of the allocation of staff resources would be highly beneficial.

Levers of change

Six levers of change should drive the organizational strengthening process.

The first, *mobility*, is essential for an organization with a substantial field presence. We understand that a new policy is in the pipeline, but we fear that it will not have any impact unless the Director General (DG) drives it and builds more "teeth" into the implementation. The second is *performance and accountability*, and there is a particular need for determination and capacity to deal with overt cases of non-performance; the new PEMS system by itself will have little impact. Regarding the third lever, *leadership and management*, expectations about managers' roles in leading change and managing their staff need to change radically. This shift in mindset needs to be accompanied by training, tools, support and accountability.



While the ongoing strategic reflection will touch on the fourth lever, *programme innovation*, it needs to be driven more robustly, as it seems to have been lost in the IPA. The fifth lever, *process streamlining*, should focus on the front end, that is, on making the working lives of field offices more effective by eliminating unnecessary bureaucracy. In addition, process improvements represent an important potential source of savings in support functions. The sixth lever, *cross-functional, inter-disciplinary teamwork*, appeared in the IEE and it is one of the three main pillars of the culture change project. Desirable in itself, it becomes essential in the context of current discussions on the Strategic Framework.

Management of the change process

The organizational strengthening process needs the full support and engagement of the DG. All senior managers must act as role models for the rest of staff by clearly showing their commitment to the change process.

The Programme Management Unit should be transformed into an organizational development team. This team should act as the engine for the process and support local change teams in HQ and field offices. The team should be led by a senior manager who has the authority to intervene to help remove obstacles and ensure integration. An overall implementation plan should be developed. Risk assessment and management would be an integral component of the plan. All current and future initiatives in the change process should be subject to rigorous results-based planning, with an emphasis on outputs and outcomes and with verifiable performance measures at both levels.

Engagement of Members in the governance of reform

In order to strengthen trust between Members and senior management and ensure their continued support of the ongoing organizational strengthening process, we recommend that the DG encourage and work with Members to:

- Develop improved systems to help Members take decisions on strategic, programmatic and management priorities;
- Differentiate clearly the roles of Members and the DG with respect to the management of the Organization with a view to enhancing the governance of the Organization and clarifying the responsibilities of the DG in terms of management;
- Improve the quality of the reporting of the organizational strengthening process to Members, focusing on key outcomes and related performance metrics—which will naturally reduce the volume of reporting.

These recommendations imply that much more needs to be done to strengthen the governance of FAO, in the spirit of the IEE recommendations and building on the foundations laid by the IPA actions on governance.

Conclusion

The reform process has led to a broad range of initiatives designed to build FAO capacity. Some important foundations have been laid. However, the focus in most if not all cases has been at the surface level, and this alone cannot bring about the organizational transformation and renewal desired by Members.

The IPA has done its job as an *immediate* plan of action, and the actions not yet finished should be completed and mainstreamed as quickly as possible. The longer term organizational strengthening approach must be carefully managed to leverage more fundamental and systemic change. In developing a plan for the transition, it is important to think about sequencing and integrating the different efforts, as well as genuine receptiveness to change.

The way forward proposed in this report will help FAO achieve transformational change. FAO must build a robust field network, it must



continue to strengthen essential institutional foundations, especially in HRM, and it must continue to leverage systemic and cultural change.



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Background

This report presents the results of a rapid, high-level review of the implementation of the Immediate Plan of Action (IPA). The review was commissioned by the Office of the Inspector-General (OIG) in September 2011, and its overall purpose was to help the FAO optimize the benefits from its considerable investment in the IPA.

Scope

The review had two primary aims:

- To provide an independent assessment of the effectiveness of the change management process so far, with a particular focus on the IPA;
- To develop recommendations on how to design and manage the process of reform and change in the next biennium.

Methodology

We started with a detailed review of the documentation on the Independent External Evaluation (IEE) and the IPA, including the key documents on various projects and actions.

We then interviewed members of the IPA Programme Board and other managers and staff engaged in IPA projects and actions.

We followed these interviews with six focus groups to help us drill down to any systemic obstacles that could prevent successful implementation of six pivotal IPA actions: Managing for Results, human resources management, Oracle Release 12 and IPSAS compliance (now brought together under the Global Resource Management System or gRMS), decentralization, culture change and internal communication.

On 7 November 2011, we presented a discussion paper to the IPA Programme Board and subsequently had follow-up meetings and phone calls with other managers and staff.

The main messages of the report were discussed with the (then) DG-elect on 8 December 2011.

Contents

This report has five chapters:

- Chapter One contains a brief overview of the reform process since 2007, focusing on the IEE and the IPA.
- Chapter Two presents the framework used for the assessment.
- In Chapter Three, we look back and assess the IPA reform programme since 2007.
- In Chapter Four, we look forward and explore the design of an ongoing process of organizational strengthening.
- Chapter Five concludes the report and assembles all the recommendations presented in previous chapters.

Consultancy team

This review has been carried out by MANNET, a consultancy group based in Geneva, Switzerland. MANNET specializes in working for inter-governmental organizations and international non-governmental organizations. Core areas of expertise include organizational development, organizational change, organizational design, human resources management and leadership development.

The team members comprised:

- . Piers Campbell, MANNET's President;
- . John Hailey, Senior Fellow and Visiting Professor, Cass Business School, City University, London, UK;
- . Veronica Hope Hailey, Professor of Strategic Human Resources Management, Cass Business School, City University, London, UK;
- . Judith Hushagen, MANNET's Managing Director.

In addition, the draft report was reviewed by Rosemary McCreery, a former Assistant-Secretary-General for the Office of Human Resources Management in the UN Secretariat who also directed an organizational review of UNICEF in 2006-7. We were also fortunate to have the support of our editor, Louise Wood, and her uncanny ability to detect flaws in the flow of our logic and conceptual thinking.



Chapter One—Overview of the reform process

Introduction

This chapter provides an overview of the FAO reform process since 2007, focusing on the IEE and the IPA. This is a purely factual account; the assessment is in Chapter Three.

IEE

The report on the Independent External Evaluation of FAO, entitled *FAO: The Challenge of Renewal*¹, was submitted in September 2007.

Transformational change

IEE had several overarching themes²:

- . “A serious state of crisis”;
- . “Low levels of trust and mutual understanding”;
- . “Talented staff with a deep commitment to the mission of the Organization”;
- . “Fragmented structures and rigidly centralized management systems”;
- . “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”.

IEE recommended a “transformational strategy of reform with growth” and its recommendations were grouped into four clusters:

- . *Strategy*: Rekindling an FAO vision through a new strategy;
- . *Governance*: Investing in governance;
- . *Systems and culture*: Creating institutional change by reforming administrative and management systems;
- . *Structure*: Restructuring for effectiveness and efficiency.

Approach to change management

The IEE team also noted that it was:

... 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.

Many failures, however, appear to be more attributable to the absence of implementation strategies – a failure to work through their detailed requirements. In a

¹ *FAO: The Challenge of Renewal* (C 2007/7A-Rev.1).

² IEE op. cit. paragraphs 7-41, pages 9-22.



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.

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.³

Management response

In the document *Management Response “In-Principle”*⁴, the former DG broadly welcomed the recommendations of the report. At the same time, he noted that the recommendations should be seen in the context of FAO having “a history of being a reforming organization” and outlined a series of changes and cost-reduction measures introduced since 1994. This was followed by a detailed commentary on the way FAO’s actions or opportunities for reform had been limited by stagnating or declining budgets.

Design of the IPA

The IEE recommendations were endorsed by the Members, who set up a special Committee of the Conference (CoC-IEE) to work closely with management to create the IPA. The IPA focused on three main areas⁵:

- Priorities and programmes of the Organization;
- Governance reform, including internal oversight;
- Reform of systems, programming, and budgeting.

Detailed information was also provided on managing and implementing the IPA.

Root and branch review

In 2009, a root and branch review of administrative processes was carried out, as recommended by the IEE⁶.

Evolution of the IPA

During 2009-10⁷, the IPA actions were grouped, for reporting purposes and for the definition of benefits, into four key areas:

³ IEE, op. cit. p. 35.

⁴ *Management Response “In Principle”* (C 2007/7 B).

⁵ *Report of the Conference Committee on the Follow-Up to the IEE of FAO: Immediate Plan of Action*. (C 2008/4).

⁶ *Root and Branch Review*, 17 April 2009, Ernst and Young.

⁷ *Progress Report to the CoC-IEE on IPA Implementation*, 8 April 2010.



- . *Managing for Results*: results-based management framework; planning and monitoring; resource mobilization; and enterprise risk management;
- . *Functioning as one*: decentralization and partnerships;
- . *Human resources*: human resources strategic framework and action plan; mobility; the performance management system (PEMS); and competency frameworks;
- . *Efficient administration*: Oracle Release 12 (R12) with IPSAS compliance; IT; procurement; records management; FAO manual; and other projects.

These four areas were supported by two other elements: culture change and governance reform.

By October 2011, it was reported that 143 IPA actions had been completed by the end of 2010, a further 46 IPA actions had been completed by the end of October 2011 and a further 33 actions were scheduled to be finished by the end of December 2011.

Risk assessment of the IPA

In 2010, a risk assessment⁸ of the IPA was commissioned by the Inspector-General. This led to the establishment of the IPA Programme Board, the Programme Management Unit and a number of initiatives designed to prevent or mitigate IPA-related risks to the Organization.

⁸ *IPA Risk Assessment: Report of Findings*, by Mark Russell, 28 September 2010, Office of the Inspector-General.



Chapter Two—Assessment framework

Introduction

This chapter presents the key features of the models we used to gather data and analyze the FAO reform process and it presents a conceptual framework that we have used in the assessment of the IPA programme and in developing our ideas on how to optimize the benefits of the IPA in moving forward.

Organizational development

Organizational development (OD) looks at the whole of the organization. It is particularly interested in what happens below the surface, how different systems interact, where the hidden obstacles to change lie, and how culture influences behaviour and mindsets.

OD builds a comprehensive approach to change; it focuses on levers that can have the maximum impact, and it ensures integration of different initiatives. Above all, it helps to ensure that the initiatives are designed to focus on evolving the organizational culture and transforming the deep systems.

Level I and Level II change

One tool for analyzing change initiatives is what we have called Levels I and II change.

At *Level I*, the focus is on defining projects, planning activities and then implementing the work plan. The thinking is typically short term and not necessarily driven by the impact on, and benefits for, the organization. The outputs may reflect fairly superficial thinking on the use of funds and the ticking of boxes to be able to reassure management and Members that the activity has been carried out.

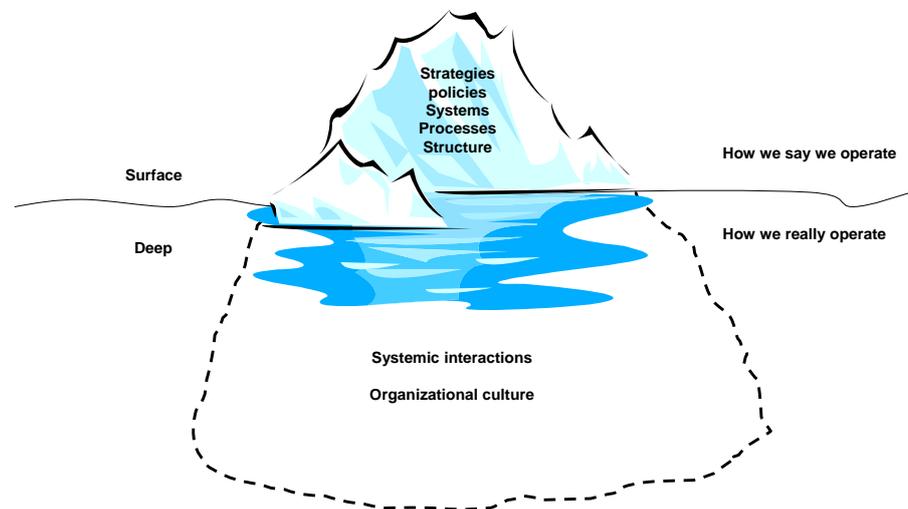
In *Level II*, there is a much greater interest in the systemic nature of the changes that the project is expected to achieve in the organization, the obstacles that the project may encounter and the linkages with other projects. Above all, the projects are used to evolve the organizational culture and transform the broader systems to ensure that high-level outcomes of greater effectiveness, performance and capacity are achieved. The focus evolves to a much greater concern with the definition of robust outcomes—results that provide a convincing narrative on the benefits of the change process and investments.

The iceberg model

The iceberg model (see overleaf) provides a similar but slightly different perspective on the levels of change. A typical example would be PEMS. A new system has been developed. The tool is sound. Managers and staff have been trained, and they are starting to use it. However, if PEMS is not taken very seriously by staff or senior management alike and if related systems are not integrated into PEMS, it will slowly fall into disuse. This in turn will have significant consequences for performance, managing results, and so on. As a result, the change process is at risk of being discredited and other, related projects may be undermined. The iceberg model captures the need for mindset shifts in individuals as well as systemic and culture change.



Figure 1: Iceberg model



It is not unusual for change projects to start in Level I and to evolve into Level II. The risk, however, is that they get blocked in Level I if they do not produce enough evidence of meaningful change.

The philosophy of OD (and the concept of Level II) is based on a belief that culture change is one of the most important aspects of organizational change. However, while cultures can't *be* changed, they do evolve as a result of a wide range of systemic initiatives. This means that culture change *thinking* has to be integrated into the overall change management programme and into each change initiative.

The iceberg model and the concepts of Level I and II projects form the basis for much of the analysis in this report.

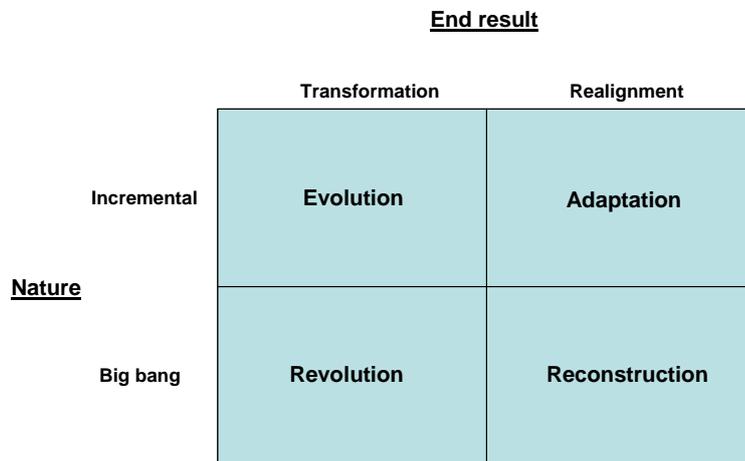
Types of change

Another useful tool⁹ focuses on types of change and the associated change path. The four main types of change in the model are defined in terms of two dimensions: the *end result of change*, and the *nature of the change*. Change can involve a *transformation* of the organization or a *realignment*. In the other dimension, change can be *incremental* or “*big bang*”.

The model also serves to trace the *path of change*. The authors, Balogun and Hope Hailey, note that the most popular path is that of reconstruction, followed by evolution. It is only through **evolution** that the organization seriously creates and embeds cultural change. This model is used in Chapters Three and Four to explain FAO's path of change.

⁹ *Exploring Strategic Change*, by Julia Balogun and Veronica Hope Hailey, FT Prentice Hall, Third Edition, 2008. One of the co-authors of this classic text on change management is a member of the consultancy team.

Figure 2: Types and paths of change



Transition state

Balogun and Hope Hailey also put great emphasis on the *transition* state.

Figure 3: Transition state



The transition state receives much less attention than it merits even though it is the most complex aspect of change. It is actually the transition process that delivers change.

The strategic analysis and design of change is a cognitive exercise whereby senior teams or change project teams consider intellectually how the organization should be redesigned. The transition stage is where behavioural change occurs.

Many organizations fail to achieve the performance transformation they desire because senior teams stop leading and managing change after the analysis and design stage. Instead, they simply let loose new systems and structures but pay insufficient attention to leading real behavioural and cultural change within the organization. That is why the involvement and development of middle- and lower-level managers is key to organizational strengthening processes.

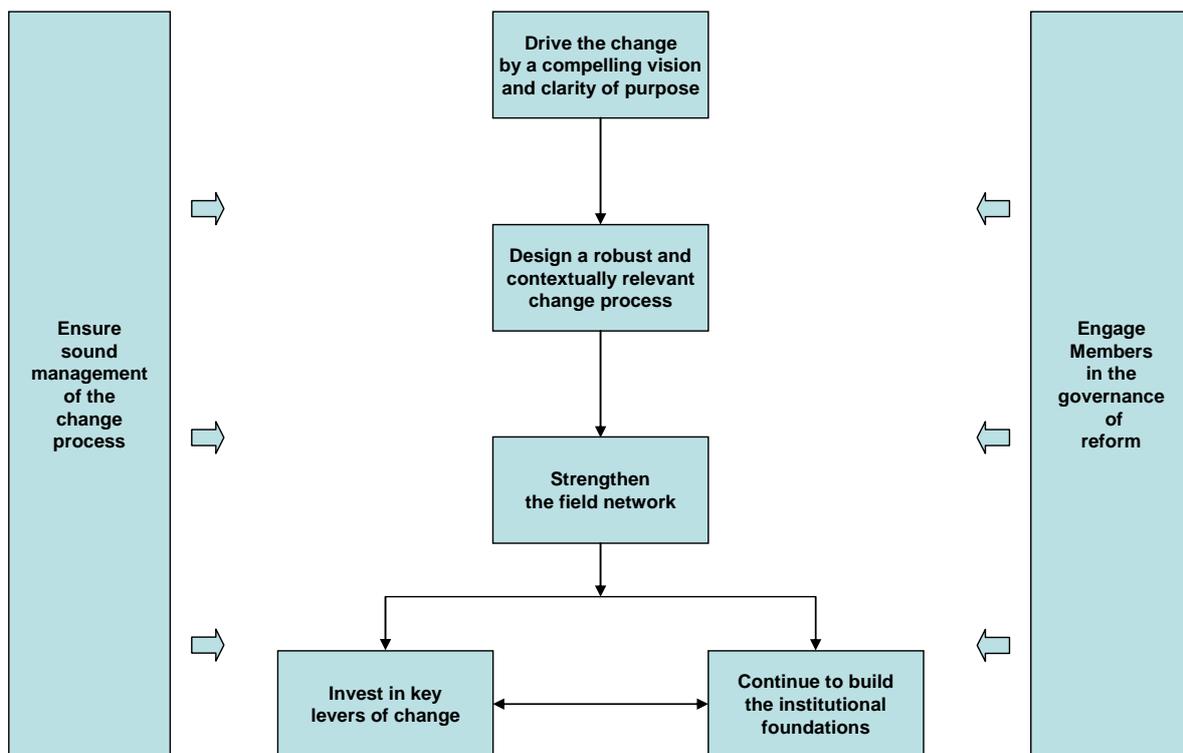
Conceptual Framework

Most of the thousands of books on change management tend to be prescriptive in terms of principles of, and approaches to, change. In our experience, all successful change initiatives are *contextual*¹⁰—they are well grounded in the realities and challenges the organization is facing, they build on the organization’s strengths and past change programmes, and they are designed to meet the aspirations of Members, managers, staff and other stakeholders.

With this in mind, we have identified seven principles of effective change management (Figure 4) in FAO. These principles constitute the lens we used to assess the current IPA programme and to propose the way forward for organizational strengthening.

These principles have been formulated to be relevant to the context of FAO but are based on best practices in change management.

Figure 4: Principles of effective change management



The principles shown in Figure 4 are not meant to be all-encompassing. Rather, they provide a framework for understanding a complex set of processes. Each one is associated with numerous questions that can assist in assessments. In the list below, the questions included represent only a sampling of the questions related to each principle.

¹⁰ *Exploring Strategic Change* op.cit.



1. **Drive the change by a compelling vision and clarity of purpose.** Does FAO have a clear and compelling strategic vision? Does FAO have the capacity to prioritize at the strategic level? Does FAO have a clear and compelling vision for the organization it seeks to create? Does FAO have a coherent, high-level organizational design? Is the organizational paradigm well understood? Has FAO defined the desired outcomes and benefits of the IPA programme for the Organization?
2. **Design a robust and contextually relevant change process.** Was the design of the IPA based on a comprehensive assessment of the external environment and the effectiveness of the Organization? Was the change process based on a coherent theory of change? Was the change process designed as a holistic, comprehensive and integrated approach to reform? Has there been a sound analysis of the change context, the readiness for change and systemic obstacles? Were the scope and path of change thought through? Will the process preserve what is good in the Organization and in its systems and culture? Is the change programme logically sequenced and are the dependencies well understood? Is the change process feasible; i.e., is there sufficient capacity to carry it through?
3. **Strengthen the field network.** Is the approach to delegating decision-making authority and devolving functions clear, and are roles well differentiated? Are the support systems and capacity in place? Is the field network performing effectively? Does the field network have sufficient resources? Are the work relations with HQ effective?
4. **Continue to build the institutional foundations.** Are the weaknesses in the key institutional foundations well understood? Have projects been designed and implemented to build solid systems and processes? Have projects been planned with robust outputs and outcomes and with good metrics for performance indicators?
5. **Invest in key levers of change.** Did the change process include levers of change that address the critical derailers that can undermine a change process? Were senior and middle managers actively engaged as change leaders and change agents? Did the change process integrate the initiatives on institutional foundations with the levers of change?
6. **Ensure sound management of the change process:** Has the change process had strong leadership and management? Has the IPA attracted sufficient funding? Does the change programme have a sound management and oversight body, as well as an engine for providing support and advice? Do these structures have the capacity to identify and resolve systemic obstacles that prevent successful implementation? Has FAO created an enabling environment that encourages and supports the active engagement of staff? Have IPA actions been designed, managed, implemented and monitored appropriately? Has monitoring and reporting to Members been adequate and effective? Did IPA management learn from its experiences implementing IPA actions?
7. **Engage Members in the governance of reform.** Are Members fully supportive of the change process? Are Members providing the right balance of strategic direction and oversight, as well as appropriate space for management? Are Members making the key strategic decisions that are necessary for the change process to move forward? Are Members ensuring adequate reporting and accountability?



Chapter Three—Assessment of the IPA reform programme

Introduction

This chapter provides an assessment of the IPA reform programme since 2007. The assessment is presented in terms of the seven principles of effective change management introduced in Chapter Two. The chapter concludes with a summary of our assessment. Chapter Four presents the case for continuing the process of organizational strengthening.

Assessment of the vision and purpose

This section explores how well the IPA reform programme satisfies the first principle of effective change management: *Drive the change by a compelling vision and clarity of purpose.*

From the
assessment
framework

Does FAO have a clear and compelling vision? Does FAO have the capacity to prioritize at the strategic level? Does FAO have a clear and compelling vision for the organization it seeks to create? Does FAO have a coherent, high-level organizational design? Is the organizational paradigm well understood? Has FAO defined the desired outcomes and benefits of the IPA programme for the Organization?

Strategic vision

Does FAO have a clear and compelling vision?

One of the four clusters of the IEE recommendations was entitled *Rekindling an FAO Vision*. This cluster contained important ideas relating to the strategic choices facing the technical programmes¹¹ and called in particular for enhanced strategic and policy capabilities¹².

In response, FAO refreshed its strategic and operational planning documents by introducing a results-based approach and by improving the integration of the Strategic Framework, Medium-Term Plan and Programme of Work and Budget. In 2009, the Organization introduced a new Strategic Framework comprising the FAO vision, the three global goals of Members, eleven strategic objectives and eight core functions¹³.

The Organization therefore technically has a strategic vision, as manifested in the Strategic Framework.

We believe, however, that a major opportunity was lost in 2008-9 to rethink the Organization's strategic priorities and to tackle the strategic choices and dilemmas the FAO was facing.

¹¹ Report of the IEE, September 2007, Theme 1.3.

¹² IEE, op.cit. P. 11.

¹³ *Strategic Framework 2010-19*. C 2009/3.



A vision for the organization it seeks to create

Earlier this year, a process¹⁴ was launched to examine the possibility of a more integrated, inter-disciplinary, thematic approach to the strategy and programmes. This could eventually have a far-reaching effect on programmes and lead to significant changes in FAO’s organizational design.

A vitally important part of any vision is the description of the *organization* its members want to create—the organization that is capable of fulfilling the aspirations outlined in the strategic vision. This is sometimes called the *internal vision*. The IEE, throughout its 2007 report, made a number of important observations on the characteristics of the future desired state of FAO. The culture change teams¹⁵ have done important work defining key organizational values and principles in the internal vision¹⁶.

However, FAO has not yet succeeded in defining a comprehensive vision for the Organization.

Does FAO have the capacity to prioritize at the strategic level?

The IEE called on FAO to “make tough strategic choices”¹⁷. In the IPA, in 2008, Members emphasized the importance of making strategic choices on programming.

In subsequent CoC-IEE documents, concerns were expressed about prioritization. For example, in 2011, “The CoC-IEE observed that while some progress had been made, the prioritization process was not yet well-established”¹⁸.

We also heard several references, as we conducted our assessment, to FAO’s ‘strategic drift’ in recent years. We share the concerns about the capacity of the governing bodies (at the strategic level) and of management (at the operational level) to make strategic choices and to take difficult decisions on the allocation of resources.

Does FAO have a coherent, high-level organizational design? Is the organizational paradigm well understood?

Structure of HQ

The IEE contained a comprehensive set of recommendations on the HQ and field structure¹⁹. We understand that some of the IEE recommendations on HQ were adopted and implemented. A new HQ architecture was put in place in 2009. There were a number of changes in work units and parts of one function, the Office of Support to Decentralization, were devolved to the regional offices. A significant number of director-level posts were eliminated.

¹⁴ This was not presented as part of the IPA programme. However, it is a directly related, albeit much delayed, initiative stemming from the IEE’s cluster “Rekindling an FAO vision through a new strategy” (IEE op.cit).

¹⁵ The original Culture Change Team was replaced by the Culture Change Support Team in 2010. There are also a significant number of local change teams.

¹⁶ The internal vision is available on the intranet.

¹⁷ IEE op.cit. P.12.

¹⁸ *Report of the CoC-IEE to the Conference in the IPA for FAO Renewal*. C 2011/7.

¹⁹ IEE Chapter IV, Themes 4.1 and 4.2.



However, it is difficult to assess the extent to which this led to any substantial layering.

An Executive Leadership Team was established, complemented by other senior management teams. Most of the Organization's management committees were reviewed; many have been strengthened and some abolished.

A vision for the structure and functioning of FAO's Decentralized Offices (DO) network was developed in 2011²⁰. A lot of work has been done on decentralization, the DO network, and the technical cooperation programme. These are reviewed in *Assessment of the field presence* below.

Despite these and other actions, we do not, as a general statement, believe that FAO has yet drawn up a coherent and comprehensive picture of its organizational design. For example, there is still controversy about both the fundamental nature of FAO—its organizational paradigm—and about the balance between FAO's work in global public goods and its more operational work for Members at the country and regional levels.

Has FAO defined the desired outcomes and benefits of the IPA programme for the Organization?

An overarching statement of reform benefits was presented to the CoC-IEE in 2010²¹. This was the first attempt to provide a high-level sense of how FAO would change as a result of the IPA. Little attempt has since been made to produce more specific outcomes and performance measures (see *Assessment of the management of reform*, below).

Assessment of the change process

This section explores how well the IPA reform programme satisfies the second principle of effective change management: *Design a robust and contextually relevant change process*.

From the assessment framework

Was the design of the IPA based on a comprehensive assessment of the external environment and the effectiveness of the Organization? Was the change process based on a coherent theory of change? Was the change process designed as a holistic, comprehensive and integrated approach to reform? Has there been a sound analysis of the change context, the readiness for change and systemic obstacles? Were the scope and path of change thought through? Will the process preserve what is good in the Organization and in its systems and culture? Is the change programme logically sequenced and are the dependencies well understood? Is the change process feasible; i.e., is there sufficient capacity to carry it through?

Was the design of the IPA based on a comprehensive assessment of the external environment and the effectiveness of the Organization?

In 2007, the IEE produced a comprehensive and ambitious set of recommendations for the renewal of the FAO. The recommendations were based on a wide-ranging and detailed assessment of the Organization, including

²⁰ See, for example, *Actions Arising from the Vision for the Structure and Functioning of FAO's Decentralized Offices Network*, JM 2011.2/3, 12 October 2011.

²¹ *Report of the CoC-IEE to the Conference on the IPA for FAO Renewal*, C 2011/7, 25 June – 2 July 2011, Page 18.



the external environment. We understand that many specific studies were carried out by a large team of external researchers. The IEE did not feel it had the competence required to fully assess the area of administration, and so it recommended a comprehensive ‘root and branch review of administrative systems’. This review was carried out in 2009 and provided more data on the Organization.

We conclude, therefore, that the IPA was based on a comprehensive assessment.

Was the change process based on a coherent theory of change?

The IEE recommendations were broadly endorsed by the Members, who set up a special Committee of the Conference (CoC-IEE) to work closely with management to develop the IPA. The IPA was the product of an extraordinary level of engagement by Members, and it has generated considerable energy among managers and staff.

However, the enthusiasm of the Members and the political dynamics of the time meant that an important link was missing—a coherent response from management on the process of change.

Although the IEE makes several references to change management, it does not contain anything close to a theory of change. The IPA, as approved in 2008, focused almost entirely on projects and actions. The documents shaping the creation of the IPA and reporting on its progress do not include any substantial reflection on the approach to change, nor do management statements in their various progress reports.

Was the change process designed as a holistic, comprehensive and integrated approach to reform?

A reading of the early IPA documents suggests that the CoC-IEE adopted the IEE recommendations more or less wholesale (with some exceptions, for example, the three deputy-directors-general) and translated them quite quickly into a large number of projects and actions. Some represented massive organizational change, and some could be simply and quickly carried out by the responsible line manager. However, many of the projects dealt with surface as opposed to deeper, systemic issues, and those requiring dramatic and fast change were not supported with attempts to shift the underlying organizational paradigm.

Numerous disparate factors caused the IEE recommendations to be implemented in a standalone manner. Key among them were the following:

- . The nature, broad range and large number of the IEE recommendations;
- . The dynamics surrounding FAO leadership and the involvement of Members and the DG in the development of the IPA—in some ways, the IPA was the result of a negotiated agreement among Members;
- . The fact that the IPA became an investment window to ensure that IPA actions would receive adequate funding;
- . Lack of capacity on the part of either the CoC-IEE or management to design a complex change process; in such situations, it is much easier to fund and manage a set of autonomous projects than to design a complex and integrated programme;



- . The existing culture of FAO, which may have created some resistance to a more comprehensive rethinking of change; in other words, more substantive change paths may have been rejected in favour of the time-honoured project approach, which FAO does well.

Since 2010, however, there has been an evolution in the thinking on change management in the IPA progress reports, linked in part to the risk assessment of the IPA. The more recent reports contain references to the vision of a reformed FAO, much more analysis of the benefits of the IPA, and more information on oversight, communication and the engagement of staff.

Has there been a sound analysis of the change context, the readiness for change and systemic obstacles?

Despite recommendations from a consultancy²² in 2009, there seems to have been little attempt to assess FAO’s readiness for change, receptivity, prioritization, sequencing, or capacity to absorb individual IPA actions—although the IEE did report “a widespread thirst and readiness within FAO for major and fundamental change...”²³.

Has the IPA achieved the transformation and renewal of FAO that Members sought?

Our response is *No*.

The IPA clearly raised very high expectations among Members, managers and staff. We believe that these expectations were—and are—unrealistic. There is no way that the IPA, as designed, could bring about the transformation and renewal that Members wanted to see when they developed the IPA.

In addition, the design of the IPA programme was fundamentally flawed as a process of transformational change. The IPA actions are important as “catch-up” systems-building, but the IPA programme was simply not designed as a process of substantial change and transformation.

In saying this, we are not being pessimistic about the prospects for achieving the aspirations inherent in the IEE and IPA. Both experience and research suggest that transformational change is achieved only through sustained, integrated attention pursued over several biennia²⁴. Many organizations start by focusing on systems and processes and then, in a second phase of reform, leverage more fundamental and systemic change in strategic priorities, organizational design and organization culture.

We also believe that the case for renewal and transformation is as compelling and urgent today as it was in 2007. At that time, the IEE stated that “FAO is in a serious state of crisis which imperils the future of the organization”. We have not seen any evidence to suggest that the external or internal challenges have significantly diminished. In truth, the external challenges are becoming more

²² *A Rapid Organizational Review of the HR and Reform Strategy at FAO*, by Veronica Hope Hailey, 14 May 2009.

²³ See Chapter One.

²⁴ See, for example, *A Decade of Change: Renewal and Transformation of the World Food Programme, 1993–2002*, World Food Programme, Rome, 2002.



complex at a time when the needs of Members are increasing and the available resources are decreasing. As an organization, FAO is not well equipped to meet emerging challenges in food security and agricultural development.

Assessment of the field presence

This section explores how well the IPA reform programme satisfies the third principle of effective change management for an organization with a substantial field base: *Strengthen the field network.*

From the assessment framework

Is the approach to delegating decision-making authority and devolving functions clear, and are roles well differentiated? Are the support systems and capacity in place? Is the field network performing effectively? Does the field network have sufficient resources? Are the work relations with HQ effective?

Is the approach to delegating decision-making authority and devolving functions clear, and are roles well differentiated?

A great deal of work has been done on decentralization (including the technical cooperation programme), relating to structure, funding and operations. Many evaluations²⁵ and audits²⁶ of decentralized offices have been carried out.

In 2011, Members approved a vision and a strategy for the Decentralized Offices:

FAO, functioning as one, with DOs an integral part of the Organization, is a world-wide provider of high quality policy advice, information, support for capacity development and technical services on food and agriculture.

Strong and responsive country-office-centred network that provides timely and effective services by drawing on the full range of technical expertise in FAO, its Members and Partners.

We quote from the most recent discussions²⁷ by Members on the decentralized offices' network, as it demonstrates the commitment of Members to this project and some of the outstanding issues:

The Joint Meeting acknowledged the complexity in successfully pursuing decentralization, which was dependent upon the completion of all areas of the Immediate Plan of Action, namely managing for results, functioning as one, human resources reform and reform of management systems, underpinned by culture change and effective governance and oversight.

²⁵ These include *Strategic Evaluation of FAO Country Programming* (2010); *Evaluation of FAO Operational Capacity in Emergencies* (2010); *Evaluation of FAO's Activities on Capacity Development in Africa* (2010); *Independent Review of the TCP* (2005); and *Evaluation of FAO's Regional and Subregional Offices for the Near East* (2010).

²⁶ In 2010, the Office of the Inspector-General (OIG) issued 60 audit reports, up from 34 audit reports in 2009, covering regional, sub-regional and country offices. See the Annual Activity Report of the OIG for 2009 and 2010, respectively.

²⁷ Report of the Joint Meeting of the Programme Committee and Finance Committee, 12 October 2011. CL 143/7.



The Joint Meeting expressed strong support for decentralization. It stressed in particular the need for a clear application of corporate human resources policies as underlined by the Conference, as well as strong accountability frameworks coupled with adequate administrative tools and training, and an effective system of inspection of decentralized offices.

The Joint Meeting underlined the urgency of completing the decentralization process. In particular, it:

a) supported the proposal for increased emphasis on planning and priority setting through Country Programming Frameworks and actions to improve focus and coherence of FAO's actions ...;

b) welcomed in principle the proposed adoption of a more flexible staffing approach for country offices ...

c) supported in principle the proposal for further delegation of authority for contractual instruments, which should be accompanied by a comprehensive framework for accountability and oversight in FAO, and preceded by adequate training and systems ...

d) agreed in principle with an enhanced role of the regional offices in coordinating and monitoring the implementation of all activities within a region, as well as increased fungibility in the use of resources allocated in the region to achieve the agreed results ...

Is the field network performing effectively?

There are still many issues to resolve, including those related to organizational design, differentiation of roles, resource allocation, management capacity, support capacity, controls and accountability. A number of indicators suggest that there is reason for serious concern about the field presence, which may represent one of the highest risks facing FAO. Many of the key policy decisions²⁸ relating to the field presence have been made and are currently being implemented.

Taken together, these and other unresolved issues indicate the challenges FAO is facing in its efforts to ensure that Members have access to effective programmes and services and that the resources allocated for these purposes are being well managed. They also illustrate the risk of focusing on surface change without paying attention to systemic issues and embedding changes in the way FAO does business.

Assessment of the institutional foundations

This section explores how well the IPA reform programme satisfies the fourth principle of effective change management: *Continue to build the institutional foundations.*

From the assessment framework

Are the weaknesses in the key institutional foundations well understood? Have projects been designed and implemented to build solid systems and processes? Have projects been planned with robust outputs and outcomes and with good metrics for performance indicators?

²⁸ See, for example, *Actions Arising from the Vision for the Structure and Funding of FAO's DOs Network*. JM 2011/3.



Institutional foundations can be thought of as an organization's nervous system. They are the systems and structures that allow the organization's brain to coordinate and communicate with the rest of the organization's body. They also allow the organization's brain to receive feedback from its body about how well various processes are working. Good information systems and well-designed performance management systems are classic examples of institutional foundations as nervous systems.

Institutional foundations are the IPA's primary focus.

Are the weaknesses in the key institutional foundations well understood?

With the IEE and the root and branch review, we believe that an adequate assessment of key institutional foundations has been carried out. The only caveat we have is related to executive management and the allocation of staff resources (see Chapter Four).

Have projects been designed and implemented to build solid systems and processes?

Most IPA projects and actions focused in one way or another on building capacity in key institutional functions.

Many IPA actions have been completed or were scheduled to finish by the end of 2011. Important foundations have been laid, however, several of the remaining IPA actions have major implications for the organization and are some years from completion. Work on the institutional foundations is therefore very much a work in progress.

We did not look into each individual action, as our primary objective was to make a broad assessment of the programme, not assess specific projects, and to identify those actions that need continued corporate support in the next biennium.

Our analysis indicates that these four foundational areas will need continued support during this biennium (they will be mainstreamed into FAO's ongoing processes during this period):

- . Managing for Results;
- . Enterprise Risk Management (ERM);
- . Human resources management;
- . gRMS—global resource management system (formerly called Oracle Release 12 together with IPSAS compliance).

Managing for Results

Managing for Results is currently one of the four pillars of the IPA programme, and it has been crucial to the IPA since its inception. The foundations of the results-based system are well established.

This progress aside, there are some concerns about the implementation of this key function. The 2010 IPA risk assessment noted that some processes were overly complex and that there were difficulties working across organizational processes. A recent assessment of the results-based management (RBM) system, commissioned by the Office of the Inspector-General (OIG), concluded that “considerable progress has been made in implementing RBM, despite its newness as an approach within FAO. The first iterations of planning



and monitoring have produced important lessons that can be applied in successive steps ...”²⁹. However, the reviewer expressed reservations about whether outcomes can be ‘unambiguously’ measured, about integration with performance and risk management, about accountability and about the need to shift mindsets and the organizational culture. We broadly concur with the analysis and recommendations in this report. Until Managing for Results is based on a rigorous approach to outcomes and performance indicators it cannot bring the desired benefits of this very important system for FAO.

Enterprise risk management

We understand that enterprise risk management, which was initiated by the OIG, is being developed concurrently with the results-based management system. Some progress has been made in developing the ERM system and future plans as laid out in the 2011 CoC-IEE report.

Human resources management

In 2009, the human resources (HR) strategy and work plan defined three goals:

- . Establish HR as a strategic partner in corporate management;
- . Enable a workforce of excellence and high performance;
- . Provide efficient and effective HR services.

Key IPA projects in this area have focused on the performance management system (PEMS), competency frameworks, mobility, HR information systems, and leadership and management development. We have particular concerns about the mobility policy as we do not believe it is strong enough; and about the determination of management to tackle performance issues. (See Derailers below).

The Joint Meeting of the Programme and Finance Committees recently reaffirmed the importance of HR in the FAO reform process. We believe that much remains to be done for the HR strategy to be realized (see Chapter Four).

gRMS

We understand that the high-level design for the gRMS is complete and ready for roll-out. Apart from bringing FAO into compliance with an internationally accepted set of financial accounting and reporting standards, it will provide a vital framework for the organization’s systems and a platform for streamlining and integrating key business processes for both the field and HQ. IPSAS has, correctly, been merged with Oracle Release 12 (R12) implementation. A progress report was provided to the Finance Committee earlier this year³⁰. However, we understand that there are many concerns about the feasibility of the current project deadline, and the External Auditor and the Office of the Inspector-General are currently reviewing project implementation.

Have projects been planned with robust outputs and outcomes and with good metrics for performance indicators?

In general, the IPA actions have *not* been designed, planned, implemented and monitored according to sound project management principles and approaches. Design and reporting have tended to focus on activities and, to some extent, outputs. There are very few references to performance indicators. The recent

²⁹ “Assessment of the Effectiveness of the Overall Design and Implementation Strategy for RBM, including the RBM System”, by John Mathiason, 14 October 2011, reference AUD 3211. Quotation on page 42.

³⁰ FC 140/12.



references to benefits of the IPA actions, while welcome, do not represent a rigorous approach to outcomes and performance metrics. Very little thinking seems to have been done on inter-dependencies among actions.

In 2010, OIG commissioned a risk assessment of the IPA programme³¹. This report raised many questions about the design and management of the IPA programme (see *Assessment of the management of reform* below for details). We broadly endorse the conclusions of the IPA risk assessment. The IPA risk assessment has had a useful impact on the management of the IPA and is now part of the IPA planning and management system.

Was the IPA as originally designed set up to tackle all the necessary institutional foundations?

Our response is *Broadly yes*—the coverage was very comprehensive. The IPA covered most of the main systems, including human resources management, financial management and results-based management. Missing from this coverage, however, were two foundation areas that we believe still require attention: executive management and a staffing review (See Chapter Four).

Should the IPA actions currently under development be continued?

Our response is an unequivocal *Yes*.

Several of the actions still under development represent legacy systems, organizational processes and management practices the FAO needs, irrespective of the IPA. They are the key institutional foundations on which all programmes depend, and they therefore must be continued.

In particular, the three critical systems of Managing for Results, human resources management and gRMS must continue. These are essential to FAO, as they are prerequisites of all effective, modern organizations; without them, there can be no significant improvements in programmes. Some managers in FAO have talked to us about “catching up decades of neglect of key systems”.

These systems need to be completed; doing so will require continued investments, as well as a relentless focus on designing, managing and implementing them in a fundamentally different way.

Assessment of the levers of change

This section explores how well the IPA reform programme satisfies the fifth principle of effective change management: *Invest in key levers of change*.

**From the
assessment
framework**

Did the change process include levers of change that address the critical derailleurs that can undermine a change process? Were senior and middle managers actively engaged as change leaders and change agents? Did the change process integrate the initiatives on institutional foundations with the levers of change?

Levers of change typically focus on systemic organizational issues. They are sometimes called drivers, of change. They cut across the institutional foundations and aim to leverage systemic change across the organization and embed it in mindsets and culture.

³¹ *IPA Risk Assessment: Report on Findings* by Mark Russell, 28 September 2010.



Culture change

Did the change process include levers of change that address the critical derailers that can undermine a change process?

The IEE recommended a Working Group on Culture Change, and the IPA set up a culture change project. The project was led by the Culture Change Team which, in 2010, became the Culture Change Support Team. The work of these two teams, their working groups and the local change teams has been truly impressive, and the energy that has gone into their work is exceptional by any standards.

These groups and teams carried out an extensive consultative process on how to strengthen FAO and developed the *Internal Vision*. They have been pushing forward a number of concepts and initiatives that we believe should have had much greater prominence in the IPA, notably leadership, professional excellence, performance, and accountability for results. Some initial work has therefore been done on defining and promoting other key levers of change, such as *performance with accountability* and *cross-functional, inter-disciplinary teamwork*.

We suspect that the culture change project has been spread too thin and has therefore tended to focus on surface, or Level I, activities, even though their intention was to bring about systemic, or Level II, change in the organizational culture. The IPA risk assessment identified four potential risks for the culture change project: “no clear statement of deliverables and benefits; no measurable indicators of success; lack of focus, spreading efforts too thinly; and lack of effective senior sponsorship”, and we understand that remedial action has been taken.

Were senior and middle managers actively engaged as change leaders and change agents?

Despite the emphasis on leadership and management in the culture change strategy³², managers were not engaged as key agents of change, nor were they pressured to become agents of change.

Did the change process integrate the initiatives on institutional foundations with the levers of change?

Our overriding concern is that culture change was designed as a separate project and to a large extent seems to have operated autonomously.

We recognize that the situation has begun to change in recent months, as demonstrated in the 2011 IPA progress reports and the engagement of senior managers as champions of culture change initiatives.

Has FAO’s organizational culture been transformed as foreseen in the IPA?

Our response is *Not significantly and certainly not sufficiently*.

As mentioned in Chapter Two, cultures can’t *be* changed—they evolve as a result of a wide range of systemic initiatives, including those reinforcing behavioural changes. This means that culture change *thinking* has to be integrated into the overall organizational strengthening process and into each change initiative.

There are indicators of some change in the attitudes and behaviours of managers and staff. There is a greater emphasis on teamwork and

³² *Culture Change Strategy and Plan of Action for FAO*, 2012.



partnership—and a willingness to work across boundaries. The strategic teams have created the space for substantive dialogue on key issues. There is a greater openness and willingness to engage in discussions on the future of the Organization.

However, there is little evidence of a significant shift in the culture. One way of analyzing the continuing need for work in this area is to examine the concept of derailers.

Derailers

In the UN and other large, complex organizations, there are typically a number of derailers that undermine efforts to change complex organizational systems and achieve the desired evolution in the culture. These derailers either slow down other change initiatives, keep change at the surface level where it has little impact or puts the whole change programme off track.

One example of such a derailer in FAO is lack of and resistance to *mobility and rotation*. Mobility is desirable for an HQ-based organization, but it is essential for an organization with a substantial field presence. It is not possible to have high-performing field offices unless there is a robust and regular flow of managers and staff throughout the organization and in particular from HQ to the field and back again.

A second example is a lack of determination and capacity to deal with serious, overt cases of *non-performance*. Failure to deal with obvious cases undermines the credibility of the new PEMS system, undermines management generally, erodes the desired performance culture, and eventually threatens the whole change process.

Other derailers include: lack of senior management support for the IPA; lack of commitment to, and competence in, the *managerial* role (see above); inefficient process; and, lack of cohesion and teamwork.

Assessment of the management of reform

This section explores how well the IPA reform programme satisfies the sixth principle: *Ensure sound management of the change process*.

From the assessment framework

Has the change process had strong leadership and management? Has the IPA attracted sufficient funding? Does the change programme have a sound management and oversight body, as well as an engine for providing support and advice? Do these structures have the capacity to identify and resolve systemic obstacles that prevent successful implementation? Has FAO created an enabling environment that encourages and supports the active engagement of staff? Were IPA actions designed with clear outcomes and performance metrics? Have the IPA actions been designed, managed, implemented and monitored appropriately? Has monitoring and reporting to Members been adequate and effective? Did IPA management learn from its experiences implementing IPA actions?

Has the change process had strong leadership and management?

The involvement in, and sense of ownership of, the IPA among the Members is very impressive. Their participation in the CoC-IEE and its three working groups can only be described as extraordinary, particularly in comparison with other UN organizations we have worked with. This indicates the level of readiness of the Members within the organization for carrying out reform and strengthening the organization's capability to deliver its strategic mission.



We wonder, however, about the impact this has had on FAO's senior management and on their key leadership roles in what has essentially been an internal management reform process. We return to this question in the section on governance below (*Assessment of Members' engagement in the governance of reform*).

Management and oversight

Initially, the DG appointed an IPA committee of the Senior Management Team, chaired by the DDG. In addition, there was a Reform Support Group comprising a core group, focal points and project leaders. In 2010, the IPA Programme Board was set up. It comprises the two DDGs, as well as several ADGs and senior directors directly involved in the IPA. We understand that they and other ADGs act as champions of IPA actions and local change teams. All of this points to a formidable investment by senior management in the IPA process.

Engine of change

The IPA has always had some form of dedicated engine, which today is housed in the Programme Management Unit (PMU). The PMU has four staff members and a consultant. One staff member, the communications specialist, will shortly be transferred to the Office of Corporate Communications and External Relations.

We believe that such an engine is essential to a change management process of IPA's nature and think that the PMU has played an important role in coordinating, administering and reporting on various IPA activities. However, the PMU does not appear to have had either the authority or the capacity to ensure an integrated, cohesive approach to change—nor has it been sufficiently geared towards systemic thinking and approaches.

Has the IPA attracted sufficient funding?

The IPA has succeeded in attracting substantial financial resources; details can be found in the IPA programme progress reports.

Has FAO created an enabling environment that encourages and supports the active engagement of staff?

A considerable amount has been done to develop an environment that encourages and supports the active engagement of staff. The best sources of information on this aspect of change management are the CoC-IEE report for 2011 and the *Culture Change Strategy and Action Plan*, both of which described these three pillars:

- . “Listening to you”;
- . “Keeping you informed”
- . “Working together”.

Today, FAO has the foundations for a comprehensive and vibrant intranet for internal communication on the change process.

The All Employee Survey³³ of early 2011 had a very high participation rate, and important data has been assembled on staff perceptions of the IPA and culture change.

³³ Web Appendix 3 – Full Management Report on IPA Implementation in 2010-11. Internal document, undated.



Results indicate that 88% of FAO employees “believe the process of Reform in FAO is necessary” and that there is a strong appetite for change. For more than half of employees, however, the pace of change in FAO is too slow. Also, the results reported that approximately 3 in 4 are positive that renewal will “help FAO deliver better results and service to FAO members” and “help FAO become a better place to work”. The results reveal that FAO has healthy levels of engagement and enablement that are in line with external norms. Of FAO employees, 83% are “proud to work for FAO” and 73% would “recommend FAO to others as a place to work”. Employees are well matched to their jobs, with 78% agreeing that their job provides them with interesting and challenging work. However, only 54% agree there are no barriers to them doing their job well.

We note that the FAO Renewal Communication Plan is currently being finalized.

Were IPA actions designed with clear outcomes and performance metrics?

As mentioned earlier, at no point in the reform process to date has there been a significant effort to define outcomes and performance measures for the IPA programme as a whole or for individual projects and actions. This has greatly impeded any efforts by management to assess progress and outcomes for the Organization.

Have IPA actions been designed, managed, implemented and monitored appropriately? Has monitoring and reporting to Members been adequate and effective?

**Reporting,
monitoring and
evaluation**

The scale of the reporting on the IPA to Members is unique in terms of its volume and frequency. No doubt this is a reaction to Members’ intense interest in the programme and the large number of actions involved. As a result, the reports tend, to the outsider at least, to be overwhelming, to be quite repetitive, and to focus on showing positive momentum and highlighting actions completed. In the past two years, there has been a welcome attention to the benefits of the IPA.

The recent United States’ Government Accountability Office (GAO) report on the reform plan³⁴ focused on the need to report on the implementation of action items, provide quantitative measures of progress and improve monitoring. It recommended that the US Government ‘encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items’.

Did IPA management learn from its experiences implementing IPA actions?

In 2009, the OIG reviewed the implementation arrangements for the IPA and made six key recommendations:

- . The implementation process should have strong accountability mechanisms to demonstrate that project actions have followed the principles of consultation, coordination and communication set in the framework;

³⁴ *Improved Reporting and Member States’ Consensus Needed for FAO’s Reform Plan*. Draft 30 September 2011. Reference: GAO-11-922.



- . The implementation process should provide clearer information to help the participants coordinate the 14 IPA projects. Participants require exposure and training in reform and change management;
- . The reform effort should have an experienced change manager to lead and oversee implementation, as well as interact with the Members to ensure smooth coordination and flow of information;
- . FAO should examine additional options for funding the implementation effort;
- . FAO management should provide a realistic assessment of implementation progress and expectations;
- . Finally, FAO management should increase the opportunities for informal interaction among reform participants and the CoC Members to build trust in management's commitment to reform. Management and members should work as partners for effective reform³⁵.

It is clear from the data gathered in the course of the OIG exercise and from other documents³⁶ that there has been some progress on addressing these core issues since 2008.

The following year, a risk assessment of the IPA was commissioned by the same Office. The report³⁷ made five recommendations that cover ground similar to that of the earlier review:

- . Strengthen IPA programme-level governance (including an IPA Programme Board);
- . Establish an IPA programme management function. This will support more effective project management of IPA projects (standards, training, monitoring) and the production of a coherent implementation strategy for each project;
- . Control and monitor IPA inter-dependencies through the programme management function;
- . Produce an aggregate implementation strategy at the programme level;
- . Ensure more effective and more dedicated IPA project-management to better control and monitor the project risks identified during the risk assessment.

Although some improvements have been made, particularly the establishment of the Programme Board and the Programme Management Unit, our overall sense is that the management of the IPA has not yet successfully grappled with the fundamentals of the design and management of change programmes, especially in relation to organizational development, project management,

³⁵ Review of IPA Implementation Arrangements, September 2009, Office of the Inspector-General.

³⁶ See, for example, *A Rapid Organizational Review of the HR and Reform Strategy at FAO*, by Veronica Hope Hailey, 14 May 2009.

³⁷ IPA Risk Assessment: Report of Findings, Mark Russell, 28 September 2010.



outcomes and performance measures, inter-dependencies and other related issues.

Assessment of Members' engagement in the governance of reform

This section explores how well the IPA reform programme satisfies the seventh principle of effective change management: *Engage Members in the governance of reform.*

From the assessment framework

Are Members fully supportive of the change process? Are Members providing the right balance of strategic direction and oversight, as well as appropriate space for management? Are Members making the key strategic decisions that are necessary for the change process to move forward? Are Members ensuring adequate reporting and accountability?

The IPA included several projects designed to strengthen governance processes in the governing bodies. In this section, we focus on the governance of the IPA programme.

Are Members fully supportive of the change process?

As mentioned earlier, the IPA was the result of an extraordinary engagement of Members. In very real terms, they exercised leadership and, as a result, they have a strong sense of ownership of the IPA.

Are Members providing the right balance of strategic direction and oversight, as well as appropriate space for management?

Members' keen involvement has had some unintended consequences. We have been briefed on the governance-management dynamics at that time, and we believe we understand the context. By moving into the space normally occupied by management, Members may have unintentionally undermined management's leadership of the IPA.

Our intention in making these observations is not to revisit the past but rather to identify lessons for the future. Of particular importance is the need for:

- . The DG to exercise leadership over the organizational strengthening process;
- . Members to make key decisions on strategic choices and on prioritization;
- . Members to exercise oversight;
- . Management to ensure that Members receive an appropriate level of information and analysis.

Are Members making the key strategic decisions that are necessary for the change process to move forward?

See *Assessment of Vision and Purpose* above.

Conclusion

We end Chapter Three with some reflections on the FAO change process.



The IPA accomplished much, but the change process was flawed

A large number of activities have been launched and many have been completed in the past three years. The IPA was designed on the basis of an adequate assessment of the “current state” of the Organization, and it received the enthusiastic support of Members. However, it was not based on a coherent vision for the future state of the Organization, and insufficient attention was given to the transition state.

Instead, the IPA was designed and implemented as a wide range of standalone actions. While many are crucial to institutional capacity, they are being implemented independently, without sufficient attempts to integrate them into the whole change process or to ensure that the change they are bringing about is embedded into the Organization’s deep systems and culture. This conjures up the image of a large number of contractors in building a house without a site manager. The picture becomes even more worrisome when there is no architect and the house is therefore poorly designed. This approach also results in there being insufficient performance lift, because the Organization does not get the boost possible when the whole of the change is greater than the sum of its parts.

With the benefit of hindsight, it is clear that the IPA was not based on a coherent approach to organizational change. There were too many fragmented projects and actions, and the approach lacked cohesion. There were major weaknesses in the sequencing of actions and in the planning and design of change projects.

Having said this, we recognize that many of the IPA actions have now been completed. The organization has clearly learned³⁸ from its experiences in change management, assisted particularly by the IPA risk assessment, and has made improvements in the planning and capacity-building of the IPA. We believe that it should be possible to complete the IPA’s remaining major actions, admittedly over a longer period of time than originally planned, provided they are reframed in terms of sound organizational development (OD) principles. Above all, this involves:

- . Focusing on what happens below the surface, on systemic as opposed to surface issues;
- . Understanding types and paths of change;
- . Taking the steps required to achieve the type of change desired.

What would happen if the IPA actions were closed down or significantly reduced in importance?

If IPA actions were abandoned abruptly by not proceeding with those still underway or reversing others already completed, we believe that the systems FAO needs to function effectively in today’s world would be seriously damaged and staff morale and motivation would suffer. This risk is low. Members have reconfirmed the need to complete the formally constituted IPA as planned by the end of 2013.

³⁸ See, for example, CL 143/10, where a new section on organizational change management was introduced, with updates on risk assessment and management and the commitment and engagement of staff.



There is another, more insidious possibility: the IPA actions losing political and management importance. Although the risk is small, any indication that the IPA's ongoing actions are no longer vitally important would lead to a gradual diminution of energy among key managers and staff, which, in the context of FAO's organizational culture, could fatally undermine the successful conclusion of the key actions.

Is there a compelling case for continuing the process of change?

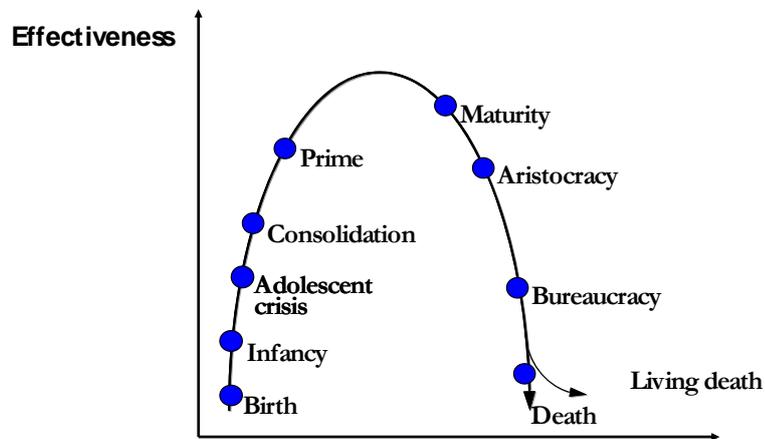
Our answer is *A qualified yes*.

- *Yes* because the analysis has shown there are very good reasons for FAO to continue its efforts to achieve renewal and transformation;
- *Qualified* because we do not believe that the arguments justify the approach to completing the IPA as it is presently envisaged, otherwise there is a risk that reforms will not stick or will stop at the surface level. We develop our ideas for the future change process in the next chapter.

Endnote on the conceptual framework

A number of people have asked us why progress has been quite slow. The following figure, which charts organizational effectiveness over the life-cycle, provides part of the answer.

Figure 5: Organizational effectiveness over the life-cycle



The further an organization moves down the curve on the right-hand side, the harder it is to reverse direction and move up to greater effectiveness. This explains why so many change efforts in UN organizations find the first year or so very difficult and “choppy”, with the sense that on some days, progress is being made, and on other days, things are getting worse.

This curve can be applied to entire organizations, parts of organizations, programmes or teams. IEE seems to indicate that, by 2007, FAO was a long way down the right-hand side of the curve. We would argue that this is why the recovery—renewal and transformation—is so challenging.



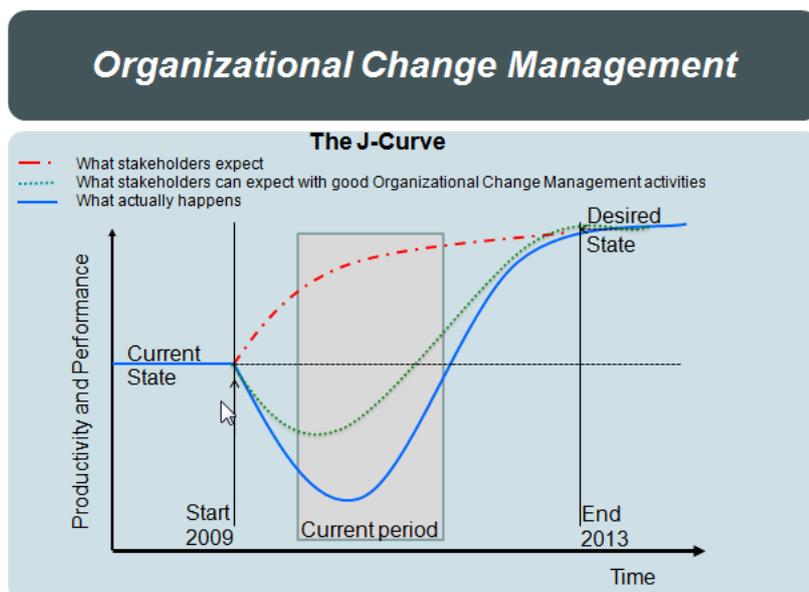
J-Curve

We note that the J-Curve has been used in several reports to Members.

The J-Curve portrays a typical cycle of change as it relates to overall organizational performance, highlighting the mismatch between expectations and reality. Expectations can become a common derailer in many change processes—particularly when key stakeholders become increasingly frustrated by what they see as the slow pace of change.

The J-Curve graphically describes how stakeholder confidence in the change process can lag as the initiative progresses, and how stakeholders usually react to short-term adverse impacts. Such negative reactions pose a significant risk to the sustainable achievement of tangible benefits and may lead to the early termination of necessary investment in essential systems and processes.

Figure 6: J-Curve



The challenge is to minimize the period of disruption and ensure that the tangible *what* of any change process is achieved and embedded. This model emphasizes the importance of change processes not being derailed by such adverse reactions or the failure to invest in the systems and processes necessary to ensure that the change process is completed successfully.

We note that the J-curve has some value when the change process has been designed well; we also believe however that it can be *misleading* if there are flaws in the change design or in specific projects/actions. As our overall analysis is that the design of the current change process is fundamentally flawed, the J-Curve should be used with caution. Having said this, the core message is valid:

any change initiative takes time to achieve benefits, and there can be a temporary negative impact on performance during the transition state.

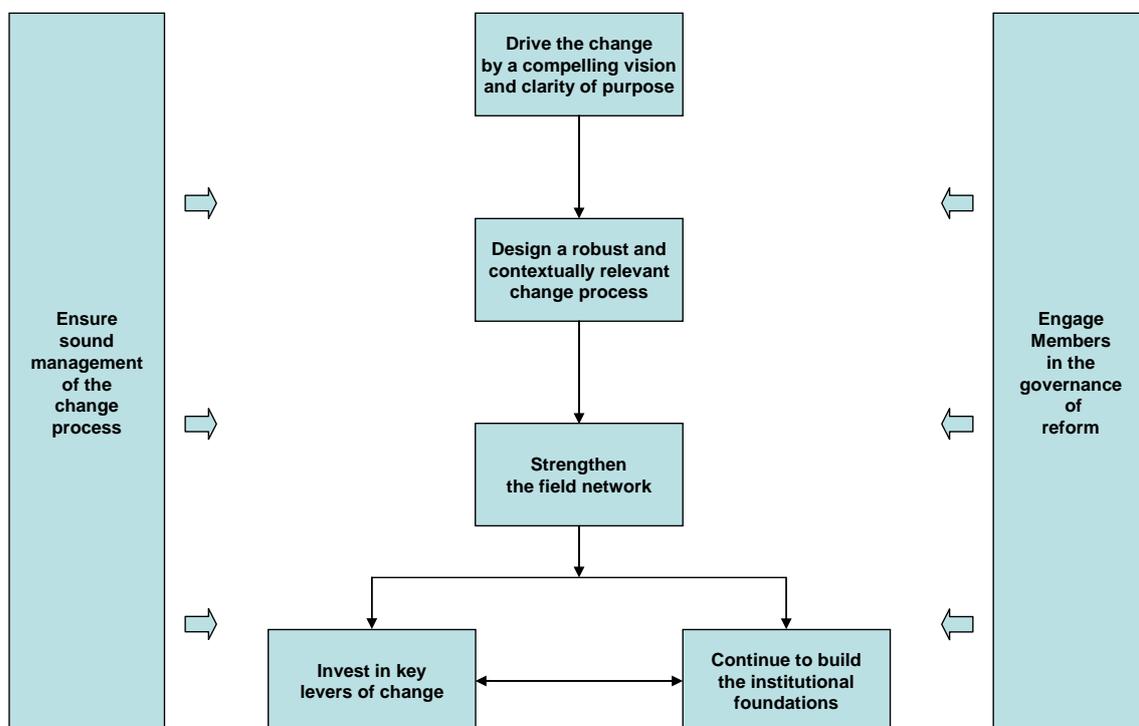


Chapter Four—Optimizing the benefits in moving forward

Introduction

This chapter sets out an approach and roadmap for FAO to use as it continues its efforts to achieve renewal and transformation. We have organized the chapter around the same seven principles of effective organizational change presented in Chapter Two and used to assess the IPA in Chapter Three.

Figure 7: Characteristics of effective change management



We believe that the process of change should continue. However, we argue for a significant shift of focus, adapted to the DG's priorities and designed to mainstream initiatives as much as possible under the authority of the relevant managers. As a result of such a shift, the remaining actions under the IPA reform initiative, and any follow on changes, would become part of a continuous, day-to-day organizational strengthening *process*.

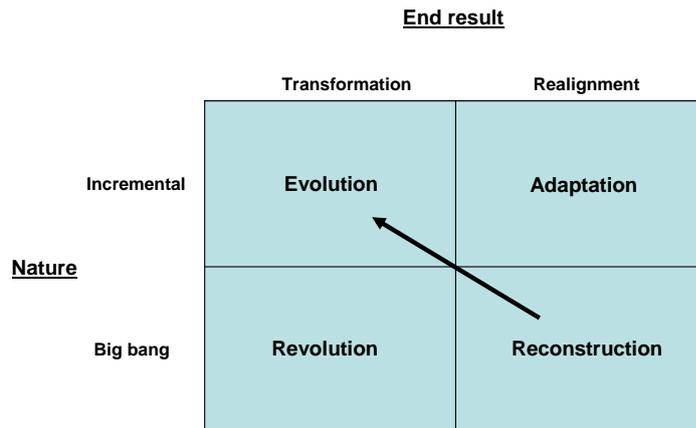
This should not be viewed as a negative development. On the contrary, it is part of a natural evolution. The IPA was literally an *immediate* plan of action. As such, it has done its job and can be now subsumed into a broader, ongoing organizational strengthening to ensure FAO really achieves the intended

changes. This shift is, quite frankly, essential if Members are to realize the returns on their considerable investments of the past few years.

Shift to organizational transformation

This shift in focus will take the change process into the desired, and necessary, *evolution* quadrant (see Chapter Two).

Figure 8: Types and paths of change



Overall recommendation—Organizational strengthening process

The DG should launch an organizational strengthening process under his leadership as a natural, normal way of continuing to build FAO’s capacity to serve Members more effectively. With completed and ongoing IPA actions being mainstreamed, a few of the major actions still under development should be integrated into the continuing process.

Drive the change by a compelling vision and clarity of purpose

Nature and importance of vision

In Chapter Three, we argued that neither the IEE nor the IPA succeeded in developing a comprehensive vision for the desired future state of the Organization.

Effective change management is shaped and driven by a compelling vision and clarity of purpose. Taken together, the vision and purpose represent the *what* and the *why* of change. They are vitally important in mobilizing and motivating staff within the organization and clearly define for the outside world what this organization does that others do not. Making clear what the organization does *not* do is as useful as describing what the organization does.

A key element is the strategic or programmatic vision, in other words, outcomes and impact that FAO wishes to achieve in terms of hunger and malnutrition.



Another, equally important, element relates to the *organization* that Members and management want to create. This is sometimes called the *internal* vision.

Strategic vision

The FAO's high-level strategic vision is set out in the Strategic Framework.

We believe that these broad statements need to be further developed by addressing the major strategic choices and dilemmas. These choices usually relate to the core competences of the Organization and its comparative advantage with respect to other major actors: governments, other UN agencies, the World Bank and other inter-governmental organizations, foundations (such as the Bill and Melinda Gates Foundation), agri-businesses, NGOs and others.

Key questions include:

- . How does the FAO want to position itself with respect to other actors working in the field of food security and agricultural development?
- . What does the term “knowledge organization” mean for FAO? To what extent does FAO seek to be a facilitator, catalyst and enabler of actions of others? How important are partners?
- . Where is the desired optimal balance between the global public goods activities and the provision of operational programmes and services to Members?
- . To what degree does FAO seek to have specialist capacity inside the Organization and for what purpose?

These are major strategic questions that have been facing FAO for decades, and they all have implicit prioritization issues underpinning them.

A process has recently been launched to examine the possibilities of a more integrated, inter-disciplinary, thematic approach to the strategy and programmes. This could eventually have a far-reaching impact on programmes and organizational design.

Given the nature of the inter-governmental process and the governance architecture of FAO, discussions on these and other strategic issues will take considerable time. In these circumstances, it is important to be able to craft a document that sets out clearly the overarching messages and explains the strategic choices facing the Organization and the implications for the daily work of the staff.

Vision for the Organization

The values and principles, as enunciated in the current internal vision, are an important start. The vision and strategy for the decentralized offices' (DO) network and the vision and overall benefits of the IPA reform³⁹ are other elements that have been developed in the past two years.

³⁹ The vision and overall benefits of FAO reform were reported to the CoC-IEE at its 20 October 2010 meeting and to the 140th Session of Council (November-December 2010) in document CL 140/14.



We would argue that these should be complemented by clarification of the desired workforce profile, for example:

- . The roles of programme officers in HQ and the field, particularly the balance between the specialist, technical role as opposed to catalytic, leadership and enabling role;
- . The expectations of FAO of managers at all levels in the Organization;
- . The evolving roles of programme and administrative assistants.

This can be expanded to look at the intentions of the Organization with respect to:

- . Having a flexible, mobile, diverse and motivated workforce;
- . Being an employer of choice, treating people as the most important resource of the Organization;
- . Becoming a lean and efficient Organization;
- . Establishing an optimal blend between career, short-term and other personnel.

There are other high-level aspects of the organizational design that would make up the vision, including;

- . The approach to delegation of decision-making authority with accountability;
- . The devolution of functions and capacity;
- . Control systems and accountability frameworks.

We would encourage FAO to develop a compelling and comprehensive vision and clarity of purpose, incorporating all of these elements.

At the risk of sounding contradictory, we are slightly ambivalent about the value of formal vision *statements*. A short, overarching statement is undoubtedly essential. However, the broad range of issues would be better presented as a “living document”—to be seen as less formal and evolving.

Recommendation 1—Vision and purpose

FAO should develop a comprehensive vision that captures its purpose of ending hunger and malnutrition, the strategic choices it is facing, its values and principles and the type of organization it is seeking to create. This should, therefore, include both the strategic vision and the internal vision. FAO should clearly articulate and communicate this vision as an informal, “living” document that is used by managers and staff in every aspect of their work and which provides the framework for the continuing change process.



Design a robust and contextually relevant change process

Rationale

A robust, comprehensive and holistic approach to strengthening FAO as an organization involves an intentional and systemic focus on bringing about change in the Organization. It also integrates all initiatives with one another and into the FAO's systems and culture, and creates much stronger linkages with the organizational strategy and organizational design.

As we have pointed out several times in this report, many change programmes seek to change systems and structure in the first stage of change. However, it has been shown time and time again that restructuring and introducing new systems, however important, seldom cause deeper, transformational change on their own. The reason for this is that everyday behaviours and routines are remarkably resistant to fundamental change.

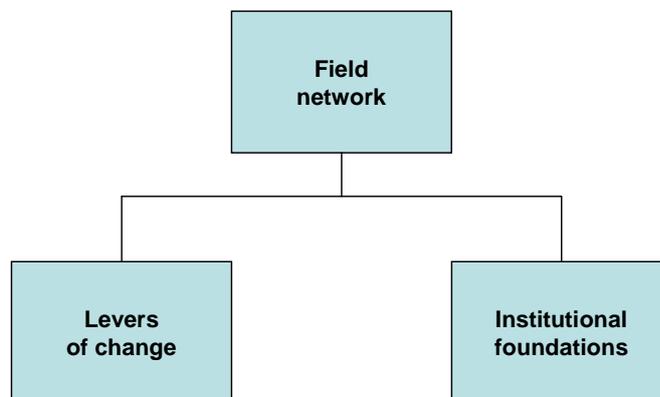
The vast majority of change programmes in international organizations start—and often end—with restructuring. This approach, often coupled with a reduction in staffing, is also very common in the private sector. Time and again, senior management realize too late that all they have achieved with their reshuffling of boxes on the organizational chart is a reduction in the size of the workforce. They then have to embark on a second and more fundamental programme of changing the culture of the organization.

To avoid this common pitfall, managers must be prepared to invest heavily in influencing the everyday routines of their staff. They have to define the new behaviours and values that will promote their vision, recruit and promote only those who can adapt to the new requirements, tackle old styles of behaviour on a day-to-day basis, and continually measure, monitor and reward the desired behaviours and values. All aspects of working life—down to the minutiae of how people use elevators, cafeterias, and car parks—must be included in these attempts to change organizational culture.

Design of the change process

The FAO change process should be designed around three clusters of initiatives, each drawn from the assessment framework.

Figure 9: Three clusters of change initiatives



The first cluster, *Field network*, should be the centrepiece of the organizational strengthening process.

The second cluster, *Institutional foundations*, consists of the three IPA legacy systems that must be continued: Managing for Results, human resources management, and gRMS. To this, we would add executive management and a review of the allocation of staff resources.

The third cluster is *Lever of change*. We have recommended six such levers, or drivers:

- . Mobility and rotation;
- . Performance and accountability;
- . Leadership and management;
- . Programme innovation;
- . Process streamlining;
- . Cross-functional, inter-disciplinary teamwork.

Managing the transition state

Given that most of the actions of the current reform programme are complete and that we are recommending a new approach to be applied to managing change, the transition to this new approach must be managed well for it to succeed. In developing a plan for managing the transition, it is important to think about sequencing and integrating the different efforts, as well as about feasibility, absorptive capacity, receptiveness and capability for change.

We are conscious that virtually all these topics were in the IEE and the IPA in one form or another. In that case, what is new?

The main message is FAO does *not* need a completely new set of initiatives. It simply needs to move its ambitions to a deeper kind of change, which we have called Level II (see Chapter Two); it needs to establish a robust field presence; it needs to complete the work on institutional foundations; and it needs to effect a significant shift in the behaviours, attitudes and mindsets of managers and staff, thus leading to culture change.

Recommendation 2—Design of the change process

The organizational strengthening process should be designed around three clusters: field network, institutional foundations and levers of change. The implementation plan should be carefully developed to ensure that the prerequisites of feasibility, receptiveness, readiness, absorptive capacity and capability for change are met. The DG and senior management must be actively engaged in all initiatives that are expected to bring about substantial change in the Organization.

Strengthen the field network

In Chapter Three, we summarized the wide variety of actions that have been taken in the context of decentralization and the strengthening of the field network, including the field programme. We have also noted the number of evaluations and audits that have been undertaken.



We understand that a comprehensive implementation plan is currently being developed at the request of the Council, and we know from the (then) DG-elect's speech on 1 December 2011 that he attaches considerable importance to the field network.

Having served in a regional office for five and a half years, I consider decentralization as one of the most crucial and strategic objectives of the reform process. We need to empower our decentralized offices, as Governing bodies have urged us to do. Strengthening FAO's worldwide presence is key to providing better services to governments in technical cooperation and policy assistance. I also see fieldwork as a necessary and important complement to our normative analysis. While our normative work should guide our interventions in the field, the hands-on learning process provides a valuable input for policy discussions at the global level. Our field programme and our normative analysis need to go hand-in-hand, re-energizing each other to make FAO a knowledge institution with its feet on the ground.

Many of the issues and concerns relating to decentralization have been identified. However, they will need to be adapted rapidly with a full understanding of the DG's policies and decisions by the governing bodies, bearing in mind the context of a complex set of interacting systems. If this is not done, yet another implementation plan risks missing the deeper, systemic issues.

We therefore recommend that a rapid organizational assessment of the field network and the field programme be carried out. The assessment would identify the *systemic obstacles* that are now preventing or may later prevent the Organization from achieving its vision. The assessment can be done quite quickly, given the copious documentation available (including audit and evaluation reports). This would enable FAO to design a targeted capacity-building approach.

We are not questioning the policy on decentralization. On the contrary, we believe that the identity of FAO clearly justifies a robust and effective field presence that is capable of providing technical cooperation and other services to Members.

A few ideas on the systemic obstacles are presented below.

The term 'decentralization' sends the wrong message

We cannot resist the opportunity to query the continued use of the term *decentralization* and the curious use of *decentralized office network*. FAO's field presence (to use a neutral term) should be seen as an integral and vitally important part of the organization, not as a derivative of HQ.

Decentralization starts with HQ

Too often UN agencies and the private sector start the decentralization process by building capacity in the field and only get round to looking at HQ later on. The counter-intuitive approach is to start with HQ or rather, start with a holistic vision of the whole organization, and then push through the necessary changes in HQ before—or at least at the same time as—the development of the field.

An HQ-centric organization may have decades of entrenched power and has many ways of consciously, subconsciously or even unconsciously subverting the change process.



Beware of legacy controls

Important decision-making authority has been delegated to the regional representatives and FAO representatives. In doing this, the implicit paradigm is based on HQ focusing on strategy, policy and accountability and the field managers becoming responsible for the management of programmes and operations.

The concept of control is key. In the past, HQ exercised control through the prior screening of all transactions; in the future, they are meant to exercise prior control through robust strategic and policy frameworks, followed by control through oversight and accountability. Obviously a few transactional controls remain, but these have to be light and targeted.

Roles and accountability frameworks

No new approach of this nature will work until robust accountability frameworks are drawn up that specify, for all key processes, the differentiated roles of the key actors, their decision-making authority and their accountabilities.

Levers of change

All six levers of change are prerequisites for strengthening the field network (see below).

Senior management team

There has been a lot of talk of “One FAO” and the need to integrate field managers into the many decision-making processes that are led and dominated by HQ. One important aspect of this is the importance of regional representatives playing a proactive role in the senior management team—or whatever structures are set up for this purpose by the DG. Membership of these management teams must be substantial, and in-person meetings are usually required during the year. These can be linked to important meetings of the governing bodies.

Dynamic tensions in the organizational design

Finally, the organizational design of any organization with a substantial field presence will contain a number of dynamic tensions.

One example is the distinction between global public goods and operational activities. A second concerns the relative importance of the “centre” and the regions—and between the regions and the countries.

A third has already been mentioned: control, support and accountability. Related to this is the challenge of defining and maintaining the core of FAO while providing the space for the field to address and adapt to regional and country specificities.

These should never be seen as opposites or “either-or” choices. Rather, they should be perceived as natural tensions that need constant attention and balancing to get them right—and to keep them right as circumstances evolve.

Recommendation 3—Strengthening of the field network

A rapid organizational assessment of the field network and the field programme should be carried out to identify systemic obstacles to the successful strengthening of the field network. It should draw on the wealth of evaluation, audit and other review reports. The results of this rapid organizational assessment should be used in the drafting of the



implementation plan for Members and the DG's broader agenda for transforming the field network.

Continue to build the institutional foundations

Managing for Results

The Managing for Results action should be continued and integrated into FAO's strategic, planning, budgeting, and monitoring systems as quickly as possible. The system should be designed to be as light and user-friendly as possible, and efforts should be made to inculcate results-based thinking among all staff. The new system must be integrated into all related systems and lead to results-based budgeting.

A review of the results-based management system has been recently completed⁴⁰. As mentioned in Chapter Three, there are concerns about whether outcomes can be 'unambiguously' measured, about integration with performance and risk management, about accountability and about the need to shift mindsets and organizational culture. We broadly concur with the analysis and recommendations in this report and recommend FAO takes up the suggestions in the recent OIG review to ensure that *Managing for Results* become a robust results-based management system that integrates all relevant management systems into a cohesive whole, based on impact and outcomes, with solid measures at each level.

Human resources management

Current actions on human resources management (HRM) must be continued and considerably enhanced, with a particular focus on HRM becoming a strategic partner to managers in both HQ and the field.

Importance of HRM in change processes

HRM remains a critical contributor to all that FAO seeks to achieve. HRM policies and processes are a significant influence on individual and group behaviour within an organization. They can be used to move an organization through change and also to reinforce and sustain the evolving organization. However, for that to happen, the design of the various components of the HRM system must be linked to the vision the organization is trying to achieve, and the two must be congruent with each other.

Another way of expressing this is to say that, in reforming the approach to HRM, it is important to seek vertical linkages where the HRM and processes are visibly congruent with and reflective of the new strategy and vision. There is, for instance, little point in having a strategy or vision that can only be achieved through the enactment of a team culture if reward or promotion criteria emphasize individual performance.

Similarly, horizontal linkage ensures that HRM policies and practices are congruent one with another. For instance, we know that excellent work has been done on developing competencies within FAO, but are these competencies linked with the future vision of the DG? Will they mesh with the managerial, technical and leadership behaviours that will drive the vision for FAO? The field network is a key strategic imperative, so what sort of

⁴⁰ "Assessment of the Effectiveness of the Overall Design and Implementation Strategy for RBM, including the RBM System", by John Mathiason, 14 October 2011, reference AUD 3211. Quotation on page 42.



behaviours will promote a culture supportive of decentralization and mobility? We would certainly argue that a strong field network will be achieved only if HQ managers are capable of delegating authority from the centre, building a climate of trust from the top to the field.

These are illustrations of how the development of HRM can provide a critical platform of support for the DG's vision. On the other hand, if HRM initiatives are designed and delivered in isolation from that vision and strategy, at best they will not be supportive of the DG's direction and at worst they may derail achievement of his goals.

Alignment of HR systems

The need to align all these HR systems with one another (horizontal linkage) and with the overall strategy of the Organization (vertical linkage) illustrates what we mean when we talk about systemic thinking. It is about seeing the Organization as a set of interlocking and interdependent systems and processes whose sum can be greater than the individual parts if they are coherently aligned behind the purpose of the Organization.

To be even more specific, we can start to think through how each component of an HRM system can be adapted to align more closely with the desired organization.

To take one example, the most common way of using appraisals to help deliver change is to alter either the criteria or the objectives against which staff are assessed. The frequency with which staff are appraised might also be increased for a period of time to demonstrate the determination of the Organization to achieve its new objectives or develop and inculcate a new culture. So, in FAO, to further promote decentralization, the DG could ask for formal appraisals to be done three times a year for one year in particular divisions to reinforce the need for persistent attention to achieving the full decentralization process. Coaching and counselling of staff through the change process could also be included as a new item in the appraisal, with line managers putting more emphasis on enabling people to develop a change capability.

Many organizations fail to align their reward and award systems with new strategies, thereby sending conflicting messages to their staff. For example, documents may emphasize the importance of mobility, but reward mechanisms that remain unchanged can send a message that staying in one department is the only way to secure promotion.

In recent years, a lot has been written and many lessons have been learned by other UN agencies about talent management, including career paths, learning and development. In this report, we would simply like to put a marker down about the importance of a holistic approach to the management of staff (talent) as an enabler of many other initiatives, including mobility. Well-defined career paths will facilitate lateral movement and promotions across the Organization and between HQ and the field, so that mobility becomes the natural way of operating, rather than something to be resisted at all costs.

HRM function

It is today a truism to say that line managers have the primary responsibility for HRM with respect to their staff. The HRM function develops and interprets policies, creates tools, monitors—and supports and advises line managers.

The HRM function must, therefore, move from personnel administration to business partner in supporting organizational performance. It should be restructured to reflect the new aims of FAO. With a decentralization process at the forefront, HR as a function also needs to be decentralized down to the local units, with HR people playing a “business partner” role with line managers. Policy development needs to be kept within the centre, but the development of



policy must be as a result of synthesizing local demands. HRM practice must be relevant and useful to the needs of FAO, not gleaned from a universal model from the UN system.

This will require a different set of competencies for HRM staff. To be a business partner in a local unit will require HRM people who have more consultancy style skills and attitudes, people who can interpret and value the local needs of managers and translate these for the policy-makers at the centre. Similarly, for HRM strategists, it may be more important to have a background in strategic thinking than in traditional personnel areas.

Another major challenge will be the move to decentralize HRM to the regions or even major country offices. We understand that HRM capacity will be placed in the regional offices, but we are unsure about the relationships among HRM, the regional HRM officers and the shared service centre.

Our general point is that the HRM function, wherever it is, must provide timely and effective services to the FAO representatives and technical personnel. As part of this, HRM should be constantly reviewing HRM processes to see how they can be simplified or how user-friendly tools could be developed. This effort does not have to wait for a major “corporate” initiative—there are many simple inefficiencies that can easily be rectified without recourse to a new system. But it does require a shift in the behaviours, attitudes and mindsets on the part of HRM staff to lead these same changes in staff.

gRMS (Oracle Release 12/IPSAS)

The gRMS is vital to the organization and must be implemented. We appreciate that this is a major undertaking and that there may need to be interim solutions for some aspects of IPSAS compliance to ensure that the financial management system for the field receives priority. We understand that both the Office of the Inspector-General and the External Auditor are examining the gRMS.

Executive management

We believe that the DG would benefit from an in-depth assessment of the executive management function as he takes up office.

Executive management is a broad concept that focuses on four core elements:

- *Roles, responsibilities and accountabilities of senior managers:* The focus is on *individual* senior managers and their relationship with the DG. It encompasses: the leadership approach and style of the DG, the roles of the DDGs, the high-level management structure, the reporting lines of senior managers and nature of their access to the DG, performance compacts and accountability frameworks, and so on;
- *Management teams:* The second element focuses on cooperation and cohesion: the way the senior managers work together strategically and cohesively through the Executive Leadership Team and other bodies, the functioning of different committees, and other, more informal coordinating mechanisms;
- *Office of the DG:* The third element focuses on support to the DG and the senior managers, i.e., the roles, structure, staffing and functioning of the “front office” (immediate support to the DG) and other key political or policy functions;
- *Interaction with governance:* The fourth element focuses on the interaction at the political and policy levels between the DG and Members.



High-level management *processes* underpin all four elements. The most important is decision-making in its broadest sense, including conceptualization, consultation, communication of the decision and implementation. Other key processes include strategizing, policy definition, risk management, information flow, and communication.

As the DG makes decisions on senior management and his office, we recommend that a broad look at the executive management function be taken to ensure that he will receive optimal support and that this vital function operates smoothly from the beginning.

Allocation of staffing resources

We argue that the allocation of staff resources, which is the major budget expenditure item, would clearly benefit from a review of both HQ and field resources. This would help FAO understand exactly where staff resources are allocated and assist in building agreement on significant policy changes in the allocation of staff resources. We are fully aware of the rigidities in the systems and the politically sensitive nature of this suggestion, but we believe that the Organization must grapple with this issue sooner rather than later.

Recommendation 4—Institutional foundations

The four legacy IPA systems still being developed (Managing for Results, HRM, and Oracle R12/IPSAS, and enterprise risk management) should be continued, completed and mainstreamed. There should be a light review of the executive management function to ensure that the DG receives the optimal support and that this key function operates smoothly. There should be a review of the allocation of staff resources to obtain a snapshot of the current situation and to develop ratios and other measures to help in the development of new staffing policies.

Invest in the levers of change

Levers of change typically focus on systemic organizational issues. They are sometimes called drivers of change. They cut across the institutional foundations and aim to leverage systemic change across the organization and embed it in mindsets and culture.

Mobility

We understand that the DG has decided to suspend the draft policy on mobility and to have it substantially re-worked. We believe that the main challenge will be implementation, and there is a great deal of practical experience in other specialized agencies and in the funds and programmes to help FAO identify and remove obstacles.

As strong as the policy may be or may become, the DG and his senior managers need to send strong and unequivocal messages about the value and importance of the field network, the policy has to have robust “teeth” to ensure its effective implementation, HQ staff need to know that they will not be blocked from returning to HQ during their career, and promotions can be made contingent on field experience.



Performance and accountability

The new PEMS system is a step in the right direction, but it must be made to work, and this can happen only if the DG and his senior managers are determined to ensure that the Organization will not tolerate chronic under-performance. Under- and non-performers need to be identified, they need to be helped to develop, and other solutions need to be found if sufficient progress is not made. The driving force must come from the top, and managers must be held accountable for their own performance, *including the management of their staff's performance.*

We understand that OIG will shortly present the DG with a report on accountability and an internal control framework. We see this as an essential component in bringing about a shift in the culture and systems.

Steps should also be taken to improve the PEMS system and make sure that it is linked to other related systems such as staff development and learning and contract management. Compacts between the DG and his senior managers should be considered, as other UN agencies have found them useful. Teamwork and cooperation need to be built into PEMS and to have the same weight as the performance characteristics of individuals if they become important strategic and management goals.

Leadership and management

Managers at all levels are central to the success of all the levers of change; without them, very little progress is possible.

The DG should therefore insist through his own leadership that managers give priority to their leadership and managerial roles (as opposed to focusing solely on their technical and specialist roles) and hold them accountable for doing so. Managers must exercise leadership in the implementation of the various change initiatives, they must engage their staff and other colleagues in thinking through the necessary shifts in attitudes and mindsets, and they must develop the required new competencies.

In applying this lever of change, FAO has to develop managers and leaders who are capable of delivering FAO's vision. The development must not be based on some notional idea of best practices drawn from the external environment; rather, it must be tailored specifically to the needs of FAO as an organization. The focus must be on customized leadership development *for* the Organization, not as a benefit or reward for the individual. FAO should develop in-house programmes for leadership development, not outsource this key function. In sum, leadership development should be conceptualized and implemented as an integral lever in its own right within the change process.

Senior managers are critical to this process, but the middle management group should not be left out, as they are instrumental to the change process now and in the future. FAO must develop leaders that can enable and drive an ongoing process of continuous improvement.

Programme innovation

Many of our recommendations for the next phase in the reform process will generate ideas for new programme or technical capacity-building initiatives. While it is beyond our remit to predict what these may be, our key message is that the organizational strengthening process must focus on programme innovation, as much, if not more than the internal capacity initiatives.

Process streamlining

While much has already been done to streamline processes and much is still in development, we suspect that much more can be achieved in this area. The



primary driver for process streamlining will be the gRMS, as the design and implementation of this system stimulate a thorough review of the key processes.

However, in addition, typically in organizations of the size and complexity of FAO will have many inefficiencies in the basic processes which have developed over the years. Quite often, changes in a bureaucratic system will result in overlays—or additional controls—on top of existing requirements rather than a more fundamental re-thinking of the process steps. A small task team can often, without too much effort or investment review, streamline and strengthen most of the existing work processes.

We are aware that there are many concerns about the willingness—and capacity—of field staff to meet their basic managerial and organizational responsibilities. At the same time, we would not be surprised if the field staff find the processes to be HQ-centric, over-complicated and difficult to carry out.

With this in mind, as one part of the efforts to strengthen the field network, we would suggest that key HQ departments could review their work processes by starting at the “front line” of the field network and then working backward through the regional representations to HQ. This would provide immediate support to field staff by reducing bureaucracy and improving controls.

In general, process streamlining should also generate efficiency savings that FAO can use to transfer resources from the support to the programme delivery functions.

Cross-functional, inter-disciplinary teamwork

The theme of cross-functional, inter-disciplinary teamwork appeared in the IEE and IPA and is one of the three main pillars of the culture change project. Desirable in itself, it is absolutely essential in the context of the current discussions on the FAO Strategic Framework. Applying this lever effectively will require new competencies and, above all, new mindsets. This lever needs to be built into PEMS and could well result in a new organizational design.

Recommendation 5—Levers of change

Six levers of change—mobility, tackling non-performance and accountability, leadership and management, programme innovation, process streamlining and cross-functional, inter-disciplinary teamwork—should be used to drive the changes in behaviour and mindset required to deepen the reform process.

Ensure sound management of the change process

Leadership of the process

For any change or transformation programme to succeed, it needs the full support and engagement of the most senior person in the organization. Devolving the leadership of such programmes to a central function like HRM suggests that the programme is discretionary, that staff can either commit or not commit to it, and that the programme is not central to the purpose or power of the organization.

In light of these organizational realities, the DG should lead and own FAO’s organizational strengthening process. Given the enormous range of demands on his time, his involvement should focus on what is strategically important, for



example, developing and constantly reiterating the key reform messages in a variety of fora; being briefed on major obstacles as they arise and where necessary using the weight of his office to resolve them; being present at important meetings about the reform process and listening to staff about their concerns, and engaging with the programme oversight body recommended below.

Leadership of the reform process can be demonstrated in many ways, for example:

- . Constant repetition of the main reform messages in speeches and interactions with staff;
- . Adoption of a more informal style, thus reducing the distance between senior management and staff;
- . Rapid and visible action when important aspects of the change process are ignored or dismissed;
- . Tough policy decisions on the key levers of change, for example, on mobility and performance;
- . Establishment of a system for sharing innovative ideas about programme and support functions;
- . Compacts with senior managers that define performance expectations with respect to the reform process;
- . Development of service level standards, along with a process for ensuring that complaints are addressed promptly.

Senior leaders are role models for the rest of the staff, and they must show their commitment to the change process at all times. Staff observe their reactions to critical incidents. If their behaviour communicates that people can get away with not following the new vision or that contrary behaviours will be tolerated, staff will conclude that senior managers are not serious about change.

Organizational development team

We recommend that the Programme Management Unit be transformed into an organizational development team. This team would act as the engine for the organizational strengthening process and would support local change teams in HQ and field offices. The team could have a mixture of full-time staff and part-time staff and access to consultants. The part-time staff should be seconded to the team for dedicated periods of time.

The team should be led by a senior manager who has the authority to intervene to help remove obstacles and ensure integration. The team should have—or have access to—expertise in organizational development, in the design and management of change initiatives, and in communication with, and engagement of staff in, change processes.

Many inter-governmental organizations (UN agencies, Bretton Woods institutions and international financing mechanisms) have established some sort of OD or change management capacity. Although most see these as short-term arrangements lasting the length of the change process, there is increasing interest in a more permanent OD capacity close to the Executive Head.

This trend is more advanced in the private sector, where most major multinational corporations maintain organizational development capacity in-



house at all times. OD specialists may sit on executive committees and advise their senior colleagues on the change or development implications of major decisions. The fit of the organization's structure, culture, climate and competence with its current strategy and purpose is continually being assessed. In this way, organizations seek to continually adapt to, and evolve with, the changing external environment and minimize any misalignment with the external context.

Culture change

The efforts on culture change should be continued, but they should not be carried out as a separate initiative or by a separate project team. We understand that the mandate of the Culture Change Support Team finished at the end of 2011, and we suggest that the work be carried on by the new OD team, which will integrate culture change initiatives into the overall organizational strengthening process. The local change teams should continue, and so should most of the current and planned activities.

The culture change project identified three “culture shift” actions: ‘teamworking and collaboration; leading to engage, enable and empower people, and, accountability for results’. These are very close, if not identical, to the levers of change presented in this report. We therefore assume that whatever activities are ongoing can be easily continued within the framework of the organizational strengthening process.

Two shifts of emphasis are however essential:

- First, the levers of change require the proactive support of the DG and his senior managers if they are to have any chance of success, as they depend on massive changes in attitudes and mindsets.
- Second, the main targets of any interventions must be the line managers (i.e., middle and senior managers), as they must become the change leaders, embodying the new values and behaviours and creating the enabling environment for their staff.

Programme oversight body

The change process should be overseen and managed by a small group of managers, chaired by a DDG or a senior manager in the DG's office. This group should focus on strategic and policy issues. This group could be complemented at the operational level by the team leaders of the different initiatives, who should focus on information exchange, identification and resolution of systemic obstacles, and integration.

Implementation plan

An overall implementation plan should be developed, with high-level outcomes and performance indicators. Risk assessment and management should be integral components of the plan and should be used as practical management tools. As indicated in Chapter Three, reporting should shift its focus to results and benefits.

All current and future initiatives in the change process should be subject to rigorous results-based planning, with an emphasis on outputs and outcomes and with verifiable performance measures at both levels. Measures of this nature are extremely difficult to define and obtain agreement on, but once this occurs, they will provide Members with the information they need to focus on: results, impact and culture change. Risk registers should be developed for each initiative, and team leaders should be held accountable for managing these risks.

The current reporting to Members on the IPA implementation would presumably be continued in the short-term but we would recommend that



management engage Members in a dialogue on the level and detail of reporting, with a view to, first, being more comprehensive and including all change initiatives and, second, focussing on key indicators and outcomes.

Current efforts on internal communication with, and engagement of, staff should be strengthened, made more relevant by linking directly with specific initiatives, for example, leadership, mobility and performance.

Recommendation 6—Management of the change process

The DG should lead and own FAO’s organizational strengthening process. A small oversight body, comprising senior managers, should be established to manage the change process. The Programme Management Unit should be transformed into a small organizational development team. The purpose of the OD team is to act as the engine for the process, helping to integrate and mainstream the work of building institutional foundations and to design and drive the levers of change. Each initiative in the change process must be designed, managed and monitored according to robust project management principles, including the definition of outcomes and performance measures. Current efforts to engage and communicate with staff should be strengthened and made more relevant.

Engage Members in the governance of reform

In Chapter Three, we made a number of observations about the governance of the IPA, particularly with respect to prioritization, reporting and the leadership of the IPA process.

We strongly recommend, to strengthen trust between Members and senior management and ensure their continued support of the ongoing organizational strengthening process, that the DG encourage and work with Members to:

- Develop improved systems to help Members take decisions on strategic, programmatic and management priorities;
- Differentiate clearly the roles of Members and the DG with respect to the management of the Organization with a view to enhancing the governance of the Organization and clarifying the responsibilities of the DG in terms of management;
- Improve the quality of the reporting of the organizational strengthening process to Members, focusing on key outcomes and related performance metrics—which will naturally reduce the volume of reporting.

These recommendations imply that much more needs to be done to strengthen the governance of FAO, in the spirit of the IEE recommendations and building on the foundations laid by the IPA actions on governance.

Recommendation 7—Governance of the change process



In order to strengthen trust between Members and senior management and ensure their continued support of the ongoing organizational strengthening process, the DG should encourage and work with Members to, first, develop improved systems to help Members take decisions on strategic, programmatic and management priorities; second, differentiate clearly the roles of Members and the DG with respect to the management of the Organization with a view to enhancing the governance of the Organization and clarifying the responsibilities of the DG in terms of management; and, third, improve the quality of the reporting of the organizational strengthening process to Members, focusing on key outcomes and related performance metrics—which will naturally reduce the volume of reporting.



Chapter Five—Conclusions and recommendations

The assessment found that while the reform process has led to a broad range of initiatives designed to build FAO capacity, there is a need to continue a natural, ongoing process of organizational strengthening. The reason for this lies in the nature of the actions carried out to date. Important foundations have been laid. However, the focus in most if not all cases has been at the surface level, and this alone cannot bring about the organizational transformation and renewal desired by Members.

The Immediate Plan of Action (IPA) has done its job as an *immediate* plan of action, and the actions not yet finished should be completed and mainstreamed as quickly as possible.

The way forward proposed in this report will both help the FAO achieve true transformational change and address the priorities cited in the DG's speech to the Council on 1 December 2011. The proposed organizational strengthening process will, among other things, help the Organization build a robust field network and integrate the major changes in the systems initiated by the IPA.

The recommendations are presented below.

Overall recommendation—Organizational strengthening process

The DG should launch an organizational strengthening process under his leadership as a natural, low-key way of continuing to build FAO's capacity to serve Members more effectively. The IPA, as a programme, should be phased out; most of the ongoing IPA actions should be mainstreamed, with only a few of the major actions still under development being integrated into the continuing process.

Recommendation 1—Vision and purpose

FAO should develop a comprehensive vision that captures its purpose of ending hunger and malnutrition, the strategic choices it is facing, its values and principles and the type of organization it is seeking to create. This should, therefore, include both the strategic vision and the internal vision. FAO should clearly articulate and communicate this vision as an informal, "living" document that it used by managers and staff in every aspect of their work.

Recommendation 2—Design of the change process

The organizational strengthening process should be designed around three clusters: field network, institutional foundations and levers of change. The implementation plan should be carefully developed to ensure that the prerequisites of feasibility, receptiveness, readiness, absorptive capacity and capability for change are met. The DG and senior management must be actively engaged in all initiatives that are expected to bring about substantial change in the Organization.

Recommendation 3—Strengthening of the field network



A rapid organizational assessment of the field network and the field programme should be carried out to identify systemic obstacles to the successful strengthening of the field network. It should draw on the wealth of evaluation, audit and other review reports. The results of this rapid organizational assessment should be used in the drafting of the implementation plan for Members and the DG's broader agenda for transforming the field network.

Recommendation 4—Institutional foundations

The three legacy IPA systems still being developed (Managing for Results, HRM, and Oracle R12/IPSAS) should be continued, completed and mainstreamed. There should be a light review of the executive management function to ensure that the DG receives the optimal support and that this key function operates smoothly. There should be a review of the allocation of staff resources to obtain a snapshot of the current situation and to develop ratios and other measures to help in the development of new staffing policies.

Recommendation 5—Levers of change

Six levers of change—mobility, performance and accountability, leadership and management, programme innovation, process streamlining and cross-functional, inter-disciplinary teamwork—should be used to drive the changes in behaviour and mindset required in the second phase of the reform process.

Recommendation 6—Management of the change process

The DG should lead and own FAO's organizational strengthening process. A small oversight body, comprising senior managers, should be established to manage the change process. The Programme Management Unit should be transformed into a small organizational development team. The purpose of the OD team is to act as the engine for the process, helping to integrate and mainstream the work of building institutional foundations and to design and drive the levers of change. Each initiative in the change process must be designed, managed and monitored according to robust project management principles, including the definition of outcomes and performance measures. Current efforts to engage and communicate with staff should be strengthened and made more relevant.

Recommendation 7—Governance of the change process

In order to strengthen trust between Members and senior management and ensure their continued support of the ongoing organizational strengthening process, the DG should encourage and work with Members to, first, develop improved systems to help Members take decisions on strategic, programmatic and management priorities; second, differentiate clearly the roles of Members and the DG with respect to the management of the Organization with a view to enhancing the governance of the Organization and clarifying the responsibilities of the DG in terms of management; and, third, improve the quality of the reporting of the organizational strengthening process to Members, focusing on key outcomes and related performance metrics—which will naturally reduce the volume of reporting.

