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## COUNCIL

### Hundred and Forty-Fourth Session

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### Structure and Functioning of the Decentralized Offices Network

#### Executive Summary

The present paper updates Members on steps taken and actions to improve the Organization's performance through the production and dissemination of knowledge, and more effective translation of norms and standards into countries' policies, strategies and programmes. The Organization does many things well in this regard but there are a number of areas that need improvement, many of which relate to activities at its decentralized locations. These include actions to a) improve the performance, results and impact of all of FAO's work at the country level; b) reduce fragmentation and increase integration across all aspects of FAO's work, irrespective of source of funding, between Decentralized Offices and headquarters, between normative and global knowledge products and its actions in the field, and along the emergency-rehabilitation-development continuum; and c) to promote partnerships with national and regional institutions, other UN and non-UN international agencies, the private sector, universities and research organizations, and civil society.

These actions will be implemented while preserving the integrity and critical mass of technical capacity at headquarters. It is important to recognize, however, that the significant improvement in organizational performance to enhance the tangible impact of global public goods on the ground can only be achieved with appropriate enhancement at decentralized locations. Decentralization needs to be seen as part of the solution to the issues identified in the IEE and, indeed, in programme evaluations both prior to and since completion of that institution-wide review. It signifies much more than a simple reallocation of resources between headquarters and the field. Instead, it describes a shift in emphasis towards measurable country-level impacts and focuses on linking the Organization's global expertise, knowledge products and leverage with the needs and priorities of countries and regions.

The paper outlines actions that correct longstanding problems and address others that arise in response to the deliberations of the 2012 Regional Conferences, to improve the performance, results and impact of FAO's work at the country level. This paper builds on the guidance and advice provided by Members at the Joint Meeting of the Programme and Finance Committees of 12 October 2011 and the 143<sup>rd</sup> Session of the Council (November-December 2011). These identified three key themes which framed the discussion on decentralization at the recent Regional Conferences: i) improved planning and priority setting in which the countries and regions play a greater role; ii) a more flexible Decentralized Offices network with a new balance between regional and Country Offices and technical hubs; iii) an integrated model for programme delivery, including

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improved human resources management for enhanced performance, accountability and country-level impact.

The actions described separate into two broad categories of addressing longstanding weaknesses and addressing new challenges discussed in the 2012 Regional Conferences. The former includes actions such as improvement in the selection and management of FAO Representatives, strengthening of planning and operational functions in the Regional Offices, the progressive elimination of the outposted technical officer scheme for FAOR coverage, and the integration of emergency, rehabilitation and development operations. The latter includes, among other actions detailed in this paper, greater integration with regional economic integration bodies in Africa, greater emphasis on partnerships with civil society and the private sector in Decentralized Offices and with middle-income countries in support of South-South Cooperation, strengthening of offices in Central Asia, East Asia and the Pacific. The total, estimated, incremental resource requirements related to these actions of USD 10.4 million will be met by approximately half of the savings reallocated in the further adjustments to the Programme of Work and Budget 2012-13 (PWB) (CL 144/3).

**Suggested action by the Programme and Finance Committees and Council**

The Council, taking into consideration the views of the Joint Meeting of the Programme and Finance Committees, is requested to endorse the proposal for the structure and functioning of the Decentralized Offices network.

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## I. Rationale

1. FAO is a knowledge organization with its feet firmly on the ground. In order for FAO to maximize its impact on the lives and livelihoods of people in its Member countries, the Organization's normative and standard-setting work must be translated into country-level impact; its global knowledge products must lead to tangible change in policy and practice; and its programmes in the field must produce concrete results and impact. This paper updates Members on steps taken by the Organization to improve performance and outlines a series of actions that will lead to an Organization that is better equipped to produce knowledge, norms and standards that can be translated into country-owned policies, strategies and programmes, while incorporating new national and regional experience as the global knowledge and normative work evolve.

2. It is also very clear that strengthening decentralized capacity cannot come at the expense of weakening FAO's technical capacity at headquarters. On the contrary, the decentralization process can only be truly successful when FAO's field activities are seamlessly connected to its global public goods; the two are necessary complements, not competing objectives. The work of the Organization in synthesizing and disseminating "best practice" and examples of the Organization's normative work demonstrate the synergy between central and decentralized contributions. Innovative field experience leads to strong normative work, which in turn leads to new applications in the translation of global public goods into county-level outcomes and impact. The most recent example of this process is the work leading to the recently endorsed *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security*, which contains principles and practices built up from years of field experience, and which governments can now refer to when making laws and administering land, fisheries and forests rights.

3. In order to bring FAO's work on global public goods to bear on countries' challenges the Organization requires appropriate instruments and the capacity to deliver, at headquarters, regional and subregional levels and in Country Offices. Each of these component parts needs to contribute within a common system of priorities, strategic objectives, resource management instruments and accountability. These need considerable improvement to reach the levels of performance and impact required. Greater and more vital partnerships with governments, civil society and the private sector, as well as the UN system, other development organizations and research institutions, working together to make the most of available resources to eradicate hunger are also needed to achieve desired country-level impacts.

4. Furthermore, a major step in decentralization took place in early 2010 when responsibility for the FAO Country Offices passed from headquarters to the Regional Offices. This move was in many ways overdue, but the transfer in managerial responsibilities was not matched by a corresponding adjustment to the necessary capacity and integrative mechanisms at the Regional and Country Offices. It did not extend to the emergency and rehabilitation work of the Organization and did not reflect a more holistic approach to the interconnected reforms or a more thorough and explicit sequencing of the change elements. Country audits and studies undertaken by the Office of the Inspector-General indicate considerable unevenness across offices and significant weaknesses in areas of internal control in an unacceptably high number of them, which limits the Organization's ability to manage country operations in a consistent, efficient, effective and economical manner. The actions described below will correct many of these shortcomings, will address the weaknesses and risks identified by the audits and are expected to increase the value-for-money associated with FAO's operations and country programmes.

5. As in most organizations, as operational responsibility is decentralized, centrally driven strategic planning and policies need to be strengthened to avoid organizational fragmentation. This poses significant capacity challenges across multiple areas, including people, processes, organization design, culture and systems. A number of steps, highlighted below, have been taken to correct these weaknesses in FAO and ensure organization-wide coherence. The present paper outlines actions that seek to correct these shortcomings, as well as others that arise in response to the deliberations of the 2012 Regional Conferences, to improve the performance, results and impact of FAO's work at the country level.

6. Significant improvement in organizational performance and integration can only be achieved with appropriate decentralization, which needs to be seen as part of the solution to the issues identified in the IEE and, indeed, in programme evaluations both prior to and since completion of that institution-wide review. Consequently, decentralization signifies much more than a simple reallocation of resources between headquarters and the field. Instead, it describes a shift in emphasis towards country-level impacts on the one hand and focuses on linking the Organization's global expertise, knowledge products and leverage with the needs and priorities of countries and regions. In particular, decentralization will: a) improve the performance, results and impact of all of FAO's work at the country level; b) reduce fragmentation and increase integration across all aspects of FAO's work, between Decentralized Offices and headquarters and between normative and global knowledge products and its actions in the field; and c) lead to greater and more creative use of partnerships, with national and regional institutions, other UN and non-UN international agencies, the private sector, universities and research organizations, and civil society.

7. Building on the findings of recent reports (the FAO Inspector-General on financial management and administration (AUD 2811), on decentralization of reform activities in field offices (AUD 3711), the 2011 OIG Capping Report, the Mannet Report, and the Audit Committee Report) the actions will enable the Organization to address the weaknesses that undermine the capacity of Country Offices to manage operations. It is doing so by ensuring that Decentralized Offices are staffed with well trained individuals, with the skills mix and experience required to manage a complex programme. Common characteristics of well performing offices are now clearly understood: adequate staffing and funding for posts; leadership and "tone at the top"; commitment to competence and real-time response to policy opportunities; and information and communication. A key area for improvement identified in these reports are the significant weaknesses in internal control documented by OIG (52 percent of Decentralized Offices were found to be either seriously deficient or deficient). In this context, and as recommended by OIG in its 2011 Annual Activity report (see para.70 of document FC 143/13), it is of utmost importance that processes are in place to monitor compliance of Country Offices with FAO's policies and procedures, and that best practices in this area are identified and shared across the Decentralized Offices network. Strong and reliable communication and information will also be pursued in connection with the implementation of the Culture Change Strategy. Furthermore, the virtualization of FAOs work and the increase of responsibilities to Decentralized Offices will increase the exposure of key FAO financial, administrative and technical processes to the risk of disruption in the event of a natural or man-made disaster or crisis. Such risks are addressed in the FAO Business Continuity Framework Plan (BCFP) developed in 2011, now being implemented.

8. The current administrative and operational structure, including programme monitoring and oversight of activities in the region, subregion and countries, has evolved over the years as different functions have been decentralized. For example, non-emergency field programme operations were decentralized to FAO Representations a decade ago, a Shared Services Centre hub was established in 2008 to manage back-office operations, and since 2010 the Technical Cooperation Programme (TCP) and Country Offices network support and monitoring responsibilities have been delegated to the regions. This decentralization experience is the focus of a series of on-going or planned regional-level evaluations, of which an evaluation of the Near East Region has been completed. While there have been clear benefits, there have also been problems of incremental changes leading to a fragmented structure that can inhibit the integrated support, management and oversight of field activities. The strategic planning process and the introduction of other organization-wide instruments for results-based management and for oversight and control of human and financial resources are addressing many of these. Further innovations are required, as set out below.

9. This paper builds on the guidance and advice provided by Members at the Joint Meeting of the Programme and Finance Committees of 12 October 2011 and the 143rd Session of the Council (November-December 2011). In particular, Members recognized the need to make the Organization more responsive to the needs of Members through improved results-based planning and priority setting. Members reiterated "the lead role of Decentralized Offices in the country programming process, the development of their capacities in this regard, the necessity of the engagement of member countries, and the close linkages between FAO's resource mobilization strategy and the country

programming process.” Members also proposed adjustments to “the structure and functioning of FAO’s Decentralized Offices network and the urgent need to carry through the process of decentralization” to make the Organization more efficient and effective in delivering and catalysing results.

10. The present paper incorporated three key themes identified by Governing Bodies in Rome in 2011 and which framed the discussion on decentralization at the recent Regional Conferences. They are: i) improved planning and priority setting in which the countries and regions play a greater role; ii) a more flexible Decentralized Offices network with a new balance between regional and Country Offices and technical hubs; and iii) an integrated model for programme delivery, including improved human resources management for enhanced performance, accountability and country-level impact.

## **II. Current Status and Main Areas of Ongoing Action**

### **(i) Improved Planning and Priority Setting**

11. In recent years, the Governing Bodies have worked with the Secretariat to implement a new framework for strategic planning, that links the Strategic Framework, Medium-Term Plan, the biennial Programme of Work and Budget, regional priorities, country programmes and country workplans. This new structure offers the basis for a “direct line-of-sight” from the top downwards and the bottom upwards. A shift to results-based management allows for results and impacts to be identified and measured at all levels of the structure. The revamped strategic planning process is the foundation for defining country-level “impact pathways” to ensure that global public goods are translated by FAO decentralized staff and collaborating institutions into country-level results in new settings, while the global public goods produced by FAO headquarters colleagues also build on country-level experience. The Organization has unique strengths in this regard and both centralized and decentralized capacity are required to produce the desired results.

12. Strengthened Country Programming Frameworks (CPFs) are a key element of this process. In order to improve focus and coherence of FAO’s actions they are being prepared in close alignment with the planning cycle of each government and its priorities, the work of other UN system organizations through the United Nations Development Assistance Framework (UNDAF) process, as well as linkages and partnerships with the Rome-based UN agencies. The CPFs provide the basis for FAO to engage with Member governments on jointly agreed priorities and results, consistent with regional, sub-regional and global priorities. The CPFs also help define the rationale and priorities for applying FAO’s TCP resources and its areas of focus for resource mobilization efforts. Strong and continued support is being provided to the CPF process by headquarters units in terms of developing guidelines and providing training; and by Regional and Subregional Offices in terms of review and quality assurance.

13. A number of countries are well advanced in preparing CPFs based on strategic analysis. It is, however, a complex challenge for which not all countries are currently equally prepared. During 2012, successful CPF formulation experiences will be followed closely, their lessons synthesized and applied elsewhere. It is also important that the work coincides and builds upon the analysis and priorities that emerge from the government’s own planning process. As government administrations change or national conditions evolve, flexibility is required for FAO’s country programming to accommodate new priorities or the potential for new partnerships. A revision of ongoing CPFs should be done on the basis of mutual agreement between FAO and the new government/ministry. Taking this into consideration, it is expected that, by the end of 2012, all countries will have at least the CPF outline under discussion with the government. Country Offices with annual delivery of less than USD 1 million and those without international staff, may opt for a “light version” for the CPF listing four to six priorities, with a plan for its implementation endorsed by government. Also, other countries with difficulties with having the CPF fully elaborated could request an extension after presenting a two-page list of priorities agreed with the government to serve as an “ad interim” light version.

## **(ii) Improvements in the Decentralized Offices Network**

14. Strengthened capacity of the Decentralized Offices is progressively being put in place to address the needs of the Member states, particularly the most vulnerable countries and populations, as well as take full advantage of the knowledge and resources that each country has to offer. This requires FAO Representatives (FAORs) of the highest quality in all countries, who are able to lead the CPF process, coordinate technical inputs, mobilize resources, form strategic partnerships and manage sizeable integrated development and emergency programmes. A guiding principle of this more flexible structure is that all of FAO's human and financial resources in a particular region must be used to ensure more efficient and effective delivery at the country level. There are also important regional and transboundary activities that will continue to be carried out by officers based in regional offices, who also play an important role in supporting county programmes.

15. An essential element of improved operations is to ensure better technical and administration backup and support to country-level operations from all parts of the Organization. The deployment of a new Global Resource Management System (GRMS) in 2012-2013 will provide all regions with improved tools to carry out delegated functions in managing field operations and supporting decision making. It will facilitate the establishment of an integrated operational unit in the Regional Office covering all field activities in the region, irrespective of the source of funding. With regard to technical support, rapid and high-quality response from all parts of the Organization to requests for guidance, clearance and assistance need to be assured. Some of the key elements for this, such as the creation of Functional Technical Networks and regular meetings of staff at regional and subregional level are already in place. However, more work is needed to change the organizational culture to give the necessary priority and attention to actions at country level.

16. The Audit Capping Report provided a summary of issues that need to be addressed at the corporate level to improve key financial and administrative controls and practices in the Country Offices, and to enable FAO to better manage its field network. The report found specifically that the Organization needs to ensure field teams are led and staffed with sufficient, well-trained individuals, with the skills mix and experience required to manage a complex programme. The Organization needs to ensure accuracy and detect anomalies, in addition to strengthening the monitoring of financial data reported by Country Offices. The Organization will ensure there are sufficient arrangements in place to monitor compliance of Country Offices with FAO's policies and procedures, and that better practices at individual offices are identified and replicated across the Decentralized Offices network.

17. The Capping Report made ten recommendations. These recommendations have been addressed by management, in particular in areas such as administrative and operational support (AOS) guidelines, fraud control plans and unliquidated obligations. Management is now actively working to disseminate, replicate and monitor the common characteristics underlying FAO's best Country Offices. OIG has indicated that successful efforts in this regard should significantly improve the internal control system of the Decentralized Office network and improve overall Organizational performance and effectiveness. OIG's Capping Report of the finance and administration reviews conducted in 2011 currently in draft will further expand on the key elements that facilitate the Representations' good management, and identify better practices at individual offices to replicate across the Decentralized Offices network.

18. This will be complemented by stronger monitoring and oversight by the Deputy Director-General (Operations), with the support of relevant units, on budgetary and operational performance. Plans to strengthen this capacity in the Regional Offices is described in more detail below.

19. Within this overall approach a number of actions to address longstanding weaknesses, most of which are ongoing and will be completed within 2012, are set out below.

### ***a) At the Country Level***

20. *FAO Representatives.* It is recognized that the quality of the FAORs is critically important and a determining factor in the Organization's performance and results on the ground. A number of changes are being made to strengthen this capacity. The current FAORs and FAO Representations are under review and renewal of FAOR contracts will be dependent upon satisfactory performance, within

an expanded performance evaluation system that includes additional elements such as the OIG audit reports. As of February 2012, the ADG/Regional Representatives and Subregional Coordinators take part in the interview panel of prospective FAORs in their region. In selecting new FAORs, preference will be given to existing staff and the posts will be integrated into the Organization's mobility and career development programmes. There will soon be a total of 15 FAORs who have served previously in headquarters and three headquarters D-level staff who have served as FAORs. Over time these numbers are expected to grow. There are also three ADG/Regional Representatives, two Deputy Regional Representatives and five Subregional Coordinators who have been FAORs.

21. The selection of all new FAORs now includes management competency testing given by an external firm. Passing this exam is not a mere formality and not all of the FAOR candidates who have gone through this process in 2012 have passed. A succession planning process is being implemented to ensure the smooth and timely transition between accredited FAORs and avoid periods without a resident Representative - a criticism highlighted in the OIG capping report on country audits. These actions are under implementation and a new Director-General's Bulletin on this has been formulated and will be issued shortly.

22. Rotation in Decentralized Offices is also encouraged beyond the role of FAORs. In the past, moving out of headquarters to work in the field was often seen as undesirable or detrimental to professional advancement. Now, however, many FAO career development paths are expected to include a rotation in a Decentralized Office. Promotions, particularly at the higher levels will take this into consideration, on a merit basis. There are a number of ways in which FAO may encourage this shift in mindset, such as the condition that work plans make interaction with field activities an explicit requirement, or that decentralized staff are included in headquarters staff evaluations, and vice versa, among others discussed below. How this is achieved will vary across departments and technical units, within Organization-wide policy guidelines. At all locations there will be a "clear line-of-sight" from global goals through strategic objectives, results and outcomes all the way to individual annual work plans. Efforts to implement these changes are currently underway and should be seen as a necessary and integral part of decentralization.

23. **Other actions to improve the capacity of the Country Offices.** These include:

- During 2011 the Regional Offices, with support from OSD, organized a total of 18 training courses involving some 300 staff members of Country Offices. The trainings covered a wide range of operational topics.
- During the last biennium, following the revision of the delegation of authority in the procurement area and the revision of the relevant manual sections, the Organization delivered training to the vast majority of Decentralized Offices. FAORs, National Professionals and GS staff involved in procurement work have been trained.
- The number of field visits organized by OIG during the last biennium has significantly increased. This, together with enhanced reporting, has permitted the identification of both common and specific areas of weaknesses and facilitated the determination of the work required to address the weaknesses.
- Increased use of cost-sharing agreements with host governments is being actively explored, particularly in large and middle-income economies. This should open up the opportunity to reallocate resources to vulnerable countries in the same region.
- There is greater collaboration with other UN system organizations, particularly the Rome-based agencies, as well as the International Financial Institutions (IFIs), the private sector and civil society at the country level. The Regional Conferences called for considerably more action in this regard and is discussed below.

24. Significant reforms take time to give full benefits, especially in organizations, like FAO, with a diversified and expanded Decentralized Offices network. Nevertheless, these actions have produced results and there are positive indicators of improvement. Implementation by the Country Offices network during the first year of the last biennium was very challenging due to the magnitude of the change and the lack of coordination in organizing the transfer of responsibilities to the Regional

Offices. However, the situation has improved during the second year of the biennium with Regional Office staff being more prepared to manage the Country Offices network under their responsibility.

***b) At the Regional or Subregional levels:***

25. The Regional Office serves the countries and provides support and services to the Country Offices in the region. It is the operational hub of the region, providing overall administrative and managerial support to the Decentralized Offices network, as well as providing strategic coordination, including the most efficient use of staff and resources. This strategic coordination also includes more effective policy advice and the systematic exchange of experiences between countries of the region and participation in various regional and subregional fora dealing with food security, agriculture and rural development. Most critically, the Regional and Subregional Offices act as the interface between the global knowledge management work of the Organization and its operational and field level activities. This involves facilitating the supply of knowledge and technical skills to Country Offices where it can have maximum impact, and at the same time, using operational experience to build up further knowledge and best practices. As with other aspects of decentralization, one size need not fit all and appropriate management models are being designed according to regional capacities and specificities, the number of countries to be serviced and the size of the field programme. Nevertheless, certain common approaches are required across all the Regional Offices so that the management and oversight of financial and human resources is done adequately and in an integrated manner, following standard procedures. More specifically:

- Units for planning, monitoring and oversight are envisaged in all the Regional Offices, with responsibility for all the financial and programmatic resources, regardless of their origin. Each Regional Office will have a minimum number of staff assigned to carry out these common functions. Not all Regional Offices currently have the required minimum and these gaps will be filled, as discussed in more detail below.
- The ADG/Regional Representatives are being empowered in several ways: politically they take the lead in representing the Organization in their region and, as managers, they are responsible for the Country Offices network in their region. Since February 2012 they are involved in the selection of FAORs and are responsible for the performance evaluation of the FAORs and their offices.
- As FAO moves to refine its core functions and strategic priorities focused more on cross-cutting themes for execution at the global, regional and country levels, it is important to have a critical mass of technical expertise in multidisciplinary teams that are able to interact easily with each other. While keeping this in mind, technical posts and technical staff may be allocated to different duty stations within the region and depending on the priorities and changing needs of countries or groups of countries.
- The job descriptions of these technical staff will be amended to clarify that their primary function will be to support country-level actions guided by CPFs, subregional and regional priority frameworks, and higher-level strategic frameworks of the Organization.
- In order to ensure enhanced technical skills at regional and subregional level, the outposted technical officer scheme for FAORs is being ended and the technical positions in Regional/Subregional Offices which were being used to fund FAOR positions are being progressively restored. In some cases, based on the analysis of priorities and existing capacity, some of the posts will be reassigned.
- Current Subregional Offices may become technical hubs in the sense that they will no longer have a strict subregional coverage. Country Offices could thus access technical support from any of the technical hubs located in the region. Given the relatively small size of the Subregional Office technical teams, however, support to the countries of the subregion will continue to be given priority.
- Much greater use of partnerships and integration of FAO's programmes with regional and subregional bodies and programmes is given high priority (discussed in more detail below).

**c) In general:**

26. Other actions that are being implemented include:

- Increased flexibility is being provided to Regional Offices through enhanced use of non-staff contractual instruments, increased recruitment of national experts, junior professionals, volunteers, and South-South Cooperation experts/technicians. In addition, the Organization will expand its agreements with national and international universities and research centres for the provision of fellows/volunteers.
- FAO Country Representatives, ADG/Regional Representatives and Subregional Coordinators are being empowered to undertake more operational responsibilities, which will require a higher level of delegated authority and training, especially with regard to procurement, as well as improved integration with corporate financial and administrative systems.
- Guidelines for the provision of AOS to projects, and the allocation of project support cost recoveries, have been revised to ensure that Decentralized Offices have the flexibility and operational capacity to provide AOS services to projects that they support.
- A high-level assessment of the Organization's present system of accountability and internal controls was carried out with the assistance of an external consultant during 2011 and the resulting report advised on how to strengthen and formalize FAO's accountability and internal control framework to hold managers and staff accountable for their decisions and actions. Management is currently considering how best to proceed with development and implementation of such accountability framework, considering also related resource requirements.

**(iii) An Integrated Model for Programme Delivery**

27. Integrated programme management is required to ensure results and accountability in a coherent manner for all FAO's programmes and projects at the country level. This includes the integration of development, emergency and rehabilitation activities, as well as more strategic use of TCP resources, enhanced fungible use of resources allocated to regions and a build-up of synergies with the work of other UN agencies, particularly the Rome-based agencies.

28. FAO is one of the few organizations having a mandate that covers the full spectrum from emergency response, through rehabilitation, to development and institutional capacity building. The responsibility, management and accountability for operations related to emergency and rehabilitation activities is being transferred from the Director, Emergency Operations and Rehabilitation Division (TCE), to the Decentralized Offices, under the overall authority of ADG/Regional Representatives.

29. With the integration of the emergency and development programmes at country level, Country Offices will be fully in charge of the project cycle management, country cluster coordination, and resource mobilization<sup>1</sup>. FAORs will be the managers and budget holders of all national projects and programmes that will be formulated and implemented in the context of the CPF, thereby ensuring greater synergy and impact. Regional and/or Subregional Offices will have the responsibility of the organization of immediate emergency response (levels 1 and 2<sup>2</sup>), preparation of appeals, organization of logistics, operational backstopping, resource mobilization and – as for Country Offices – budget holder responsibility for regional/subregional projects. The role of TCE will shift from operational management to liaison and humanitarian policy coordination, early warning coordination, crisis management, level 3<sup>3</sup> surge capacity, capacity assessment/strengthening/development, advocacy,

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<sup>1</sup> Fundraising will primarily have to take place at Country Office level with support from the Regional Office and TC department.

<sup>2</sup> Level 1: National capacity of FAO Country Office is sufficient to support Member States in meeting the needs of the affected population in the area of food security and agriculture.

Level 2: National Member State and FAO capacities are surpassed or crises/threats affecting more than one country within a single region, requiring support from SRO, RO, and potentially FAO HQ.

<sup>3</sup> Level 3: National, subregional and regional capacities are overwhelmed, requiring FAO full corporate support.

contribution to strategic planning, support to programming, overall coordination and monitoring, quality control, humanitarian policy and interagency collaboration.

30. This transition requires building capacity in the field for delivering one integrated emergency, development and policy assistance programme under a single authority, together with the necessary operational and accountability framework. The target date to complete the roll-out of this new management model is June 2013 as per the below diagram.

*Time frame 2012-2013*

Region/Country	2012				2013			
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
First batch of Countries	←→							
South and Central America	←→							
Europe		←→						
North Africa and Near East		←→						
Asia		←→						
Africa and the Caribbean					←→			

31. The integrated country programme under the single authority of the FAOR requires an adequate logistic and administrative set-up. Wherever the conditions require it, an integrated operations unit will be set up where the operational staff of the Country Office is merged with the emergency staff to address all operational aspects of the integrated programme, while keeping the specificities required to handle emergency responses efficiently. The new model will be adapted to the country context, with a structure designed accordingly, i.e. i) countries mainly facing development issues with small-scale emergencies; ii) countries mainly engaged in humanitarian or protracted crisis; iii) countries without any programme which may face sudden-onset crisis; iv) countries having to address both development and humanitarian challenges. Depending on the size and composition of the country programme, decision on the Country Office will be taken by the ADG/Regional Representative upon submission of a substantiated proposal by the FAOR in consultation with the Office of Support to Decentralization (OSD) and TCE. The FAOR will be able to rely on human resources funded from assessed contribution and extrabudgetary resources. If conditions require it, and resources allow it, a temporary position of Deputy FAOR will be considered. In countries facing protracted crises or complex humanitarian situations, the title of this post will be Deputy FAOR/Coordinator of FAO Emergency Response.

32. To strengthen FAO's emergency response capacity and advocacy role, FAO's Subregional Offices may have teams<sup>4</sup>, strategically located temporarily in the nearest humanitarian hub. These teams will, under the overall supervision of the Subregional Coordinator, provide technical support to emergency activities in various countries, support subregional resource mobilization efforts especially with regard to humanitarian activities and advise management on crisis risk and response.

33. Implementation of this aspect of decentralization is progressing well in South and Central America as well as in the first batch of countries for completion by end of June 2012. Initial actions

<sup>4</sup> Including, for example, for the Emergency Centre for Transboundary Animal Diseases (ECTAD)

have been taken for Europe, Asia, North Africa and Middle East to ensure a successful transfer of responsibility by the end of 2012. Full roll-out will be achieved by mid-2013.

### **Strengthened Technical Capacity**

34. Most of the actions discussed in this paper deal with the operational and management issues of decentralization that are designed to lead to enhanced performance, results and impact at the county level. Nevertheless, strengthening technical capacity of both headquarters and Decentralized Offices is required, as is the integration of the work at all levels. As mentioned above, the strategic planning process now underway will have impact on how resources are applied to the work programmes at all levels of the Organization and will lead to less organizational fragmentation and to more programmatic integration around fewer common, agreed priorities. In addition, each Region and each technical department is addressing the technical strengthening of the Decentralized Offices in somewhat different ways. For example, the Asia and Pacific Region currently has two outposted technical officers, in Agriculture and Economics, and will soon have two more to work on statistics and fisheries programmes. These represent non-permanent transfers of technical staff that are mutually beneficial to the headquarters departments and to the Regional Office. More examples like these are expected in the coming years. In all cases, the work and its monitoring and reporting need to be linked directly with the reviewed strategic framework and new medium term plan. The Decentralized Offices will need to have the capacity to play their essential role in this process.

### **III. Actions Arising from the Regional Conferences**

35. The Regional Conferences considered general decentralization issues as well as more specific proposals for each region. In general terms, all Regional Conferences strongly endorsed the principles of decentralization and saw it as an essential means to improve delivery to Members at country level. Regional Conferences also endorsed the general principles and approaches for improved planning and priority setting; a more flexible Decentralized Offices network; and an integrated model for programme delivery.

36. Beyond the endorsements of the general proposals, discussions at the Regional Conferences and the Members' calls for further action coalesced around three major themes, all of which represent fundamental elements of the Organization's decentralization process to improve performance, results and impact at the country level. Each Regional Conference had somewhat different formulations and proposals in these areas but there was notable consensus. These themes are:

- The need for greater empowerment of Regional and Country Representatives and Subregional Coordinators to speed up and simplify approvals and other processes, in order to deliver timely support and results. These aspects flow directly from the internal changes outlined above.
- Strengthened technical capacity of FAO in the countries and regions, the need for a greater presence and effectiveness in supporting policy reforms, and the related overarching need for better planning, monitoring and reporting on the corresponding results and impact.
- Partnership and much greater and more sustained interaction with others along a number of fronts. These include greater integration with regional economic integration bodies and other regional programmes, and partnerships with civil society and the private sector. It also requires making much more creative and effective use of what the countries have to offer in terms of South-South Cooperation and other forms of working together, with FAO facilitation, to share knowledge, experience and resources.

37. The general decentralization issues were endorsed as follows:

38. **Improved planning and priority setting.** All Regional Conferences discussed FAO activities in their regions and agreed on a set of priorities, including in some cases for subregion or groups of countries. For the first time civil society organizations were involved in this process in a systematic manner. While further improvements in the priority setting process will continue to be made through the preparation of high-quality CPFs, better use of the outcomes of regional technical commissions, and enhanced collaboration and coordination with IFIs and other resource partners, the process so far

has set a good basis for a renewed FAO that can better meet Members' needs related to food and nutritional security. This will be done through the use of the various new tools and instruments developed in the last few years, such as the resource management and partnership strategies and the guidelines for country planning, as part of a package of actions in response to the IPA and other independent evaluations.

39. **A more flexible Decentralized Offices network with strong Country Office leadership.**

The Regional Conferences agreed that a more needs-oriented Country Offices network is required and that strengthened technical skills are needed to support them. The Regional Conferences also called for a strengthening of field presence in some cases that is necessary for enhanced country impact. It was also emphasized that improved human resources management related to the field staff is needed together with mobility, training and the use of more innovative instruments.

40. **An integrated model for programme delivery.** The Regional Conferences endorsed proposed measures for a better integration of programme and project delivery, including integration of emergency and development activities; more strategic use of TCP resources and a build-up of synergies with the work of other UN agencies, particularly the Rome-based agencies.

41. **Reallocation of resources within the Decentralized Offices network.** The post review that was carried out by the knowledge and operational arms at headquarters is now underway at the Regional Offices and will now be accelerated following the headquarters review. Time constraints did not permit the conclusion of these regional reallocation proposals by the deadline for the current paper but the Regional Offices are committed to doing so and making the best use of existing resources as a first step in rationalizing budgetary allocations. This pending action will be informed by the discussion of regional priorities at the Regional Conferences and progress in the overall strategic planning process.

42. **Specific actions arising that have additional cost implications.** The actions that have incremental cost implications fall into two categories. The first refers to those actions, outlined above, that seek to correct longstanding shortcomings of the ongoing decentralization process. The second category refers to those actions that enhance partnerships or strengthen the work of specific subregions. The estimated aggregate cost of both of these categories of changes is USD 10.4 million , which amounts to roughly half of the reallocations set out in the further adjustments to the PWB (CL 144/3).

43. The first set of actions includes i) management and oversight of human and financial resources; ii) the integration of emergency, rehabilitation and development work, and iii) the progressive elimination of the outposted technical officer scheme to cover FAORs. More specifically, the following actions are proposed:

- As part of this process, each of the Regional Offices will have a common model operations support unit for handling all of the resources available in an integrated manner. Not all of the Regional Offices have sufficient staff for this purpose and, for example, a Strategy and Planning Officer post will be added in the Regional Office for Latin America and the Caribbean (RLC), a Human Resources Officer post in the Regional Office for the Near East (RNE) and the Human Resources Officer post in the Regional Office for Africa (RAF) will be upgraded to fulfil this role.
- Most of the changes required in the integration of emergency, rehabilitation and development operations are cost neutral, but the process places new demands on two Country Offices in particular that have so far been managed as Emergency Coordination Units rather than FAO Representations (Guatemala and Somalia). Most of the costs of these offices will continue to come from extrabudgetary resources but the integration of the work as "One FAO" and "One Office" requires some partial funding from the Regular Programme.
- The outposted technical officer scheme for FAORs will be phased out, restoring technical positions in Regional/Subregional Offices that are being used to fund FAOR positions.

44. The second category contains actions specific to each Region that are outlined below. In addition, it is recognized that increasing partnerships and collaboration with civil society and the

private sector is a high priority across the Organization and these actions should be fully incorporated into the normal work routines of all FAO units. Nevertheless, in order to move quickly and have someone in place whose job it is to make things happen, the position of Partnership Development Officer will be created in each of the Regional Offices. These positions will be funded for two years from non-staff resources, ideally by relatively younger professionals, preferably with experience in the private sector and civil society.

### **Specific Actions by Region**

#### **Africa**

45. There were four specific decentralization topics of particular importance that arose in the Regional Conference for Africa. They are: i) strengthening the collaboration and more active, sustained engagement with the African Union (AU) and the African Regional Economic Communities (RECs); ii) strengthening the systematic collaboration and partnerships with civil society organizations; iii) adjusting the composition and location of decentralized technical support teams; and iv) strengthening the capacity of the Regional Office for Africa (RAF) to develop regional strategies and plans and to monitor the implementation of country and regional programmes.

46. Concretely, the following changes are proposed:

- To reinforce collaboration with the AU and the United Nations Economic Commission for Africa (UNECA):
  - Upgrade the position of the Subregional Coordinator/Representative to the AU and UNECA;
  - Create a post of Programme and Partnership Development Officer to work with the AU and UNECA;
  - Shift existing resources to a post of Programme Officer to strengthen the relationship with the host Country.
- To reinforce collaboration with the Intergovernmental Authority on Development (IGAD) in Djibouti:
  - Modify the terms of reference of the FAOR to reflect this new role;
  - Move to Djibouti the Livestock Officer from the current Emergency Coordination Regional Office based in Nairobi, Kenya.
- To reinforce collaboration with the Economic Community of West African States (ECOWAS):
  - Modify the terms of reference of the FAOR in Nigeria to reflect this new role.
- To reinforce collaboration with the New Partnership for Africa's Development (NEPAD) and expand South-South Cooperation Programmes with South Africa:
  - Modify the terms of reference of the FAOR in South Africa to reflect these new roles;
  - Shift existing resources to have a Policy Officer post located in that Office.
- To reinforce collaboration with the Southern African Development Community (SADC):
  - Create a post of Programme and Partnership Development Officer to be based in the SADC Office in Gaborone, Botswana.

47. In addition to the changes outlined above on the integration of development, rehabilitation and emergency operations, the following actions were requested at the Regional Conference:

- To place the staff from the Emergency Regional Offices based in Dakar, Johannesburg and Nairobi under the functional responsibility of the Subregional Offices, and consider their physical relocation as well;
- With a mix of internal and external resources, to create a small unit of staff in the FAO Offices of Dakar, Johannesburg and Nairobi, under the direct supervision and responsibility of the respective FAORs, for resource mobilization and advocacy;
- In line with the practice of other UN Agencies and as called for by the Regional Conference for Africa, to re-open the dormant FAO Country Office in Somalia, which currently exists as an emergency coordination unit with an Officer-in-Charge. As at present, a large portion of the costs of the Office will be covered by project inputs and AOS, but following integration of the emergency and development operations some regular programme funding will be required for partial coverage of the FAOR and Assistant FAORs.

48. In order to rationalize the composition and location of technical support throughout the region, including FAO regular and project staff and national and regional expertise in collaborating institutions the Regional Office working with headquarters Technical Departments will:

- Identify and strengthen the network of professionals working for and in collaboration with FAO throughout the Region;
- Review the skills mix and location of the FAO-funded technical staff according to the agro-ecological characteristics and the country and subregional programme frameworks.

49. During the second semester 2012 it is planned to merge the Subregional Office for West Africa (SFW) and the Regional Office for Africa (RAF) based in Accra, Ghana, once the legal implications have been dealt with appropriately. This will entail:

- Abolishing the role of Subregional Coordinator, to be replaced by the role of a Deputy Regional Representative serving as FAOR Ghana;
- Creating a technical hub in Abuja, Nigeria, providing necessary technical assistance to countries and strengthening the relationship with ECOWAS.

### **Europe and Central Asia**

50. In line with the priorities identified, the Regional Conference for Europe discussed challenges: i) partnership development in middle-income countries that would also serve as stimulus for expanded South-South Cooperation; ii) establishing FAO offices in two countries with the greatest need for technical cooperation; and iii) the creation of (national) Assistant FAOR posts for two other priority countries with the greatest needs.

51. To reinforce the collaboration with middle-income countries in the Region and the development of South-South Cooperation and other collaborative technical programmes, the Regional Office for Europe and Central Asia (REU) plans to:

- Fund a post of Programme and Partnership Development (or FAOR, depending on the host country agreement) with additional costs coming from host country contributions, project inputs and AOS in Azerbaijan, Kazakhstan and Turkey;

52. To address the needs for technical cooperation in the countries identified as top priorities:

- Fund the posts of FAORs in Kyrgyzstan and Tajikistan, also under the assumption of host country cost sharing, the use of project inputs and AOS as the programme develops; and
- Fund national Assistant FAOR posts in Uzbekistan and Moldova.

### **Asia and the Pacific**

53. With regard to the technical capacity in the Region, in addition to the voluntary outposting of technical officers mentioned above, in line with the proposed end of the outposted technical officer scheme for FAORs, it is proposed to restore to the technical programme of the Region (but not

necessarily for the Regional Office for Asia and the Pacific (RAP)) the funds that had been temporarily utilized by the Country Offices network (equivalent to two P-4 level posts and one at P-5 level).

54. In addition, based on the priorities identified at the Regional Conference:

- For more effective coverage of the Pacific Islands and Papua New Guinea (where substantial project funding exists):
  - Fund a post of Programme Development Officer in Papua New Guinea, to be based in the UN Resident Coordinator's Office or in an appropriate government ministry, with additional funds coming from the existing Reducing Emissions from Deforestation and Forest Degradation (REDD) project and others currently under development;
  - Create national Assistant FAOR posts in four of the Pacific Island countries with the greatest need;
  - Create a new Marine Resources Management post at the P4 level in the Subregional Office for the Pacific Islands (SAP).
- For more effective programme development and delivery in two other priority programme countries:
  - Add temporary positions of Programme Officer or Deputy FAOR in Mongolia and the Democratic People's Republic of Korea, with additional host country cost sharing, use of project resources and AOS, with the assumption that at the end of the biennium a significant portion of the positions' cost will be covered by external resources.

### **Latin America and the Caribbean**

55. For the Latin America and Caribbean Region, the Conference endorsed the strategic priorities and the general decentralization proposals and called in particular for greater emphasis on South-South Cooperation, partnerships with civil society and the private sector, and policy support for the region. With this in mind, a new post of Policy Officer has been created in the Subregional Office in Panama, reallocating existing FAO resources available from the elimination of a similar level post in the Liaison Office in Washington. A similar post is required for the Caribbean subregion. The Regional Conference called for greater support to Guatemala, one of the countries with high food insecurity. In line with the other regional conferences, it also called for better planning, monitoring and reporting on the regional programme and its alignment with other regional and subregional action plans and agreements.

56. Consequently, plans call for:

- Funding the post of FAOR for Guatemala, merging with the role of Emergency Coordinator that currently exists, with an assumption of host country cost sharing, the use of project inputs and AOS;
- Creating the post of Policy Officer for the Caribbean.
- Creating the post of Strategy and Planning Officer for RLC.

### **Near East**

57. The Regional Conference for the Near East met from 14 to 18 May 2012 and its recommendations, which had not been finalized at the time that the present document was submitted, will be duly incorporated. Notwithstanding what may be agreed, it is expected that the Regional Conference will likewise endorse the need for a Strategy and Planning Officer and a Partnership Development Officer in the Regional Office for the Near East (RNE). In the Senior Officers Meeting of the Regional Conference for the Near East, the participants appreciated the proposal of ending the outposted technical officer scheme that currently covers the posts of three FAORs, to be replaced by three Assistant FAORs, with the remaining funds used to strengthen the technical programme. This change is expected to be cost neutral.

## Resources and Implementation

58. As indicated, in some cases the changes proposed imply creating posts, for example to end progressively the outposted technical officer scheme for FAORs and restore technical positions in Regional/Subregional Offices which are being used to fund FAOR positions; or establishing a Strategy and Planning Officer post for the Regional Office where it does not exist. In other cases, including for strengthening FAO presence in countries, the approach is to provide resources to the Regional Offices to quickly deploy people who would develop programmes that attract external funding which would cover part or all of their costs. This model is already in use by the Investment Centre and in TCE, whereby all or part of the staff cost is funded by extrabudgetary resources.

59. The resources for the above actions, which are shown in Table 1, are estimated on a biennial basis at about USD 10.4 million. This figure amounts to roughly half of the total reallocations set out in the further adjustments to the PWB (CL 144/3).

*Table 1: Incremental Costs and Positions*

	Europe and Central Asia	Latin America and the Caribbean	Asia and the Pacific	Near East	Africa	Liaison Offices	Total
<b>Number of Posts:</b>							
<b>International</b>	6	4.5	8	2	4.25	-1	23.75
<b>National</b>	2		4		1		7
<b>Costs (USD million)</b>	2.6	1.8	3.7	0.8	2.1	-0.6 <sup>1/</sup>	10.4

<sup>1/</sup> Includes savings from the downgrading of four D2 Liaison Offices posts to D1 level.

## IV. Conclusion

60. FAO does many things right, as the words of the Council's earlier endorsement of the vision on decentralization put it, "as a world-wide provider of high quality policy advice, information, support for capacity development and technical services on food and agriculture". There are also areas where it can do much better. The changes outlined in the paper under the broad rubric of "decentralization" all relate to making an Organization that is better equipped to produce knowledge, norms and standards that can be translated into country-owned policies, strategies and programmes, while incorporating new national and regional experience as the global knowledge and normative work evolve.

61. Actions included in this paper: a) improve the performance, results and impact of all of FAO's work at the country level; b) reduce fragmentation and increase integration across all aspects of FAO's work, irrespective of source of funding, between Decentralized Offices and headquarters, between normative and global knowledge products and its actions in the field, and along the emergency-rehabilitation-development continuum; and c) to promote partnerships with national and regional institutions, other UN and non-UN international agencies, the private sector, universities and research organizations, and civil society.

62. These actions will not come at the expense of weakening headquarters technical capacity. It is important to recognize, however, that the significant improvement in organizational performance to enhance the tangible impact of global public goods on the ground can only be achieved with appropriate decentralization. Decentralization signifies much more than a simple reallocation of resources between headquarters and the field. Instead, it describes a shift in emphasis towards country-level impacts and focuses on linking the Organization's global expertise, knowledge products and leverage with the needs and priorities of countries and regions.

63. The Regional Conferences held in 2012 reiterated Members' deep appreciation for what the Organization does and for the value they receive from its talented and experienced staff working in close collaboration with a host of counterparts. The Regional Conferences also highlighted areas that need attention and shortfalls in meeting expectations of Members in support of achieving their national goals. Organizational change is necessary and decentralization is a critical dimension in achieving greater performance, results and impact. The actions outlined in the paper are all designed to correct longstanding problems and address others that arise in response to the deliberations of the 2012 Regional Conferences, to improve the performance, results and impact of FAO's work at the country level. They relate to:

- **Improved Planning and Priority Setting**
  - taking greater account of country, subregional and regional needs; give an enhanced role for the Regional Conferences in providing building blocks for the strategic thinking process and the formulation of the MTP/PWB;
  - increasing involvement of Civil Society, the Private Sector, the regional technical commissions, the Regional Economic Integration Organizations and partners such as the UN and IFIs; and
  - improving reporting on FAO's activities in the region following results-based management principles using agreed indicators and targets.
- **A More Flexible Decentralized Offices Network**
  - strengthening the cadre of FAORs;
  - strengthening presence in countries facing particular challenges related to food and nutritional security issues;
  - providing better technical and operational support to Country Offices;
  - adjusting subregional offices/multi-disciplinary teams so that they have a more needs-oriented skills mix; and
  - focusing the work of Regional Offices on providing overall administrative and managerial guidance to the Decentralized Offices network.
- **An Integrated Model for Programme Delivery**
  - transferring responsibility, management and accountability for operations related to emergency and rehabilitation activities to the Decentralized Offices, under the overall authority of ADG/Regional Representatives;
  - aligning TCP to country, subregional and regional priorities; and
  - increasing fungibility of resources within a region in line with member needs.
- **Monitoring and Oversight**
  - introducing the GRMS; improving ICT infrastructure; strengthening internal control framework; and developing a detailed recovery procedure (DRP) in case of emergencies that may disrupt business continuity.

#### **Suggested action by the Programme and Finance Committees and Council**

64. The Council, taking into consideration the views of the Joint Meeting of the Programme and Finance Committees, is requested to endorse the proposal for the structure and functioning of the Decentralized Offices network.