Executive Summary

1. This IPA progress report covers the period July to September 2010. IPA Project leaders have reported good overall progress, details of which are provided in Section I of the report.

2. In addition to progressing individual IPA actions, there has been substantial activity at the IPA programme level. In response to member requests at the June CoC-IEE meeting, work has been completed to simplify and frame the IPA programme in a qualitative manner in terms of tangible benefits. This work frames the IPA programme in terms of its key benefits and links these to the major IPA actions. The high level outcome of this work is a statement of overall IPA programme benefits in which a reformed FAO will:

   - *direct all actions towards clearly defined outcomes for a world free of hunger and contribute to improving living standards in a sustainable manner. It will achieve this through improved governance to ensure clarity of member needs and improved internal management practices to deliver against those needs;*

   - *ensure that all its resources, at all geographic locations, work in synergy and in productive partnership with external partners, to achieve the greatest impact;*

   - *have a balanced and motivated workforce working in an enabling environment with the necessary knowledge and experience to deliver better against its mandate;*

   - *benefit from support services that are client-oriented and streamlined and be able to provide timely and trusted financial and other resource information, in the most cost efficient manner.*

3. Subject to member approval, this benefit driven approach, further elaborated in Section II, could provide a basis for future monitoring and reporting on IPA benefits realization.

4. As indicated in the report to the June CoC-IEE meeting, the IPA programme carries with it risks and challenges. Management has been fully engaged in a major risk assessment exercise undertaken by an external consultant. It considers the risks associated with this major change programme and measures to address the risks to achieve the benefits of reform. The Executive Summary of the IPA Risk Assessment report is included as Annex III to this progress report. This report was delivered in late September and is receiving management's attention.

5. The risk assessment report highlights risks for each IPA project and also at the programme level. At the project level it provides a mechanism for prioritizing risks and provides a risk log, together with associated mitigation measures developed by the Project leaders. Management and Project leaders will be working throughout the remainder of 2010 to action the mitigation measures where these reduce or eliminate major risks to successful delivery of the IPA. Management will also work with Project leaders to maintain the risk log as new risks emerge and mitigating measures reduce the likelihood of identified risks occurring.

----

6. At the overall IPA programme level the report recommends changes to strengthen the internal governance of the IPA. These recommendations include the establishment of an IPA Programme Board, strengthening of a Programme Management function, introduction of more rigorous project standards and the completion of a dependency analysis. In addition to the ongoing maintenance of the risk log further periodic risk assessments are foreseen as a best practice measure for a change programme of such magnitude.

7. It was reported to the CoC-IEE in June that management would undertake an employee survey and an external organization has been contracted to undertake the survey. However, due to exhaustive preliminary consultations, the exercise has been delayed with online survey launch date now planned for November 2010. While more details on the overall IPA Communication and Engagement Plan are elaborated in Section II, management will report on the employee survey results at the next CoC-IEE meeting.

8. At the June CoC-IEE meeting members requested a total estimate of the financial requirements for implementation of the IPA in 2012-13. This has been developed and Project leaders have also taken the opportunity at this near mid-biennium point to review 2010 expenditure and the allocation between IPA projects of the 2010/11 budgets.

9. As at end September 2010 actual and committed expenditure of the IPA programme totals USD 10.01 million and Project leaders anticipate total expenditure for 2010 at USD 16.82 million. To this anticipated expenditure of USD 16.82 million for 2010 must be added the balance brought forward from 2009 of USD 3.08 million from the IPA Trust Fund which will be fully expended in 2010. This generates a total projected expenditure on IPA in 2010 of USD 19.9 million.

10. The 2012/13 IPA programme has been developed considering the implications of decisions taken in 2009 to reduce the scope of some IPA actions and introduce delays and extensions to others in order to reduce the projected 2010/11 IPA costs from USD 59.8 million to USD 38.6 million based on the draft PWB (C2009/15, paragraph 115). To this has been added the 2012/13 costs and savings of the Root and Branch review. The resulting 2012-13 IPA programme is estimated at USD 15 million for the biennium. In arriving at this estimated cost management has made assumptions regarding not restoring the scope reductions introduced in 2009.

11. In addition to the 2012/13 IPA programme the biennialised recurrent costs (USD 32.5 million) and recurrent savings (USD 8 million) from the 2010/11 IPA programme totalling USD 24.5 million must be added as these represent an ongoing commitment arising from the 2010/11 programme.

12. The total 2012-13 IPA Programme costs are USD 39.5 million (net biennalised costs USD 24.5 million plus new IPA costs and savings USD 15 million). These costs are preliminary estimates and updated figures will be presented within the PWB 2012-13

Introduction

13. This IPA progress report covers the period July – September 2010. During this period good overall progress continues to be made with delivery of IPA actions. In addition to progressing individual IPA actions, Project Leaders have been fully engaged during this period in developments at a programme level, as indicated in the June 2010 progress report:

    a. in response to member requests at the June CoC-IEE meeting for a more adequate balance between the level of detail provided in progress reports (which ties into the accountability aspect of reporting to the Governing Bodies) and the desire to obtain more qualitative analysis, in simpler formats, Project leaders have been engaged in an extensive exercise to simplify and frame the IPA programme in a qualitative manner in terms of tangible benefits to members;

    b. as indicated in the report to the June CoC-IEE meeting, the IPA programme of major change carries with it risks and challenges and Project Leaders have been fully engaged in a major risk assessment exercise to consider risks within IPA projects, across projects and at an Organizational level;

    c. it was reported to the CoC-IEE in June that management would undertake an Employee Survey and provide initial results to the October 2010 CoC-IEE meeting. A contract has been awarded to the external organization that will carry out the survey which is now working with a FAO team to develop the survey questions. However the survey is now scheduled for release in November, rather than September/October and reporting back to CoC-IEE on survey results will be delayed until the next meeting;

    d. in response to member requests to see a total estimate of the financial requirements for implementation of the IPA in 2012-13 preliminary cost estimates have been developed and updated figures will be provided within the PWB 2012-13. Project Leaders have also taken the opportunity at this near mid-biennium point to review 2010/11 budgets and make adjustments between projects within the overall agreed budget.[1]

14. The format of the progress report has been changed in response to requests from members and to reflect the above programme level activities. It comprises four sections and five annexes:

Section 1 – Update on progress is an abbreviated section describing the highlights of IPA progress during the reporting period;

Section II – IPA Programme Management includes the requested qualitative analysis of the IPA programme in terms of tangible benefits to members, the IPA risk assessment and the

---

[1] An analysis of 2010/11 IPA budgets and the proposed 2012/13 IPA programme appears in the report for Finance Committee in October 2010 (FC135/7 - Immediate Plan of Action: Financial Plan 2010-2011 and Estimated Financial Requirements 2012-2013)

strategy for staff communications, including the employee survey;

Section III – IPA Budget and Expenditure 2010-11 provides a summary of the assessment of the 2010-11 IPA projects budget and 2010 IPA expenditure.

Section IV (2012-13 IPA Programme) provides a summary on the 2012/13 IPA activities and associated costs.

> ***Annex I – Detailed achievements in the current reporting period*** provides detailed project-by-project information on progress in the period June to September 2010;

> ***Annex II – Planned activities in the next reporting period*** provides detailed project-by-project information on planned activities for the next reporting period September to December 2010;

> ***Annex III – Risk Assessment*** contains the Executive Summary of the IPA Risk Assessment Report;

> ***Annex IV – Trust Fund contributions***

> ***Annex V – Major variations - 2010/11 IPA Programme Budget Revisions.***

Section I – Update on Progress

Main Achievements – July to September 2010

15. Key achievements for this period are highlighted below. A detailed table comparing the actual achievements in the period July to September 2010 with those projected in the report to the CoC-IEE in June 2010 appears in Annex 1.

16. The achievements in this period have been impacted by the short reporting period and Project team absences associated with the summer period. The areas conveying key achievements are enterprise risk management, information technology, human resources and programming budgeting and results based monitoring.

17. The Enterprise Risk Management (ERM) project has developed a business case (statement of benefits, objective, scope, governance, resource requirements, work plan) for ERM integration with FAO's results-based management approach. This is based on a survey of best practice in UN organizations, experience with the IPA risk assessment, expert advice and consultations with internal stakeholders. The business case will be considered by the 135th Session of the Finance Committee in October 2010.

18. Cooperation between the Information Technology project and the IPSAS project has resulted in an in-principle decision to have a new synergistic approach to the Oracle upgrade project in the context of an overall ERP programme of work, which will also include IPSAS implementation. This synergetic approach should enable other ERP planned initiatives, such as the new travel system, to be developed more effectively with the related IPSAS and FAS replacement developments. Further Information Technology achievements relate to network capacity upgraded in an additional 13 country offices and development of a high definition video conference facility in a further four countries.

----

19. The Human Resources project reports good progress achieved on several of the areas included in the corporate HR strategic framework, including the pilot release of dashboards and reports (part of the HR Management Information and Reporting action) and review of the proposed mobility policy by the newly formed Human Resources Committee. A revised methodology for departmental recruitment targets has also been developed together with implementation of revised selection procedures that require recruiting units to pay special attention to gender and geographic issues. Departments and offices have been identified to host the first cohort of Junior Professionals to be selected amongst the over 2,000 applications that have been received in response to outreach efforts to the Programme, for which the related screening has been initiated.

20. The programming, budgeting and results-based monitoring project has finalised guidelines for the country-level work planning pilot and revised 2010 allotments have been issued based on the work plans prepared by all units. Also, the Secretariat has prepared a synthesis document on the outcome of the discussion of priorities by the Regional Conferences and Technical Committees for consideration by the October session of the Programme Committee and has developed an annotated outline for the two main monitoring and implementation reports for the Governing Bodies.

21. The TCP project has dedicated significant efforts to clarify the process for obtaining technical support and clearance of TCP projects in the decentralized environment. Whilst TCP officers have been recruited in the Regional Offices for Europe (REU), Latin America and the Caribbean (RLC) and Near East (RNE), delays in selection of TCP officers caused a postponement in the roll-out of the Field Programme Management Information System modules (FPMIS) due to insufficient capacity to support the roll-out and a slowing down in planned training activities.

22. With regard to Decentralization, it proved necessary to initiate work on a revised Circular on Responsibilities and Relationships with a view to supporting improved coherence under the newly-established hierarchical reporting lines. A concept note for a benchmarking system for decentralized offices that will enable performance-based reporting and monitoring has also been submitted to Senior Management for review.

23. In administration, the registry management project has developed a detailed business case, completed the project team recruitment and initiated the process technology redesign and policy reformulation.

Main Objectives – October to December 2010

24. For the next reporting period (October to December 2010), Project Leaders will focus on a wide range of objectives, of which the most relevant are noted below. Full details are provided in Annex 2, where Project Leaders report on the most relevant milestones for the period, and provide an assessment of the major risks to be met.

25. To further establish the foundation for results-based management, focus will be on the issuance of results-based implementation monitoring and reporting guidelines and roll-out of the system, the initiation of the country office work planning pilot process and the support to the preparation of its work plans. The accountability framework will also be finalized and issued together with the policy framework and corporate guidance on the

PWB preparation process. The Secretariat will also assist with reports on priorities for the remaining sessions of Technical Committees and Regional Conferences, as well as the Programme Committee and Council, for use in preparing the PWB 2012-13.

26. Efforts of the Technical Cooperation Programme (TCP) will focus on training and deployment of staff to the Regional Offices and will also give priority to support the roll-out of new FPMIS-based project management modules. Decentralization activities will benefit from the deliberations of the Programme Committee at its October 2010 session on the evaluations on Capacity Development in Africa and on Country Programming and benchmarking.

27. The Information Technology project will upgrade the network capacity to an additional seven countries and will implement the revised IT governance structure and procedures. Implementation of the new Release 12 of the Oracle application (R12) will be initiated together with the proposed Enterprise Resource Planning (ERP) programme of work, including IPSAS.

28. The reform of administrative and management systems has set some important milestones to be achieved including incorporating comments and feedback into revised Manual Section (MS) 507 on Letters of Agreements and submission of the final version of the revised MS 507 for approval. With reference to the Common Procurement Team, several joint FAO / IFAD / WFP tenders of large value are foreseen (total aggregate value of USD25 million) in its 2010 tender plan to be awarded in the November-December timeframe, with effect in 2011.

29. The Culture Change team will develop a major change management awareness programme for senior managers and provide advice and assistance to Local Change teams in both HQ and decentralized offices.

30. Management support measures to the IPA programme foresee principally the required activities emanating from the recommendations of the IPA Risk Assessment, the implementation of the Communication and Engagement roadmap and the launch of the Employee Survey and analysis of results.

Section II - IPA Programme Management

31. This section describes progress on three activities where significant progress has been made at the IPA programme level:
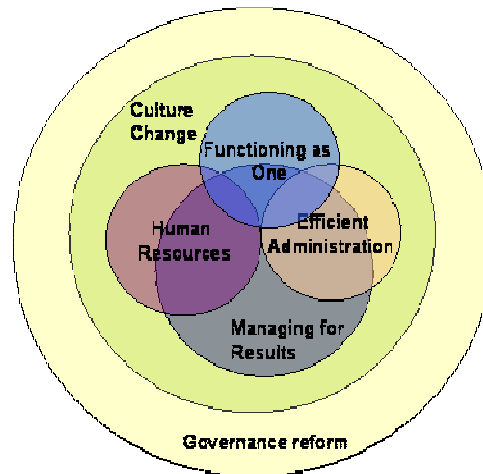
- IPA programme benefits
- IPA risk assessment
- IPA Communication and Engagement Programme

IPA programme benefits

32. At the CoC-IEE meeting in June 2010 Management was asked to provide a more qualitative analysis, in simpler formats, of the IPA programme. In developing this qualitative analysis, Project leaders used the high level framework that divides the IPA

----

programme into 6 thematic areas (see figure 1) as previously presented to members.

Figure 1 – thematic areas of FAO reform

33. Key benefits deriving from each thematic area were analysed to provide a high level statement of the key benefits arising from the IPA programme in terms of tangible benefits to members. Each element of the high level statement is linked to the major IPA actions to ensure that the benefits are achievable by completing the IPA programme and also to provide a framework for reporting on progress in achieving benefits.

High level statement of IPA reform benefits

34. A reformed FAO will:

- *direct all actions towards clearly defined outcomes for a world free of hunger and contribute to improving living standards in a sustainable manner. It will achieve this through improved governance to ensure clarity of member needs and improved internal management practices to deliver against those needs;*

- *ensure that all its resources, at all geographic locations, work in synergy and in productive partnership with external partners, to achieve the greatest impact;*

- *have a balanced and motivated workforce working in an enabling environment with the necessary knowledge and experience to deliver better against its mandate;*

- *benefit from support services that are client-oriented and streamlined and be able to provide timely and trusted financial and other resource information, in the most cost efficient manner.*

Linkages to the 6 thematic areas and to IPA actions

35. These key IPA reform benefits can be categorized under each of the six thematic areas of reform and to the major IPA actions that support each thematic area to ensure that all
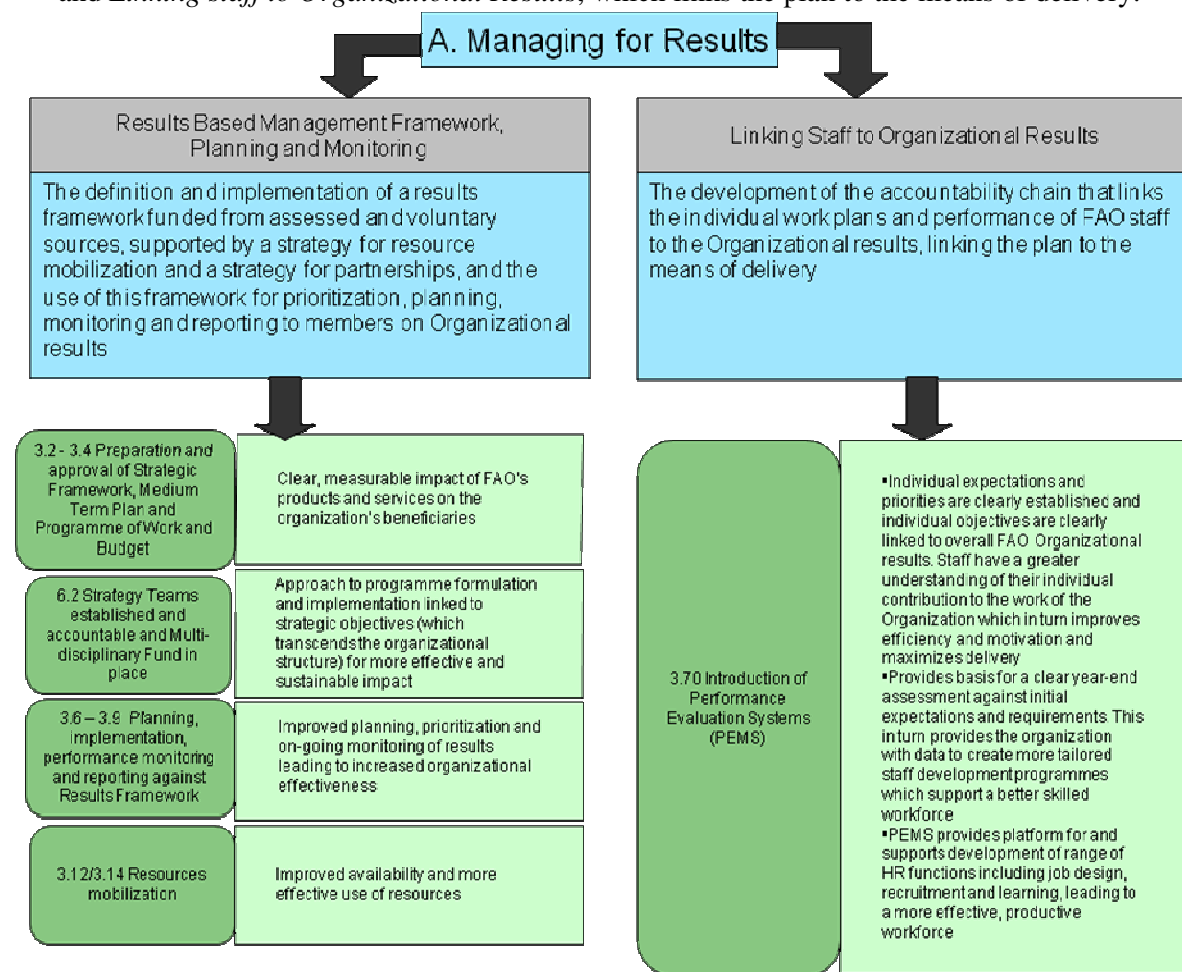
----

benefits will be realized by completing the IPA programme, and also to provide a
framework for reporting on progress in achieving benefits.[2]

36. <u>Managing for Results</u> (Focusing on member needs through results-based programming,
monitoring, reporting and resource mobilization)

Key benefit: A clearly defined, consensually agreed impact of the Organization on
beneficiaries, and measurable means to achieve it

37. The overarching objective of FAO reform is to transform the Organization into one that
manages for results. This requires successful completion of two elements: the clear
articulation of member objectives and, within this context, the design and delivery of
measurable results with clear impact.

To deliver this Organizational benefit, successful delivery must be achieved in two areas.
Results Based Management Framework - Planning and Monitoring, which must ensure
that the required framework is established and results measured, monitored and reported
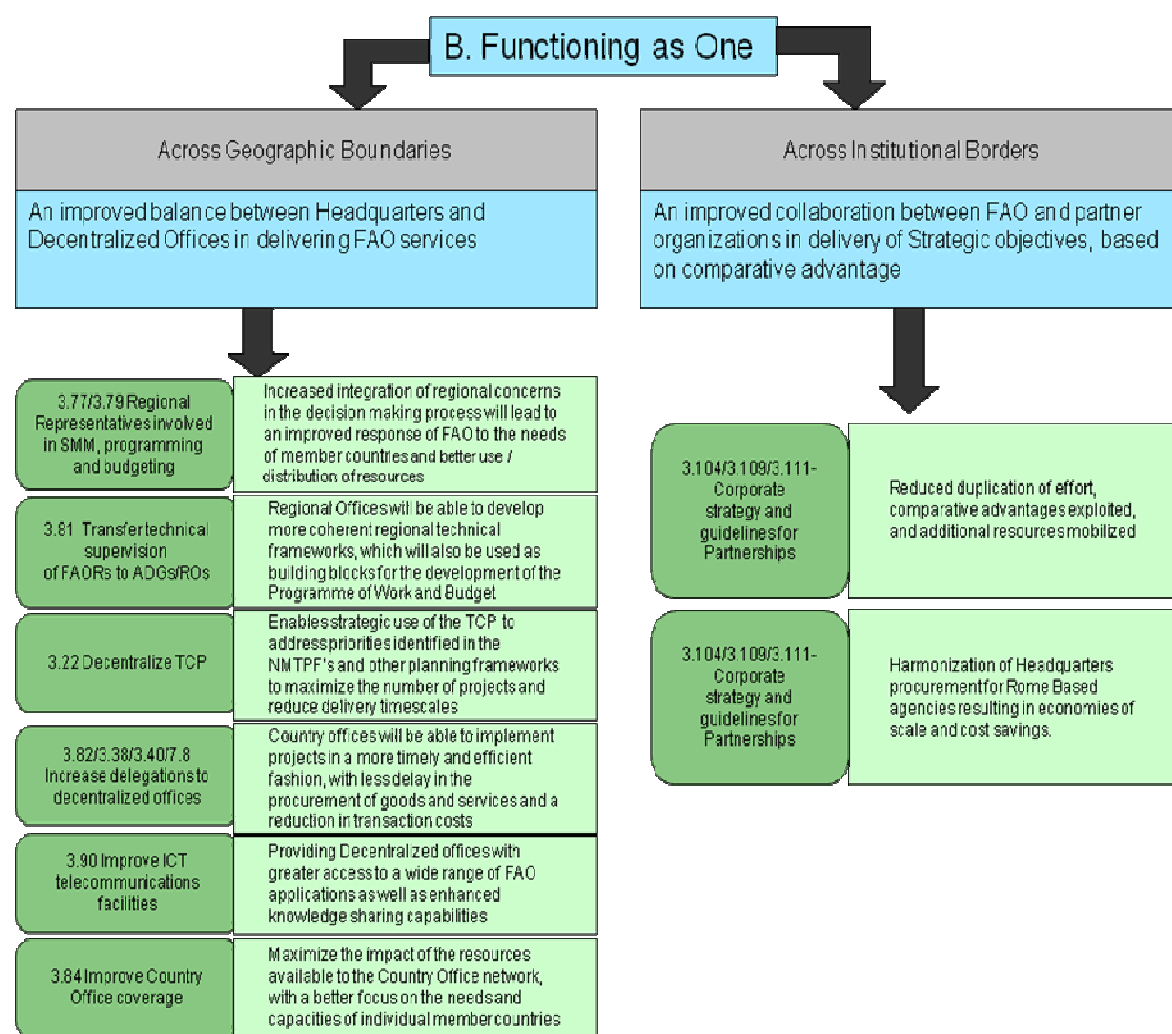and *Linking staff to Organizational Results*, which links the plan to the means of delivery.

Functioning as One (Functioning as one organization by aligning FAO structures, roles and responsibilities to the results framework).

Key benefit: All the resources of the Organization at all geographic locations and external partners, work in synergy and complementarity to achieve Organizational results within the results-based framework.
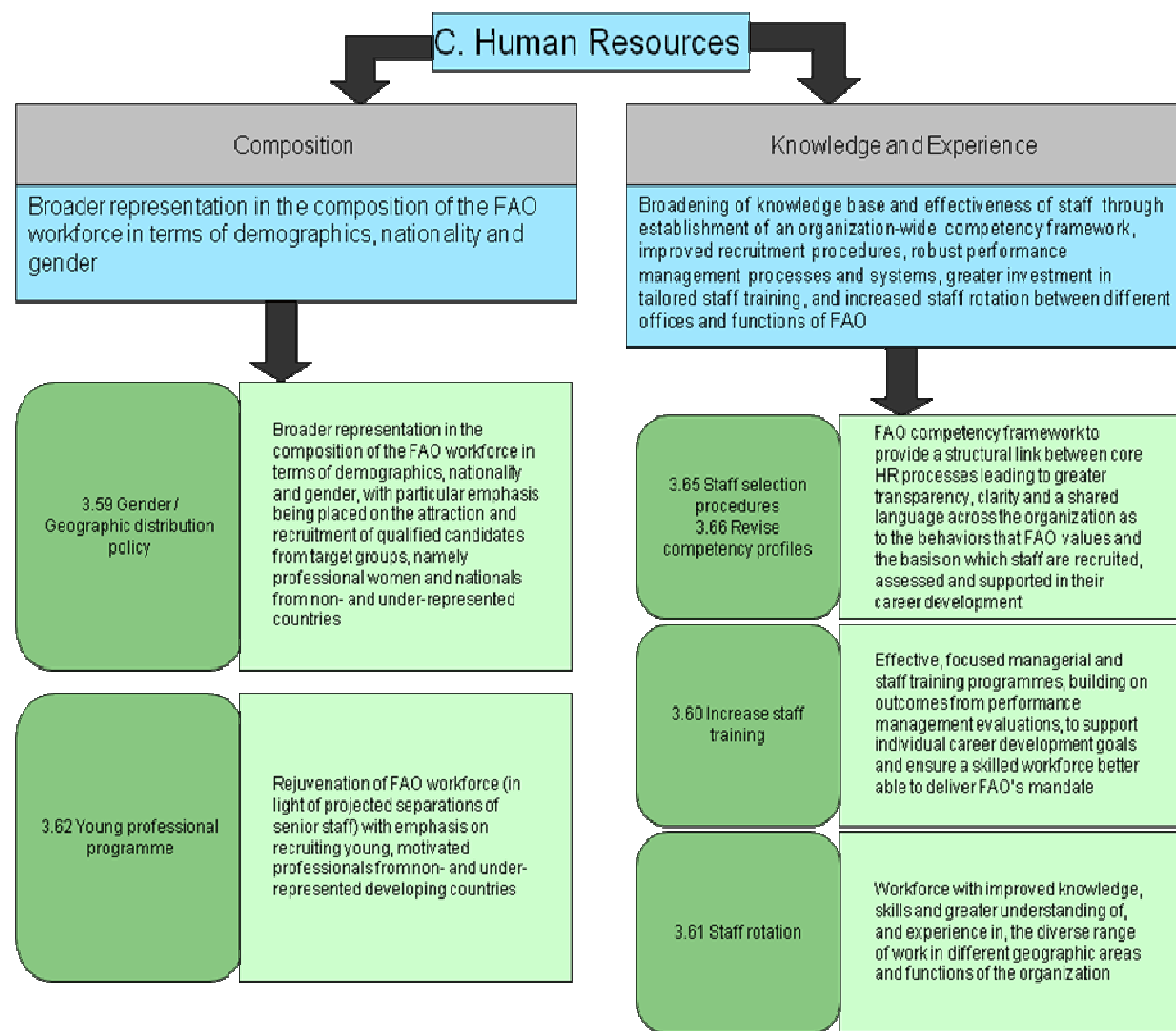
38. In order to function as one FAO must have all its resources work in synergy *Across Geographic Boundaries*, i.e. irrespective of where they are located and *Across Institutional Borders,* whereby synergies and efficiencies are sought and put in place with partner organizations.

39. <u>Human Resources</u> (Transforming the HR function for improved service delivery, adopting a more strategic, partnership approach to HR Management and increasing investment in staff development)**.**

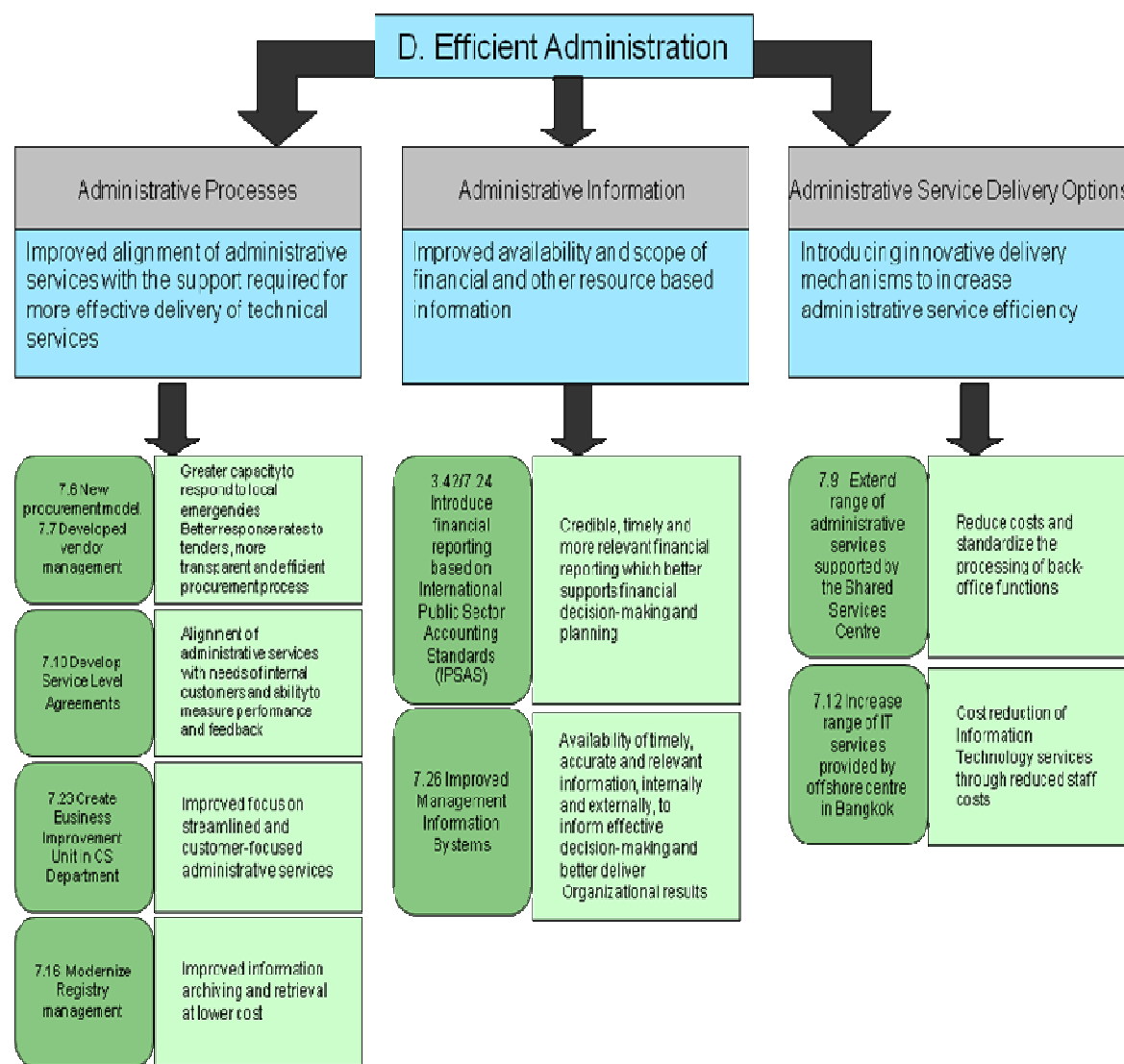   *Key Benefit:* Ensures an enabled, effective and motivated workforce better able to deliver FAO's mandate.

40. FAO's main asset - and the foundation for the achievement of its organizational results - is its human resources, who provide the totality of its technical support to Members. The human resources *Composition* must be balanced in its demographics, nationality and gender, and its *Knowledge and Experience* must be broadened and targeted to achieve agreed organizational results.

----

41. <u>Efficient Administration</u> (Efficient use of member contributions through reform of administrative and management systems).

    Key benefit: Better delivery of FAO technical services through client-oriented and streamlined administrative processes, improved value and relevance of financial and other resource information, and innovative administrative service delivery options.
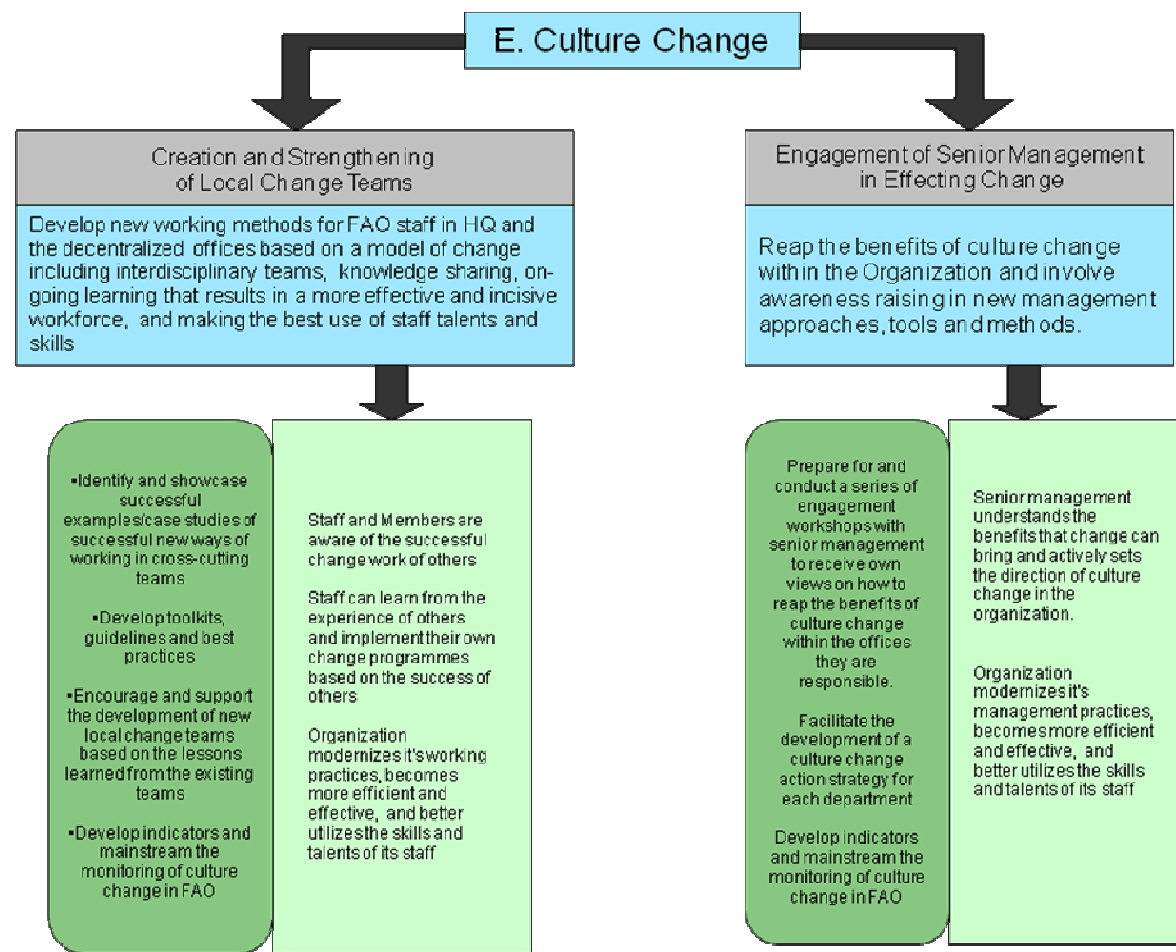
42. To deliver this Organizational benefit successful delivery must be ensured on three areas. There must be efficient *Administrative processes,* through an improved alignment of administrative services with the support required for more effective delivery of technical services, the *Administrative information* must be timely, accurate and relevant and the *Administrative service delivery options* must aim at greater effectiveness and efficiency.

43. <u>Culture Change</u> (Enabling a more effective, dynamic and high performing organization which responds to the demands of its constituencies and allows its employees to deliver their best).

    Key benefit: Creates an enabling, inclusive work environment, based on FAO's internal vision and values which allows the Organization to better deliver on its mandate and optimizes the talents of its employees.

44. " *Organizations do not change. People do...... or the they do not".* FAO staff at all levels and grades must be engaged in, and fully supportive of, the FAO reform by way of an organizational Culture Change which, through the *Creation and strengthening of local change teams,* will develop new working methods that allow making the best use of FAO staff talents and skills and where the *Engagement of Senior management in effecting change* will contribute to new modernized management practices and, ultimately, a more efficient and effective Organization.

----

45. <u>Governance reform</u> (Reform of governing body roles, functions and working methods).

Key benefit: Improved articulation of member needs, higher levels of trust and continuity both between members and between members and management, and improved internal management practices to better deliver Organizational results [3].

46. In order to be fully successful, the process of reforming FAO must be underpinned by a strengthened governance, where the *Governing Body reform* will result in a more inclusive, open and trusting system of member governance and which will ensure that the *Internal governance* provides a more effective oversight to enhance overall performance and improve management of resources.

----

[3] Excludes to improve global governance of food and agriculture (e.g. reform of CFS)

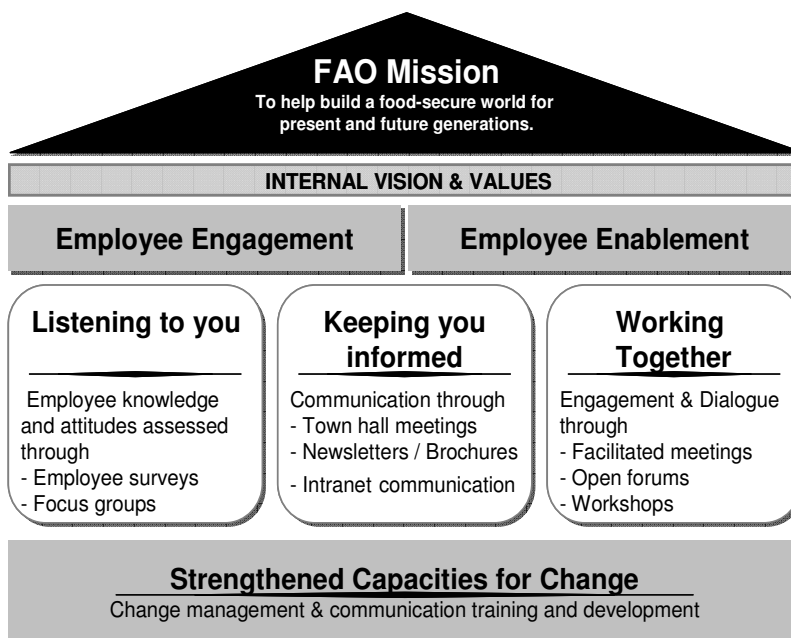
IPA Risk Assessment

47. In the October 2009 report of the Council (CL 137REP, Para 45) it was recognized that *"Member responsibilities would change from hands-on to oversight and monitoring and that special attention would be given to the risk elements in IPA".* In response to this need, management has undertaken a full risk assessment across the IPA programme. This is not to question the merits, need or rationale of the reform, nor the benefits it intends to achieve, but as a best-practice management measure to facilitate timely adjustments to the implementation of the IPA by identifying and addressing any current threats or needs for improvement, and equipping IPA Project Leaders to manage their risks in the future.

48. The assessment was overseen at management's request by the Office of the Inspector General, who engaged an external risk specialist to facilitate the exercise using a methodology in line with up-to-date International Standards for Risk Management. The initial exhaustive consultative and informative process with senior management in HQ and Decentralized Offices was followed by an in-depth analysis of IPA actions, which were disaggregated in 26 areas originating from the 16 IPA projects. For each area, detailed risk logs were produced and these will be utilized for managing, maintaining and monitoring the risks and related mitigating measures that have been identified by Project Leaders.

49. The risk identification process sought to identify three areas of risks; (i) risks to delivery of IPA actions, in budget and on time; (ii) risks of disruption to FAO's agreed programme of work as a consequence of IPA implementation and (iii) risks to realizing the expected IPA benefits. The identified risks have been rated in terms of impact and likelihood of the risk happening. Finally, Project leaders have identified mitigating actions to bring the identified major risks under control. This process has been applied at the individual IPA project level as well as at the programme level.

50. Management has welcomed the report which was received on 29 September (Executive Summary attached at Annex III), and is committed to pursue recommendations included in the report. The risks and challenges identified through the assessment are to be expected in a major change-management endeavor, whose "*scale and complexity are unprecedented in the UN and would only be seen in the private sector following a corporate acquisition*", as recognized in the Risk Assessment Executive Summary.

51. Management will address the issues identified in the report at both programme and project levels to identify measures to strengthen the internal programme level governance and ensure proper implementation of the suggested programme management function. The Reform Support Unit will also review the interdependencies between IPA actions with a view to identifying those affecting the programme as a whole, confirm them and define the mitigating/action measures that are required to adequately manage them.

52. As an immediate priority, management will review all the highest level project risks and include in the next progress report the management actions undertaken to address those risks. The Reform Support Unit will also work with Project Leaders on addressing lower-rated risks and on identifying the procedures required to maintain the risk logs. Furthermore, the aggregation of IPA actions into projects will be reviewed in order to confirm the adequacy of the current 16 projects or if a further breakdown would be more appropriate for some major projects.

53. Finally, management intends to identify arrangements which will enable a regular oversight of risks associated to the IPA programme including appropriate reporting in future progress reports. The objective of the management measures is to support IPA actions being delivered on time and on budget without major disruption to FAO's agreed programme of work and achieving the benefits expected from the IPA. Future progress reports will include all actions taken to support members in executing their oversight mandate.

IPA Communication and Engagement Programme

54. Employee communication and engagement is a major component of the overall management arrangements for the IPA. Management recognizes that communication with employees has been a challenge and a communication and engagement strategy and three-year programme has been developed by the Reform Support Unit.

55. The communication and engagement programme takes its lead from the new results-based management framework for FAO to ensure that employees are aligned behind FAO's mission, global goals, the Strategic Framework, the Immediate Plan of Action as well as the internal vision and values. The goal of the communication and engagement programme is to ensure that employees understand and support FAO's mission and that employees are sufficiently supported by an organizational structure, services and culture that optimizes their performance. The objectives of the communication programme are to explain the purpose of reform to all employees, paint a picture of what a reformed FAO will look like, set out a step-by-step plan on what needs to happen to achieve this and enable each person to identify their role in contributing to a renewed FAO. To achieve these objectives, four main areas of focus have been developed. They are described below and illustrated in figure 2.

Figure 2 – Communication and Engagement Framework

56. The activities are organized into four inter-related components designed to facilitate employee enablement and engagement:

- **Listening to you:** comprises activities designed to understand the changing knowledge, attitudes and readiness for change amongst employees. The success of the communication programme and the uptake of the reform programme overall will be measured through periodic surveys and in the interim through feedback from focus groups and ad-hoc polls. The first activity is an organization-wide employee survey, which is being undertaken by Hay Group, a reputable global Human Resources and survey company used by other UN and International Development agencies. The employee survey is forward-looking and will ascertain how employee perceptions and attitudes towards reform have changed, set a benchmark for future surveys on employee perceptions and gain feedback on the effectiveness of channels of communication used during the reform process to guide future communication planning. Preliminary work has commenced and the launch of the survey online is planned for November 2010. The reporting and action planning based on the results is planned for December 2010/January 2011. The results of the survey will be communicated directly to employees and will highlight how engaged employees are in reform and what the organization is doing well and where it needs to improve. The survey will be repeated periodically to assess progress. Understanding these issues and engaging with employees will ensure that the efforts and energies of the IPA programme take hold and become part of the fabric of a renewed FAO.

- **Keeping you informed:** provides targeted employee communication (e-newsletter, factsheets and brochures) which synthesize the complexity and depth of reform, mission, vision values and IPA activities, into easily digestible information for employees. The objective is to get targeted communication into employees' hands, onto their desks or to their email and in the physical spaces within offices, rather than passive information placed on a website. The launch date will be immediately following the closure of the employee survey.

- **Working together:** emphasizes face-to-face conversations about reform between leaders, managers and employees. Accepting the premise that "*Organizations don't change, people do... or they do not*" it is through dialogue and joint problem-solving that the IPA will achieve lasting organizational change.

- **Strengthened capacities for change:** the programme is underpinned by capacity development and skills building with leaders, managers and change agents through training, seminars, coaching, toolkits and peer support.

Section III - IPA Budget and Expenditure 2010-11

IPA Trust Fund

57. The IPA Trust Fund remains open to contributions and as at 17 September 2010, it had received contributions amounting to USD 8,802,655 and confirmed pledges for a total of USD 9,012,528. As reported to the Finance Committee (FC 132/12) there was an unspent balance of USD 3.08 million at the end of 2009 which will be fully committed by

31/12/2010. Annex IV provides the status of the Trust Fund contributions as at 17 September 2010.

58. Management has contacted the relevant donors as discussed at the CoC-IEE and Finance Committee in April 2010 to sign an agreement for carry over of the unspent Trust Fund balance of USD 3.08 million to the year 2010. Positive responses have been received from most donors, with no negative feedback.

IPA Project Expenditure in 2010

59. As reported to the CoC-IEE June 2010 meeting, Management has continued to monitor the overall IPA expenditure for 2010 and has summarized within Table 1 below the 2010 IPA projects expenditure. As at end September 2010 the IPA expenditure (actual and commitments) totalled USD 10.01 million with an additional USD 6.81 million anticipated by end 2010 including large commitments anticipated later this year within the areas of Information Technology, Human Resources and Governing Body Reform.

60. To this anticipated total expenditure of USD 16.82 million for 2010 must be added the balance brought forward from 2009 of USD 3.08 million from the IPA Trust Fund which will be fully expended in 2010. This generates a total projected expenditure on IPA in 2010 of USD 19.9 million

Table 1 -2010 IPA Project Expenditure Summary

IPA Project USD Millions	Expenditure as at 30/9/10	Anticipated at 31/12/10	Total 2010 expenditure
1. Governing body reform	0.63	0.75	1.38
2. Oversight	0.63	0.38	1.01
3a. Reform of progr., budgeting & RBM	0.15	0.09	0.24
3b. Publishing in all languages	0.09	0.14	0.23
4. Resource mobilization and management	0.31	0.41	0.72
5. Technical cooperation programme	0.08	0.01	0.09
6. Decentralization	0.28	0.15	0.43
7a. Headquarters structure	0.53	0.07	0.60
8. Partnerships	0.44	0.15	0.59
9. Reform of administrative systems	1.89	0.36	2.24
11b. Information technology	1.41	2.25	3.66
12. Enterprise risk management	0.07	0.03	0.10
13. Culture change	0.33	0.37	0.70
14. Human resources	1.72	1.45	3.17
15. IPA governing body follow-up	0.04	0.04	0.08
16. IPA management follow-up	1.42	0.16	1.58
Total	**10.01**	**6.81**	**16.82**

2010-11 IPA Programme Budget Revisions

61. The IPA programme has a biennial budgetary provision of USD 39.6 million approved as part of the 2010-11 appropriation (C2009/15 and CR 3/2009), Row 1 of Table 2. In 2010, Management has continuously taken measures to improve the alignment of IPA actions within the IPA Projects. At the beginning of 2010, movements of IPA actions between projects were made to improve alignment and integration of IPA actions with the functional responsibilities of Departments and divisions. The result of this was to realign

IPA budgets across projects, within the same overall IPA programme budget approved in the PWB 2010-11, as reported in April 2010 (paragraph 10, FC 132/12).

62. In August 2010, Management initiated an assessment of the 2010-11 IPA project budget based on 2010 expenditure and delivery to-date. The overall budgetary requirements and aggregate costs and savings remain the same as the approved 2010-11 appropriation (C2009/15) at USD 39.6 million, as shown in Row 2 of Table 2 below.

Table 2 – Summary of 2010-11 IPA costs and savings – including budget revisions

2010-11 IPA costs and savings (in USD millions)					
	One-time	Recurrent			Total
	Investment	Costs	Savings	*Net*	Total
Row 1: PWB 2010-11	21.4	23.5	-5.3	*18.2*	**39.6**
Row 2: Revised 2010-11	21.9	23.0	-5.3	*17.7*	**39.6**

63. Whilst the current 2010-11 budget of USD 39.6 million is confirmed, there have been some budgetary transfers between IPA projects as summarized below in Table 3.

Table 3 -2010-11 Summary of IPA Budget Revisions and variations by Project

IPA Project 2010/11 USD Millions	Original Budget	Revised Budget	Variation
1. Governing body reform	3.67	2.87	-0.80
2. Oversight	2.40	2.40	0.00
3a. Reform of progr., budgeting & RBM	0.70	0.49	-0.21
3b. Publishing in all languages	0.30	0.38	0.08
4. Resource mobilization and management	1.43	1.43	0.00
5. Technical cooperation programme	-0.62	-0.62	0.00
6. Decentralization	0.80	0.80	0.00
7a. Headquarters structure	0.63	0.63	0.00
8. Partnerships	1.18	1.38	0.20
9. Reform of administrative systems	1.68	2.89	1.21
11b. Information technology	9.24	10.40	1.16
12. Enterprise risk management	1.30	0.70	-0.60
13. Culture change	2.30	2.30	0.00
14. Human resources	11.27	9.91	-1.36
15. IPA governing body follow-up	0.16	0.48	0.32
16. IPA management follow-up	3.16	3.16	0.00
Total	**39.60**	**39.60**	**0.00**

64. Projects with major variations are listed below:

- *Project 1* Governing Body Reform (USD 0.8 million reduction) - primarily due to reduction in informal meetings.

- *Project 9* Reform of Administration and Management System (USD 1.21 million increase) - to allow for additional procurement training of staff in Regional and Local offices and also increase staffing of procurement officers in the field.

- *Project 11b* Information Technology (USD 1.16 million increase) – to improve the Internet services in countries that have limited connectivity by upgrading the ISP

thereby improving knowledge sharing, collaboration and video conferencing capabilities (including Skype).

- *Project 12* Enterprise Risk Management (USD 0.60 million reduction) - primarily due to a new approach to ERM leading to a revision in project scope.

- *Project 14* Human Resources (USD 1.36 million reduction) - due to a lower level of staff rotations for the biennium compared with the target, and delayed start of personnel for HR activities.

- *Project 15* Governing Body Follow-up (USD 0.32 million increase) - to cover costs of documentation for the CoC-IEE meetings.

65. Annex V provides details on revised IPA project budgets, highlighting some of the major variations at the more detailed IPA action level.

Section IV – 2012-13 IPA Programme

66. At the June 2010 CoC-IEE meeting, Members requested a total estimate of the financial requirements for the implementation of the IPA in 2012-13. In order to arrive at a preliminary estimate of 2012-13 requirements for the IPA, Management took into consideration the following areas:

- The estimated costs of IPA Projects that were delayed or extended in 2009 following the advice of the governing bodies to meet the USD 21.2 million reduction target were revisited, and estimates of 2012/13 impact made;[4]

- The 2012/13 costs and savings implications of the Root and Branch review as reported to the CoC-IEE in June 2009.

67. Taking into account the scope reductions, IPA Projects that were delayed or extended, and the 2012/13 Root and Branch review costs and savings, a 2012/13 IPA programme was developed with a projected net cost of USD 15.0 million (see Row 1, Table 4).

Table 4 - Summary of IPA Budgetary Requirements for 2012-13 - preliminary estimates

2012-13 IPA costs and savings (USD millions)					
	One-time	Recurrent			Total
	Investment	Costs	Savings	*Net*	Total
Row 1. 2012-13 New IPA Programme Costs	13.6	3.9	-2.5	*1.4*	**15.0**
Row 2. Full Costs of 2010-11 IPA Programme	0.0	32.5	-8.0	*24.5*	**24.5**
2012-13 Programme Total	**13.6**	**36.4**	**-10.5**	**25.9**	**39.5**

---

[4] Specifically, IPA actions totalling USD 21.2 million contained in the draft PWB 2010-11 (PC 102/3 – FC 128/11 a) Rev. 1) considered by the Programme and Finance Committees in July 2009 that were eliminated or reduced in the PWB 2010-11 proposed to Conference (C2009/15) as a result of management reducing scope, extending timeframes, or delaying proposed start dates. These management actions were taken to reduce the financial impact of the IPA programme for 2010-11 from USD 59.8 million (proposal July 2009) to USD 38.6 million (PWB 2010-11 paragraph 115) and to mitigate risk, as reported in document C2009/7.

----

68. In arriving at the 2012/13 IPA Programme preliminary estimates, management made a number of assumptions regarding not reinstating some of the scope reductions which were made in 2009 (see C2009/15, paragraph 115):

   - Project 1. Governing body reform - *IPA action 2.22 - The Council Report will consist of conclusions, decisions and recommendations (verbatim to provide detail and be published in all languages)* - not reinstated in the 2012/13 IPA programme

   - Project 12. Enterprise risk management - *IPA action 3.54 - Full Implementation of Enterprise Risk Management Structure and systems* - new ERM approach – funding not required in 2012/13

   - Project 14. Human Resources - *IPA action 3.61 - Establish an incentive based rotation policy in HQ and between HQ and the decentralized offices with clear criteria* - decision to not increase number of staff rotations to original estimated numbers

   - Project 14. Human Resources - *IPA action 3.68 - Rationalize the use of FAO retirees who will not be rehired for at least six months after their retirement from FAO* - absorbed within divisional budgets

   - Project 14. Human Resources - *IPA action 3.73 - Establish a staff redeployment fund initially funded from extra-budgetary resources and subsequently funded from a proportion of staff costs* -no additional funding in IPA for staff redeployments

69. In addition to new IPA Programme Costs summarized in Row 1 of table 4 above, any continuing financial requirements for initiatives undertaken in 2010-11 must also be foreseen. Whilst one-time investment costs incurred in 2010-11 will not be required in 2012-13, the net recurrent costs (recurrent costs less recurrent savings) from 2010/11, must be added to the programme of new IPA work in 2012/13, because these represent the costs of supporting on-going IPA activities that commenced in 2010/11 (see Row 2 of Table 4). These costs are higher than the recurrent costs indicated in Row 2 of Table 2 because such costs and savings are incurred for the *full* 24 months in 2012-13.

70. In summary, the total 2012-13 IPA Programme costs are USD 39.5 million (new IPA Programme costs of USD 15.0 million plus 2010-11 full net recurrent costs of USD 24.5 million), as shown in Table 4. These costs are preliminary estimates and updated figures will be presented in the PWB 2012-13.