

## **Revised Draft Report of the CoC-IEE to the Conference on the Immediate Plan of Action for FAO Renewal**

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## **ACRONYMS**

*Foreword from the Chairperson**Message from the Director-General***I. Introduction**

1. The predecessors of the current CoC-IEE, established respectively in 2007 and 2008, were given complex mandates by the Conference covering the wide range of issues involved in the FAO renewal, initially to develop the Immediate Plan of Action (IPA), and subsequently to complete the outstanding substantive work within the IPA and to oversee its first year of implementation. The previous Committees were assisted by three working groups which met frequently to deal with specific issues pertaining to their respective areas of focus. Hence the CoC-IEE reports to the 35<sup>th</sup> and 36<sup>th</sup> Sessions of the Conference in 2008 and 2009 were relatively lengthy and included extensive annexes. In the present biennium, as the CoC-IEE mandate is comparatively limited in scope, its 2011 report is somewhat shorter.

2. The present mandate of the CoC-IEE was spelled out in Conference Resolution 4/2009, reproduced in Appendix 1, and the organizational arrangements adopted by the Committee are shown in Appendix 2. The primary role of the CoC-IEE in 2010-11 was to ensure continuity of oversight and guidance of the renewal process by providing overall monitoring and follow-up of IPA implementation, without prejudice to the statutory functions of the Council and its Committees. In this connection, the complementary role played in the area of governance reforms by the Open-ended Working Group on measures designed to increase the efficiency of Governing Bodies, including representation (OEWG) is underscored. Its report is also before the Conference and, where appropriate, related issues addressed by the OEWG are referenced in the present report.

3. Besides this interface with the OEWG, the CoC-IEE was mindful of the need to take due account of Governing Body deliberations having a bearing on the renewal process, in particular the guidance provided by the Council, the Finance and Programme Committees and the Committee on Constitutional and Legal Matters on issues related to the implementation of the IPA. Close interactions with them have been maintained and facilitated through the Chairperson of the CoC-IEE, also in his capacity as Independent Chairperson of the Council (ICC). Likewise, the CoC-IEE has drawn on, and was able to inform the work of the Regional Conferences held in 2010 with regard to the implications of the IPA at the regional level. Having attended the five Regional Conferences, the ICC has played a key coordination role in this respect.

4. In the course of the 2010-11 biennium, the Director-General and Management have continued to strongly support the work of the CoC-IEE. FAO staff have further displayed their steady commitment to the renewal of the Organization and become fully engaged in corporate culture change. A dedicated team has developed a framework for implementing culture change in the Organization, with an emphasis on improving performance.

4 bis Additional measures were taken by the Director-General to strengthen internal oversight of IPA implementation, as a prompt response to the major gaps in management control over the reform process highlighted in the Risk Assessment review<sup>1</sup>. These measures included the establishment of an IPA Programme Board, assisted by a robust IPA Programme Management Unit.

5. In carrying out its monitoring function, the CoC-IEE reviewed key components of the IPA implementation, which are captured in substance in the present report. At the same time, a number of important underlying activities were considered in more depth by other Governing Bodies, and are

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<sup>1</sup> CL 141/9, para 73.

also reflected accordingly. Hence, the following section provides an overview of IPA implementation, including the benefits realized and the management of risks, and also covers important cross-cutting dimensions such as culture change and communication. Section III aims at portraying, in a concise manner, the main developments in the process of change of the Organization over the reporting period, analyzed on a thematic basis. Finally, section IV outlines the way forward in terms of future steps in the renewal process under the IPA Programme for 2012-13, including Governing Body follow-up arrangements.

## II. Overall IPA implementation

### A. Quantitative progress

#### 2010-11

6. At its meetings in 2010-11, the CoC-IEE received progress reports covering qualitative and quantitative aspects of IPA implementation, addressing each action against planned timeframes. Quantitative progress achieved is shown in table 1, expressed with reference to the 2010-11 Programme, as at end 2010. In addition, a cumulative picture is provided since 2009.

Table 1 - Progress in implementation of IPA actions

Rating	2010-11 Programme (as at end 2010)	
	Actions	
<b>Completed</b>	25	16%
Progress towards implementation is <i>on track</i> <sup>2</sup> within planned dates	102	66%
Progress towards implementation shows <i>minor delays</i> <sup>3</sup> , but remedial action has been identified	15	10%
Successful implementation by the planned dates is in serious jeopardy, with <i>major delays</i> <sup>4</sup>	0	
<b>Other</b>	12	8%
<b>Total 2010-11</b>	<b>154</b>	<b>100%</b>

7. The CoC-IEE noted that, of the 154 IPA actions comprising the 2010-11 Programme, 25 (16%) were completed in 2010. While this was a lower rate of completion compared to 2009, it represented progress as forecasted, considering that many IPA actions were large and complex, and would be completed later in 2011 or continue into 2012-13.

8. 102 (66%) actions were on track for delivery by the anticipated completion date. 15 (10%) actions were subject to minor delays, while no actions were subject to major delays. 12 (8%) actions were placed under the “other” category. This category was introduced to reflect actions which did not fall under a timeline for implementation for various reasons, i.e. comprising those of a “continuous” nature, three actions for which Members’ consensus had not yet been reached, three actions that were placed “on hold” by Management, and two actions which were proposed for deletion, subject to Members’ approval.

9. Of the 102 actions on track for delivery, 74 were expected to be completed by end 2011, by which time 99 of the 154 actions of the 2010-11 Programme would have been completed.

#### Cumulative

10. Figure 1 shows the integrated IPA programme of 272 actions (235 original IPA actions plus 37 resulting from the Root and Branch Review) and illustrates cumulative progress with IPA implementation since 2009 (as at end 2010, 143 actions out of 272 have been completed).

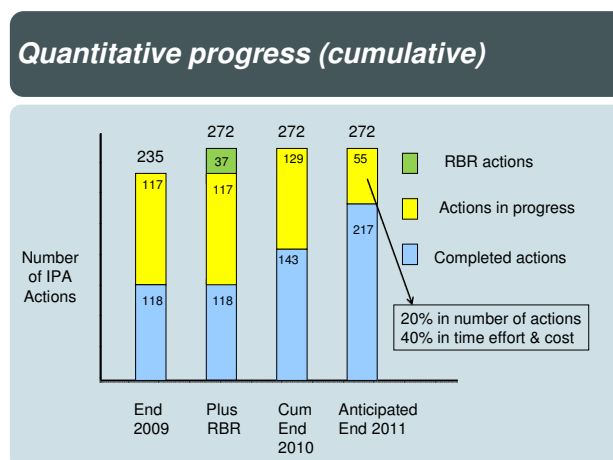
<sup>2</sup> *On track*: “Progress towards implementation of the IPA action is in accordance with the planned dates and impediments and risks are not expected to significantly affect progress”.

<sup>3</sup> *Minor delays*: “Progress towards implementation of the IPA action by the planned dates is in jeopardy but action has been identified to overcome delays, impediments and risks”.

<sup>4</sup> *Major delays*: “Successful implementation of the IPA action by the planned dates is in serious jeopardy due to impediments or risks that are expected to significantly alter implementation”.

11. Adding the further 74 actions anticipated to be completed by end 2011 is the basis of the forecast of 217 actions (out of 272) to be completed by end 2011. The 55 actions to be carried over to the 2012-13 biennium represented 20% in number of outstanding actions, although corresponding to 40% of the total workload in terms of outstanding effort, time and costs, as they were the largest and most complex IPA actions. *These are further elaborated in Section IV-A: The IPA programme in 2012-13.*

Figure 1 - Cumulative quantitative progress in IPA implementation



12. These quantitative indicators of how many IPA actions had been completed or were on track provided only a partial picture of progress owing to the wide variation in size, scope and complexity of individual actions. A full picture could only be provided by considering the overall cycle of the reform programme, progress in the cross-cutting areas essential to success as a whole, and the achievements and benefits realized in the major areas of the reform programme.

## B. Cycle of the Reform Programme

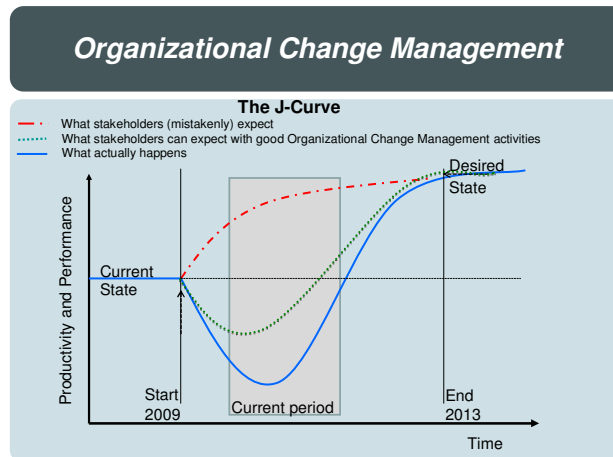
13. The CoC-IEE noted the presentation made by Management by reference to the “J-Curve”, illustrating the impact of a major change programme on overall Organizational performance. Typically a short-term adverse impact was experienced in comparison with the expectations by stakeholders of immediate improvements in Organizational performance. *Within the IPA established timeframe, the beginning of 2009 is the start date, and the end of 2013 is the end date, while the shaded rectangle – current period – indicates where FAO is on the “J-curve” as at end 2010 - mid 2011, as shown in figure 2.*

14. *However, the FAO renewal process comprises a number of major initiatives, each of which having its own “J-curve”, with different start and end points, and different level of risks and benefits. The lines shown in the figure embody a “composite” picture of J-curves for each major IPA action. Examples of these actions included:*

- the project to decentralise TCP, which had just emerged from the bottom dip of the disruption period and was beginning an upward slope;
- the International Public Sector Accounting Standards (IPSAS) project, which had not yet reached the potential period of disruption as it would materialise only after end-2012 when the new system should be brought live;

- the Results-based Management (RBM) project, which would start delivering its full benefits only after 1 or 2 biennia of full implementation – the time normally required for a complex results-based framework to be applied, monitored, assessed and reported on;
- the Common Procurement Team within the three Rome-based Agencies, which had no adverse impact and had already delivered some of its expected benefits in monetary terms;
- the action to increase telecommunication connectivity across the Organization, which had already allowed 56 Decentralised Offices (DOs) to have faster access to corporate applications and a wide range of new-generation applications, such as videoconferencing and use of knowledge sharing and collaboration tools.

Figure 2 - Effects and challenges on Organizational performance of major change programmes



### C. Cross-cutting areas of IPA implementation

15. Besides showing the mismatch between initial stakeholders expectations and reality, the “J-curve” indicated the key challenges faced by the Organization. In order to achieve the tangible benefits that the IPA Programme had set out to attain, it was deemed important to shorten the period of disruption to the maximum extent possible, and to limit the short-term adverse impact on performance. In this regard, it was underlined that Organizational change management processes should cover five cross-cutting areas of priority attention: effective risk management; targeted communication; strengthened training; facilitated culture change; and a focus on benefits realization.

#### 1. Effective risk management

16. During 2010, a major Risk Assessment (RA) review was undertaken. This was commissioned by Management to identify the risks associated with this major change programme and to identify mitigating measures. The outcome of the review was reported to the CoC-IEE in October 2010 and February 2011, and has been included in the 2010 Annual Activity Report of the Office of the Inspector General (AUD) submitted to the 138<sup>th</sup> Session of the Finance Committee. The risk assessment had signalled “major gaps in management control over the reform process”, for which the report of the Inspector General indicated that<sup>5</sup> “Managers identified, in AUD’s views, robust solutions to prevent these threats from materialising”, and concluded that “Management has responded positively and quickly to the recommendations identified in this report”. The Finance Committee “welcomed the management response in this regard”<sup>6</sup>.

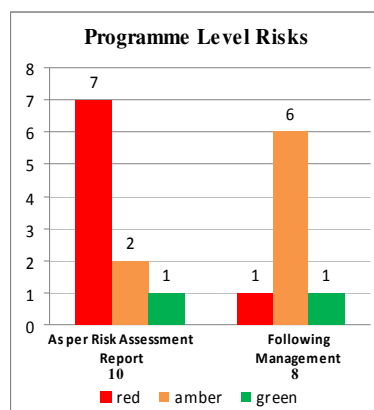
<sup>5</sup> FC 138/17, paras 55-57

<sup>6</sup> CL 141/9, para 73.

17. The RA rated risks in terms of projected impact, and the likelihood of the risk occurring. Risks were then coded with a colour scheme, involving red (higher risk), green (lower risk) and amber (in between) based on a combination of these factors. At programme level, the RA highlighted risks with internal governance of the IPA Programme. Immediate action was taken as a result. An IPA Programme Board (IPB) was established, comprising the two Deputy Directors-General and other senior managers, and chaired by the Deputy Director-General Operations. Meeting on a weekly basis to exercise general oversight, the IPB was able to prioritize the 2012-13 Programme with regard to the long-term sustainability of reforms, the quality of projects, financial discipline and alignment with the Organization's capacity to deliver.

18. The CoC-IEE also took note of the additional measures introduced to improve governance effectiveness, which included assigning responsibility for programme management to a newly established Programme Management Unit (PMU), and for communications to the Office of Corporate Communications and External Relations. The impact of those measures on managing programme level risks is summarized in figure 3, showing a reduction in the number of risks and also a decrease in their criticality through a shift from higher (red) to lower (green) rated risks.

Figure 3 - Progress achieved on Programme level risks



19. The RA also highlighted risks at project level. Members noted that highest priority was given to addressing risks in those IPA projects upon which many other projects are dependent, as failures in these projects would have an adverse “knock-on” impact on many areas of the IPA Programme. Examples of such risks, and measures introduced to tackle them, are outlined in the following paragraphs.

20. The RA indicated three main areas upon which many other projects are dependent, namely: (i) the Oracle release 12 (R12) implementation; (ii) the initiative to increase telecommunications connectivity capacity across the Organization; and (iii) the capacity of Decentralized Offices, particularly country offices, to take on a greater role without additional resources and support.

21. The main risk of the Oracle R12 action was that Business Units might not provide adequate testing and user acceptance support to the project in a period of many other change activities. The development of a synergistic approach towards the Oracle R12 and IPSAS projects had mitigated that risk, given the enhanced scope of the new project and the efficiencies deriving from this approach, particularly in the areas of testing and user acceptance, which would also reduce the risks through a more coherent management and internal governance approach.

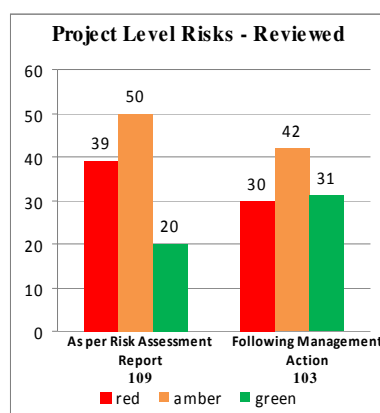
22. The risks associated with increased telecommunications connectivity included ensuring adequate funding for the associated running costs, and efficient use of the FAO bandwidth. Funding requirements had been taken into account in the 2012-13 IPA Programme formulation and in the

Programme of Work and Budget (PWB) preparation. Other risks were managed through measures such as registration and certification procedures to increase knowledge of business applications that use the network, and the implementation of bandwidth control and management measures.

23. As a number of IPA activities involved delegations from HQ to DOs of decisions and processes previously occurring at HQ, the decentralization process included risks of: insufficient capacity in DOs; moving away from effectively functioning as one towards a situation in which the five Regional Offices work independently of each other and HQ; technical officers in Regional and Subregional Offices becoming delinked from the global knowledge base of the Organization. These risks had been considered in formulating the *Vision on the Structure and Functioning of DOs network*, which recommended the delivery of “One FAO” services, and innovative use of extra-budgetary resources to link country office resources to project delivery.

24. It was noted that the measures introduced had resulted in a reduction in the number of risks affecting IPA implementation, and also a decrease in their criticality through a shift from higher (red) to lower (green) rated risks, as shown in figure 4. This was an ongoing process whereby risk logs would continue to be monitored by Project Leaders, with major risks being escalated to the IPB for consideration.

Figure 4 - Progress achieved on Project level risks



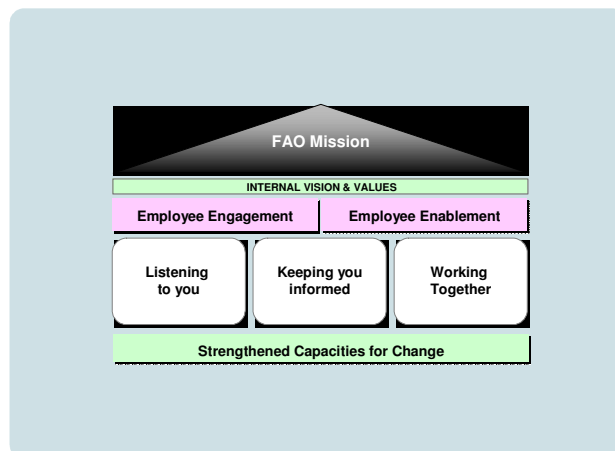
## 2. Targeted communication

25. It was acknowledged that targeted communication was critical to successful implementation of the IPA, and that FAO Members and employees as well as external audiences were all important in the reform communication effort.

26. It was noted that motivating employees to live and work with change – thus supporting their Organization at a critical moment in its history – required regular and comprehensible information about how FAO was changing and what was required of them. The objective was to ensure that employees are aligned behind the Organization’s mission, Global Goals, Strategic Framework, vision and values, and the IPA reforms. To this end, listening to employees views and inputs and modelling communications channels and content accordingly was a key feature of communication with them.

27. As depicted in figure 5, the framework for employee communication included three main areas closely linked to Organizational culture change: (i) *Listening to you*, comprising activities designed to understand the changing knowledge, attitudes and readiness for change amongst employees; (ii) *Keeping you informed*, to reach employees with targeted communication; and (iii) *Working together*, to emphasize dialogue and joint problem-solving across the Organization to support lasting change.

Figure 5 - Communication and Engagement Framework



28. A major activity under *Listening to you* was the development of the Organization's first all-employee survey on FAO renewal, which was launched by the Director-General on 18 January 2011 and closed on 28 February. The survey was open to all employees, irrespective of contract type or location, and made available in all FAO languages. It covered employees' knowledge of and attitudes towards FAO as a whole; working environment and relationships; understanding and support for the reform effort; and employee communication needs. The results indicate a very high response rate, with more than 4,700 employees providing input.

28 bis. The survey provided benchmarks for monitoring employee reactions and views on IPA changes in the coming years, and for improved staff communication. The results were analyzed by the external consultant engaged to run the survey, and feedback was provided to management in April 2011. As the survey 'sponsor', the Deputy Director-General Operations was responsible for reporting and following up on the survey results with Management, Employees and Members. An action phase following the survey enabled capitalization of the results and insights provided, as these represented meaningful guidance on the knowledge, attitudes and willingness for change on the part of employees, and the most effective communication channels.

29. Activities undertaken under *Keeping you informed* included updating the FAO Renewal Intranet pages, with news articles and video interviews with IPA Project Leaders; coverage of renewal topics – e.g. performance and evaluation management system (PEMS), results-based management, decentralization, headquarters restructuring, culture change – in the online employee news magazine *FAO InTouch*; and the development of a format for live information sessions for staff on different renewal topics.

30. Under *Working together*, an annual staff day event was launched in 2010, bringing together all employees to learn more about one another's work. Further activities included: peer review workshops as part of the results-based planning exercises; capacity building workshops to support employees and managers in adopting the new PEMS; facilitated workshops with IPA Project Leaders to articulate key messages and benefits of projects; and targeted communication and engagement activities to inform and engage employees concerning forthcoming changes resulting from the IPSAS project.

31. Communication with Members continued in 2010 with regular newsletters providing updates on various IPA projects; posting of renewal-related documentation on the FAO Reform Internet pages and on the Permanent Representatives Website; and a number of informal briefings for Permanent Representatives to FAO.

### 3. Strengthened training and facilitated culture change

32. The CoC-IEE noted that, as mandated by the IPA, significant resources had been directed to activities related to staff development as fundamental to help managing change, which are described in section III.

33. Change Management Training was also an essential tool to provide managers with the skills to effectively manage the change process and facilitate culture change across the Organization.

34. Since the start of IPA implementation, FAO had embarked on a wide ranging process of Organizational culture change beginning with the establishment of a Culture Change Team (CCT) supported by an external facilitator. The CCT had raised awareness about culture change and carried out a series of employee engagement activities to encourage broad buy-in for change. This culminated in the launch of FAO's Internal Vision Statement in November 2009, and proposals for culture change in the areas of inclusive work environment, recognition and rewards, and career development. The participatory processes used to develop the Internal Vision Statement and culture change proposals had broken new ground within FAO, and the ripple effect was being felt across the Organization.

35. During 2010, activities continued along the same inclusive theme facilitated by a new CCT, and culture change elements featured prominently in many IPA related activities. This was evidenced through the increased use of participatory processes for work planning and decision making, larger numbers of facilitated events, greater levels of information and knowledge sharing, and renewed efforts to improve internal communications. Examples of this included the following:

- interactions between employees involved in preparing the biennial work-plans under the new results-based framework were supported by departmental/office workshops, meetings of strategy teams, and an intensive peer review process – a clear indicator of a shift in mentality towards greater inclusiveness, and shared sense of responsibility and accountability for results amongst managers and employees;
- a leadership workshop was called by the two Deputy Directors-General to identify strategic entry points for collaboration between the Technical Cooperation Department and the other technical departments. This was the first facilitated leadership workshop of its kind in FAO – another indicator of a shifting culture towards greater collaboration and multidisciplinary work;
- locally driven change teams were established within both DOs and HQ. For example, a 'guiding team' had been established in the Economic and Social (ES) Department to focus not only on what staff did (Unit Results contributing to Organizational Results), but also how they would work together to achieve these results. ES had also customized its 'ES Mission, Vision and Values' statement to guide the contributions ES would make to FAO's wider goals;
- following the launch of FAO's Internal Vision Statement, new web streaming technology had changed the way HQ events were organized, with DOs being included in Organization wide events wherever possible.

35bis. The examples provided highlight the significant progress achieved in addressing the five specific recommendations of the Independent External Evaluation (IEE) of FAO on culture change<sup>7</sup>. This is more fully explained in the related sections within Annex III to this report.

36. In addition to the above, starting in January 2011, a framework for implementing culture change at FAO was being developed, emphasizing the need for complete alignment with and between all IPA projects; the full engagement of FAO leadership as sponsors of change; and the development of evidence-based indicators designed to measure progress towards the desired new Organizational culture at regular intervals.

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<sup>7</sup> C 2007/7A.1, paras 939-947.

37. From a governance perspective, Members appreciated that a more inclusive culture was also emerging through the integration of Regional Conferences into the Governing Body structure, with their recommendations starting to influence decision-making on corporate strategic directions. For instance, in 2010 the Regional Conferences provided inputs on prioritization of the technical work of the Organization, the vision on the structure and functioning of DOs, and the proposed global Shared Service Centre.

38. It was recognized that, through these new mechanisms, concrete shifts in FAO's culture were emerging. Members, Management and Employees had opportunities to contribute strategically, voice ideas, express opinions and influence change within their areas of responsibility, leading to more participatory decision-making processes at various levels, a more dynamic working environment, and a more effective Organization.

#### **4. Focus on benefits realization**

39. Noting that the success of the FAO renewal process cannot be measured only with the implementation of IPA actions, the CoC-IEE stressed the importance of identifying and achieving the key benefits the reforms would bring to FAO. This was actually carried out in 2010 based on an overarching statement of reform benefits indicating that 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<sup>8</sup>.

40. This overarching statement had been linked to all the thematic areas, each with its own set of reform benefits. These had also been linked to the major IPA actions under each thematic area to ensure that implementation would deliver the overall FAO reform benefits<sup>9</sup>.

41. It was recognized that the full benefits of the reform would only be realized upon successful implementation of the large and complex projects that comprise the IPA Programme. While it was still too early to assess the benefits, tangible examples were starting to emerge as IPA implementation progressed. These are reported by thematic area, together with key achievements, in the following section.

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<sup>8</sup> CL 140/14, para 4.

<sup>9</sup> CL 140/14, paras 5-28 and Progress Report to CoC-IEE meeting of 20 October 2010, paras 32-46.

### III. Key focus areas in the process of change

42. As called for in the “*way forward*” section of the 2009 CoC-IEE report to the Conference<sup>10</sup>, during the current biennium the overarching objective of FAO reform has continued to be that of transforming the Organization into one that manages for results, supported by the key areas of functioning as one, optimised management of human resources, and enhanced efficiency in the delivery of administrative services, with a programme of Governing Body reform underpinning these activities.

43. The IPA Programme was in effect organized under those thematic areas and the following subsections outline progress achieved in 2010 and early 2011 in each area. The funding situation and expected expenditures for the IPA Programme in the current biennium are also briefly presented. On all these aspects, greater detail is provided in Appendix 3, *Management report on IPA implementation in 2010-11*.

#### A. Managing for results

44. The target benefit in terms of Managing for Results is a clear and measurable impact of FAO’s products and services on beneficiaries. In order to accomplish this benefit, FAO’s work under all sources of funds must be systematically planned, implemented, measured and monitored using RBM principles, and a strategy to mobilize, allocate and manage resources from partners for agreed priorities. Whilst work is ongoing to fully implement the planning, prioritization and resource mobilization process, many benefits will materialize only after the results-based frameworks have been in place for the four-year period of the Medium Term Plan (MTP), allowing for monitoring and reporting on the agreed upon indicators of achievement.

#### 1. Prioritization of the technical work of the Organization

##### *Background*

45. The IPA includes a series of actions on the priorities and programmes of the Organization. In line with these actions, the Conference in 2009 approved a set of changes to the Basic Texts, as well as a new results-based Strategic Framework 2010-19, MTP 2010-13 and PWB 2010-11, which **are intended to** help to focus and prioritize FAO’s work under an integrated budget covering assessed as well as estimated voluntary contributions. Under the new arrangements the Regional Conferences, Technical Committees and Programme Committee advise the Council on priority areas of technical work for use in preparation of the programme and budget documents of the Organization.

46. In 2009, the CoC-IEE reported that, although an initial attempt had been made in the MTP 2010-13 at expressing the substantive priorities of the Organization, it was recognized that prioritization was a long-term exercise dependant on adequate complementary guidance from the Technical Committees and Regional Conferences. Emphasis should be given to the prioritization of the technical work of the Organization, an ongoing exercise to be actively pursued throughout the first full cycle of results-based planning in 2010-11. The development of regional and subregional areas of priority action was foreseen for consideration by the Regional Conferences in 2010.<sup>11</sup> This view was echoed by the Conference.<sup>12</sup>

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<sup>10</sup> C 2009/7, para 72.

<sup>11</sup> C 2009/REP, Appendix D, paras 29 and 72 (first bullet).

<sup>12</sup> C 2009/REP, para 120.

*Timeline and process*

47. Under the new arrangements, a timeline and process was established for preparation, approval and adjustment of the MTP 2010-13 (*Reviewed*) and PWB 2012-13 during the 2010-11 biennium. The timeline had five main phases with regard to prioritization:<sup>13</sup>

- (i) advice on priorities provided by the Regional Conferences and Technical Committees to the Council via the Programme and Finance Committees from March to October 2010;
- (ii) guidance on priorities provided by the Programme and Finance Committees to Council and by the Council to the Secretariat during October and November 2010;
- (iii) preparation by the Secretariat of the MTP 2010-13 (*Reviewed*) and PWB 2012-13 from October 2010 to February 2011, reflecting guidance provided by Council on priorities, and translated into action at country, regional and global levels;
- (iv) Governing Body review of and decision on the MTP 2010-13 (*Reviewed*) and PWB 2012-13 during March-June 2011;
- (v) any necessary adjustments to the PWB 2012-13 based on Conference decisions, prepared by the Secretariat during July-September 2011, with review by the Programme and Finance Committees and approval by Council in October-November 2011.

48. Concerning the first phase, it was not possible to schedule some of the Regional Conference and Technical Committee meetings in 2010, in keeping with the approved cycle of Governing Body sessions under the reformed programming, budgeting and results-based monitoring system. Thus some inputs on priorities were provided very late in the process this biennium, causing the Programme Committee to hold an additional session in February 2011 under the second phase of the process, to consider the inputs from the Regional Conference for the Near East and the Committee on Fisheries.

49. The Independent Chairperson of Council was requested by the Programme Committee to work with the Chairpersons of the Regional Conferences and the Technical Committees, as well as the Secretariat, to facilitate FAO's priority setting process and to prepare a suitable schedule of meetings for the next biennium, with a view to ensuring synergy among the Governing Bodies in priority setting.

*Progress on prioritization*

50. Limited progress was achieved on prioritization of technical work in 2010-11. Members noted that improving prioritization was a long term process and that the priority-setting cycle in 2010-11 (for the 2012-13 biennium) was one of transition. They also underlined the importance of learning from experience so that a systematic and synchronized approach to prioritization would be in place for the subsequent biennium. The focus of the Programme Committee on improving the prioritization process was stressed.

51. The Programme Committee initially considered the prioritization of the technical work of the Organization at two sessions in 2010, as well as through informal meetings with Strategy Team Leaders. It made a series of recommendations and requests on process measures to ensure that the Regional Conferences and Technical Committees provide structured advice to the Programme and Finance Committees and Council on priorities for the 2012-13 biennium,<sup>14</sup> which were endorsed by Council.<sup>15</sup> In doing so, the Council acknowledged that the priority-setting cycle for the 2012-13 biennium would be one of transition, and agreed with the aim to have a systematic and synchronized approach to prioritization in place for the subsequent biennium.

<sup>13</sup> PC 103/4, para 21.

<sup>14</sup> CL 139/4, paras 6-15.

<sup>15</sup> CL 139/REP, paras 21-23.

52. The Programme Committee and Council considered the advice of the Regional Conferences and Technical Committees on priorities at their sessions in October and November-December 2010, and February and April 2011. They found that further improvements were required by the Secretariat to identify: areas of programmatic emphasis and de-emphasis within and between Strategic Objectives and Organizational Results; formulate Regional Results as a means to reflect country, subregional and regional priorities and their contributions to Organizational Results; and strengthen the role of the Organization-wide Strategy Teams in preparing the PWB 2012-13, including presence during Programme Committee deliberations on priorities.<sup>16</sup>

53. At its special session in February 2011, the Programme Committee made additional recommendations to the Secretariat to further elaborate, in the MTP 2010-13 (*Reviewed*) / PWB 2012-13, areas of commonality emerging from the recommendations and guidance on priorities received from the Regional Conferences, Technical Committees and Council; improve the presentation and implications of proposed areas of emphasis and de-emphasis within and between Organizational Results; and more clearly show, through the regional results, the focus within Strategic Objectives related to guidance from the Regional Conferences. The interaction with the Strategy Teams was appreciated.<sup>17</sup>

54. In considering priorities in the MTP 2010-13 (*Reviewed*) / PWB 2012-13 as prepared by the Secretariat, the Programme Committee [and Council]:

- a) found that it was a good document which generally aimed at reflecting the recommendations from the various governing bodies and lessons learnt, although some further improvements and clarifications were needed;
- b) recognized that progress had been made in the results-based approach, although it was noted that the full implementation of results-based budgeting would take place in the next budget cycle for 2014-15, and thus its application in the PWB 2012-13 was still “work-in-progress”;
- c) appreciated the resource comparability aspect, which was not available in previous PWBs;
- d) noted that the approach to estimating extrabudgetary resources was not consistently applied among the Strategic Objectives;
- e) welcomed the discussion on areas of emphasis and de-emphasis in the document, but noted that the rationale was not always clear and more information was required;
- f) noted that cross-cutting issues were not treated equally under all Strategic Objectives: while climate change and small farmers were addressed in most Strategic Objectives, other issues such as nutrition, gender and capacity development, appeared far less frequently;
- g) requested the Secretariat to provide further information to the Council to explain the proposed resource shifts between and within all Strategic and Functional Objectives, and to elaborate on the areas of emphasis and de-emphasis in all Strategic Objectives and Functional Objective X;
- h) requested the Secretariat to prepare, as soon as possible during the course of ongoing deliberations on the PWB, a table indicating the reference for decision (for example, inputs from Regional Conferences, Technical Committees, Council, and Strategy Teams), as well as implications for net appropriations and extrabudgetary resources.

### ***Future steps***

55. The CoC-IEE observed that while some progress had been made, the prioritization process was not yet well established. It reiterated that a systematic and synchronized approach to prioritization should be put in place for preparing the MTP 2014-17 starting in late 2011, learning from the

<sup>16</sup> CL 140/8, paras 5-12; CL 140/REP, para 11.

<sup>17</sup> CL 141/4, paras 4-10.

experience of planning for the 2012-13 biennium. In establishing a coherent set of priorities for future biennia, the CoC-IEE recalled the Programme Committee and Council recommendations that the Secretariat should:<sup>18</sup>

- a. identify emerging issues to inform the review and refinement of the MTP for the 2014-17 period;
- b. address across the strategic objectives the coordination of cross-cutting issues to help drive priority setting;
- c. clarify the roles and collaboration of headquarters and decentralized offices in planning and implementing the technical Programme of Work and Budget in the context of the vision on decentralization;
- d. highlight the comparative advantage of FAO compared to other organizations;
- e. improve the quality and timeliness of documentation submitted to future sessions of the Regional Conferences and Technical Committees, **including a description of areas of emphasis and de-emphasis of the technical work of the Organization at global and regional level**, so as to link recommendations with the Strategic Objectives or core functions of the Organization and to facilitate receiving more structured guidance on priorities in future planning cycles.

**55bis. Furthermore, to facilitate FAO's priority-setting process, the Independent Chairperson of the Council should ensure that future sessions of the Regional Conferences and Technical Committees are scheduled within the new cycle of Governing Body input to the PWB as approved by Conference.**<sup>19</sup>

## **2. Resource Mobilization**

56. In 2009, the CoC-IEE had noted that the integrated budget provided a more holistic view of resources at the disposal of the Organization, which was intended to improve governance, oversight and application to the agreed results frameworks, while also highlighting the important role of voluntary contributions. Although the uncertainty and earmarking of voluntary contributions could affect the achievement of planned results under the unified work programme, it was noted that the mobilization and provision of voluntary contributions needed to be fully aligned with the Strategic Objectives.<sup>20</sup>

57. The CoC-IEE reported that a resource mobilization and management strategy (RMMS), comprising Impact Focus Areas, Country Programming Frameworks, and regional and subregional areas of priority action, would be implemented during the 2010-11 biennium with a view to ensuring that voluntary contributions focus on the agreed results frameworks and improve Governing Body monitoring and oversight.<sup>21</sup>

58. **The RMMS was under development with units and Strategy Teams across the Organization, in consultation with the Joint Meeting of the Programme and Finance Committees.** The RMMS sets out how FAO aims to mobilize resources from its partners, how it allocates these resources to agreed priorities, and how it manages and reports on their use. Its focus was on forging resource partnerships built on trust and mutual accountability, in order to achieve Members' Goals. The strategy's goal was to achieve higher and more predictable voluntary contributions that fully support the achievement of FAO's Organizational Results, **with four main outcomes:**

- a) **a consolidated, diversified and expanded base of FAO resource partnerships, with a focus on increasing the share of pooled and softly earmarked funding;**

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<sup>18</sup> CL 140/REP, para. 11g); CL 141/4, para. 11.

<sup>19</sup> CL 139/REP, para. 23.

<sup>20</sup> C 2009/REP, Appendix D, para. 25.

<sup>21</sup> C 2009/REP, Appendix D, para 72 (first bullet).

- b) wide awareness of and support for FAO's priority areas of work and related resource requirements, through a vibrant communications campaign;
- c) a new Organization-wide culture and capacity for resource mobilization;
- d) resource planning and use effectively managed and reported to Governing Bodies.

59. The Joint Meeting of the Programme and Finance Committees on 23 March 2011 welcomed the outline of the RMMS. It expressed appreciation for the corporate nature of the Strategy, the emphasis on partnership and the realistic approach to targeting resources, and the approach to communications through Impact Focus Areas as one resource mobilization tool. It noted that the Strategy was firmly linked to the results-based frameworks and core functions in the Medium Term Plan, with focus given to meeting priorities at country level through the Country Programming Framework. The Joint Meeting should consider the final full version of the Strategy in October 2011.

### 3. Enterprise Risk Management

64. In 2009, the CoC-IEE reported that a pilot enterprise risk management project would be completed, assessing FAO's current risk management structure/framework, identifying gaps and informing the development of an Organization-wide Enterprise Risk Management Framework (ERMF), which would contain the necessary elements to improve the Organization's risk management capabilities.

65. In October 2010 the Finance Committee considered the proposed ERM framework and roadmap for its implementation.<sup>22</sup> It commended the direction that the Secretariat was taking to embed ERM in RBM.<sup>23</sup> In the CoC-IEE, Members took note of ERM initiatives in 2010 and the institutionalization of the ERM project within the Organization in 2011. A second progress report was presented to the Finance Committee in March 2011, which was satisfied that the ERM framework would cover all risks to the achievement of FAO's objectives, and looked forward to receiving: (i) a report on the implementation of institutional ERM in FAO; and (ii) the proposed format for reporting to the Governing Bodies.<sup>24</sup>

66. The ERM framework should allow the proactive identification, prioritization, management and monitoring of the full range of risks to the Organization, whether strategic, financial, operational or reputational. The design of FAO's ERM framework was underpinned by five principles: use of proven, but simple, ERM concepts and processes; focus of effort on areas that would add greatest value; minimization of any avoidable burden on business areas; integration into existing RBM processes, in particular strategic planning (Organizational Result formulation), operational work planning, project formulation, and monitoring and reporting; and phased approach to covering all material areas of the Organization's work.

67. The ERM framework was in effect being implemented through a phased approach, using pilots, to embed ERM in five areas of management: (i) the results-based framework of the MTP/PWB (Organizational Results); (ii) operational work planning (Unit Results); (iii) managing field projects; (iv) business improvement projects; and (v) a "fast problem response" functionality to facilitate the solution of urgent business problems. The ERM business plan was approved by the IPA Programme Board in January 2011 and the relevant IPA project was due to be completed by the end of 2011.

68. Under the chairmanship of the Deputy Director-General Operations, a Corporate Risk Committee had been established, with specific responsibilities to: oversee the development of ERM policy; ensure that the range of risks facing FAO is kept within acceptable limits; and monitor the overall health and effectiveness of FAO's risk processes, taking action where required.

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<sup>22</sup> FC 135/15.

<sup>23</sup> CL 140/21, para 26.

<sup>24</sup> FC 138/12; CL 141/9, paras 53 and 54.

69. The ERM project was expected to reach six milestones during 2011: (i) complete the generic ERM risk assessment process and begin to build risk assessment capacity across the Organization; (ii) identify enhancements required in the results-based frameworks, if any, to support the introduction of ERM; (iii) pilot the ERM element at Organizational Results level (for one Strategic Objective and one Functional Objective), then implement in others; (iv) pilot and establish the ERM element for operational work planning; (v) pilot ERM for selected field projects/programmes (one country programme, one emergency project) and one business improvement project, then implement in others; (vi) pilot the “fast problem response” service, and then implement across the Organization.

## **B. Functioning as One Organization**

70. In this area, four main topics were addressed by the CoC-IEE over the course of the biennium: (i) the vision for the structure and functioning of the Decentralized Offices network; (ii) the HQ structure, including the review of the Office of the Director-General; (iii) partnerships; and (iv) delegation of authority to Decentralized Offices.

### **1. Vision for the structure and functioning of Decentralized Offices**

71. Besides in the CoC-IEE itself, progress regarding the range of IPA actions linked to decentralization was discussed at various meetings, including at the five Regional Conferences and the Programme and Finance Committees. Members have consistently recognized that decentralization was a key dimension, critically impacting on how the Organization served its Members. Commendable progress has been achieved in completing many of the above IPA actions, as well as other IPA actions related to the functioning of decentralized offices (DOs), e.g. the TCP and increased delegations of authority. This new context is fundamentally changing the way the Organization has been operating, although reaping the full benefits of the reforms implemented so far would require time.

72. IPA 3.84 on coverage of the country office network attracted much attention. During 2009, the Secretariat provided an analysis of the application of the various criteria specified under that action, on which Members could not reach a consensus. The CoC-IEE requested, and the 2009 Conference agreed, that a medium to long-term vision related to the structure and functioning of the DOs network be developed for review by the Governing Bodies, taking into account the views of the 2010 Regional Conferences. Accordingly, the Regional Conferences reviewed and commented on a document entitled: “Towards a New Vision for the Decentralized Offices Network”. Based on this continuing dialogue, Management offered a vision in relation to the DOs as follows:

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

73. The strategy proposed to achieve this is through:

*A strong and responsive country-office-centered network that provides timely and effective support to Members by drawing on the technical expertise in subregional, regional and headquarters (HQ) units, as well as from partners and Members themselves.*

74. The document clarified that implementation of this vision and strategy would require action in four major areas: structure, staffing, operations and funding.

#### ***Structure***

75. FAO has a multi-tiered structure to serve Members and the international community at large, including HQ, Regional, Subregional and Country Offices, while also implementing specific programmes and projects in many locations at field level. However, there are significant differences among regions. For example, Africa benefits from the most comprehensive formula – Regional Office,

four Subregional Offices and 41 Country Offices. In contrast, the Asia and Pacific region has only one Subregional Office, while Europe does not have fully-fledged Country Offices. Decisions on structure remain the prerogative of Members, while ensuring that all parts – HQ and DOs – function as one, and that assistance to Members can draw on the full range of technical expertise available in FAO and its Partners.

76. Aspects requiring further review by Management included fine tuning of FAO's Country Offices network with measures such as: cost-sharing agreements, in particular by middle-income countries; project-type, time-bound representational agreements; greater use of UN system country offices; and enhanced use of multiple accreditations, with concurrent strengthening of national staff, as necessary, in the relevant Country Offices. The practice of covering some countries by outposting/seconding technical officers from Regional or Subregional Offices (or Multidisciplinary Teams), or placing FAO Representatives (FAORs) against posts in Regional Offices (ROs) also merited review.

77. Options that could be considered, especially at future Regional Conferences, included:

- a structure of DOs that is suited to the specific needs of each region: e.g. exploring a structure with less layers between the country level – where the bulk of operational work is performed – and the main repository of global technical excellence in HQ divisions;
- further strengthening of the Subregional Offices/Multidisciplinary Teams (MDTs), which could be achieved by focusing the ROs work more strictly on regional policy and strategic issues.

### *Staffing*

78. In order for the Organization to fulfill its mandate, it is essential that the DOs be staffed with experienced experts who are able to draw upon the full range of technical skills available in FAO itself, as well as in its Members and Partners. Important actions to ensure the highest quality of staff, such as improved training, mobility and rotation policies, were being introduced. A review of the competency framework for the Organization, including for heads of DOs, was being carried out, which would pave the way for improved competency-based recruitment and staff management. However, further options could be explored, including:

- greater flexibility in Regional and Subregional Offices with regard to overall staffing levels, as well as skill mix. These should be consistent with the priority setting process at country, subregional and regional levels. Options could include the introduction of “core” and “non-core” staff categories for the MDTs. Such practices, particularly the “assignment for limited durations” for non-core staff, had been introduced in some other UN system organizations;
- innovative ways to strengthen human resources in DOs, such as through national experts, young professionals, volunteers and South-South Cooperation experts. The Organization had also entered in agreements with Universities and Research Centers, and this modality had the potential of being further expanded.

### *Operations*

79. Unity of purpose and practice across the entire Organization should be well served by the existence of an overall Strategic Framework and MTP which set out the goals and objectives to which all parts of FAO need to contribute. RBM principles and PEMS, extended to all parts of the Organization, should also play a key role. Other critical ongoing initiatives included changes in planning and priority setting, widespread knowledge management and capacity development efforts, and improvements in ICT and information systems leading to fast and comprehensive interactions between DOs and HQ.

80. Some other areas to be further reviewed by Management included:

- better coordination, building on such enhancements as the monthly Operational Arm Meeting, chaired by the Deputy Director-General Operations;

- ensuring that priority setting at regional and subregional level takes full account of country plans;
- further improvements in ICT support and facilities in DOs;
- close integration of emergency and development programmes at country level: e.g. in the short-term, greater synergy between the teams implementing emergency operations and FAO Representations. Over the medium to longer term, the issue of leadership of all programmes in the country would need to be considered, while respecting due flexibility.

### ***Funding***

81. The greater decision-making, implementation and operational responsibilities given to the DOs resulted in overstretched resources. The risk that funds might be diverted from technical support to administration, management and oversight was particularly high in ROs which had taken over a substantial number of operational responsibilities and support services from HQ. In addition, at country level the preparation and launching of the Country Programming Frameworks (CPFs), particularly in the context of more joined-up UN system efforts, would need adequate backup of resources.

82. Options that Members and Management would need to jointly consider were:

- further integration of regular budget and extra-budgetary resources at DOs level which would allow for a better alignment of size, structure and staff composition with programme requirements;
- increased resources from extra-budgetary projects accruing to DOs, through improved project budgeting and financial arrangements to recover fully costs incurred at country level;
- mobilization of local resources by DOs in general, and country offices in particular, from donors, regional and subregional organizations, and the private sector.

82bis. The “vision document”, which took into account inputs from Regional Conferences, was considered by the CoC-IEE at its February and March 2011 meetings, as well as by the Joint Meeting of the Programme and Finance Committees of 23 March. The latter meeting:

- a) re-affirmed the importance of decentralization for the work of the Organization and the critical need for headquarters and decentralized offices to function as one in the most effective and efficient manner;
- b) underlined the need for rationalization of all layers of operations, including staffing, when necessary, according to the IPA;
- c) underlined the ongoing need for actions to enhance expertise and performance in decentralized offices in line with their priorities and needs;
- d) stressed the need for appropriate and adequate resources which will enable decentralized offices to exercise the delegation of authority given to them through the IPA and encouraged careful and continued monitoring of the decentralized network;
- e) noted the progress made on benchmarking and welcomed the consultations with other UN organizations;
- f) welcomed the steps that were being taken for greater professionalism in the recruitment of heads of decentralized offices; stressed the urgent need to adopt and implement the rotation and mobility policy, competency profiles, and recruitment procedures, as foreseen in the IPA; and
- g) emphasised the importance of the revised Circular on Responsibilities and Relationships between headquarters and decentralized offices, which was under preparation (N.B. since then issued by management)<sup>25</sup>.

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<sup>25</sup> CL 141/10, para. 9.

### Next steps

82ter. The CoC-IEE requested Management to provide a document on short, medium and long-term actions to address the gaps, challenges, risks and issues related to decentralization. This document should take account of the above Governing Body discussions, as well as the relevant evaluations and management responses reviewed by the Programme and Finance Committees, particularly those related to Capacity Development, Evaluation of the Regional Office of the Near East, Country Programming and Emergency Operations. Proposed short-term actions could be discussed by the Programme and Finance Committees in October 2011, as well as the Regional Conferences in 2012, with final endorsement by the Council in course of 2012

82quater. Moreover, the Regional Conferences to be held in 2012 could review FAO's country coverage in their region, with a view to enhancing effectiveness and efficiency, and make recommendations to the 2012 sessions of Council on the most suitable structure and skills mix of the DOs network in their region.

## 2. Headquarters structure

83. The current structure at HQ, as reflected in the PWB 2010-11, has been in place since January 2010. Thus only one outstanding matter was addressed by the CoC-IEE in this area, namely the recommendations made by the consulting firm Ernst & Young (EY) as a result of its review of the Office of the Director-General (ODG).

84. The CoC-IEE noted that many of the recommendations made had already been implemented. The proposed Executive Leadership Team (ELT) was created in January 2010 and has met 27 times during that year.

85. Management had agreed that, by limiting the number of advisory committees, individual accountability for decision-making could be enhanced and processes could be streamlined. The review recommendations had therefore been implemented: six internal committees had been abolished and seven more had been restructured. The Human Resources Committee had been introduced, and the diminution of internal IT committees was at an advanced stage of implementation. The reduction of the involvement of Cabinet in administrative activities was also supported, as it would allow more time and resources to be devoted to strategic issues.

## 3. Partnerships

86. The CoC-IEE took note of the good progress made in fostering partnerships related to various IPA actions. In January 2011 an interim Organization-wide Strategy on Partnerships was approved by Management, subject to review after one year of implementation. This was complemented by the development of sector-specific strategies on partnerships: (i) enhancing FAO's collaboration within the UN system; (ii) furthering FAO's collaboration with the other Rome-based Agencies; (iii) with non-governmental and civil society organizations; and (iv) with the private sector – the latter updating the previous strategy.

87. This conceptual effort was accompanied with an awareness drive through: (i) information material on the guiding principles set out in the Organization-wide Strategy on Partnerships; and (ii) the launch of a partnerships website targeted at both staff and external audiences. Staff development initiatives (workshops, e-learning courses, etc.) to facilitate internalization of the strategies into work programmes are being piloted during 2011.

88. In respect of broad interactions with the UN system, the provisions of the Outcome Document of the MDG Summit relevant to food security, agriculture and rural development, are being reflected into FAO's work planning for the next biennium 2012-13. Between 2007 and 2010, the Organization saw an increase of about 67% in resources mobilized from One UN Funds or Joint Programmes at

global and country level, for both development and emergency operations, making it the fourth largest beneficiary of system-wide funds. This involvement includes the eight Delivering as One pilot countries, as well as other countries that are voluntarily implementing One UN Programmes.

88 bis. As regards the Rome-based Agencies, cooperation has been strengthened through mainstreaming of pilot action plans and in administrative areas (see the joint procurement initiative below). An important new development is the Global Food Security Cluster co-led by FAO and WFP, aiming at improving food security responses in humanitarian situations – FAO and WFP are already co-leading food security clusters in 17 countries.

89. Concerning civil society organizations, interactions increased both in terms of the variety of partners and overall numbers. This is particularly relevant for regional participation and in the CFS sessions and inter-sessional activities. NGO/CSO participation in Regional Conferences rose from 62 organizations and 98 participants in 2008, to 103 organizations and 150 participants in 2010. The reform process of the CFS gave impetus to participation of non-state actors, by way of continuous consultations and contributions. This was supported by extra-budgetary funds mobilized by FAO. The ongoing stock-taking exercise of civil society collaboration is being extended to the Regional Offices.

90. In relation to cooperation with the private sector, institutional arrangements have been consolidated, including tools for due diligence, risk management and monitoring and evaluation. The Partnerships Committee chaired by the Director-General replaced the previous Private Sector Partnership Advisory Committee. In January 2011, a *modus operandi* was approved for the Sub-Committee to review financial and other agreements, to support the main Partnerships Committee. The Joint Meeting of the Programme and Finance Committees of March 2011 recognized that the provisional outline of the Strategy on Partnerships with the Private Sector was a positive step, and looked forward to reviewing the final version at its next session. In quantitative terms, in the recent past FAO has been engaged in some 60 partnerships covering normative work, research and knowledge production and dissemination, advocacy and fundraising, and policy dialogue. Technical divisions are being encouraged and supported in enhancing outreach to the private sector.

### ***Common Procurement Team***

91. Close cooperation among the Rome-based Agencies was pursued in the area of procurement. In 2010, as part of a pilot project, the Common Procurement Team (CPT) issued 18 tenders with an aggregate value of USD 23 million for the Organizations. 16 out of these 18 tenders were issued through an electronic system (In-Tend) which was adopted by each Agency to harmonize “e-tendering” tools. For the 13 contracts awarded by FAO, there was a potential saving of USD 900,000. By joining forces, FAO, WFP and IFAD benefited from favorable pricing due to aggregated volumes. Staff assigned by each Agency to this initiative worked together on FAO premises for regular periods each week to share best practices and achieve efficiency in the tender process.

92. Following the decision to renew the mandate of CPT in 2011, FAO agreed to continue to provide office space and infrastructure support. An assessment of the pilot initiative would include a client survey and a precise quantification of benefits. The pilot project was considered a valuable step towards broader integration, leading to joint work in other areas such as travel. The CPT would also prepare a forward-looking strategy and a work plan covering: harmonization of contractual documents and procedures; alignment of contract expiry dates; and development of key performance indicators with target levels.

### ***Joint emergency relief operations and Joint Task Force on Haiti***

93. Vigorous joint actions connected to emergencies had been undertaken, particularly in the aftermath of the devastating earthquake that hit Haiti in January 2010. An estimated two million people urgently required food assistance and some 600 000 had left the capital for rural areas. The impact of the disaster required immediate actions to be linked to medium- and long-term recovery

plans. The Rome-based Agencies established a taskforce to support a Haitian-led food security programme. They worked closely together to support labour intensive interventions in watershed management, provide operational support to the Haiti Reconstruction Action Plan, and pursue advocacy for food security priorities. The programme also included longer term risk reduction and management as well as enhanced national policies and institutions.

94. Other joint emergency relief operations included, in December 2010, endorsement by the UN Inter-Agency Standing Committee of FAO and WFP as co-leaders of the Emergency Food Security Cluster to enhance country-level capacity to plan and implement proportionate and timely food security responses in humanitarian crisis situations. Strengthened food security clusters at country level help ensure that food assistance and agricultural livelihood-based programmes are linked as part of a coordinated response. FAO and WFP were already co-leading food security clusters in 17 countries, working together on joint consolidated appeals. FAO also had an active role in many of the “Purchase for Progress” (P4P) countries to allow for WFP leverage in new ways to develop agricultural markets, support smallholder engagement and create market outlets. More generally, partnership was a key feature of the work of more than 40 FAO emergency coordination units (e.g. in Iraq, Lebanon, West Bank and Gaza Strip, etc.).

#### **4. Delegation of authority to Decentralized Offices**

95. The CoC-IEE was advised of the progress made with regard to delegations of authority in relation to several IPA actions as illustrated below. The delegations linked to procurement are addressed together with other procurement related initiatives under sub-section E.

##### ***Technical Cooperation Programme (TCP)***

96. As foreseen in the IPA, decentralization of the TCP approval process was fully implemented as of January 2010. As a result, DOs had responsibility, authority and accountability for the entire TCP project cycle, from identification of project ideas, through formulation and approval, to implementation. FAORs were responsible for national projects, Subregional Coordinators for subregional projects, and Regional Representatives (RRs) for regional projects. RRs had the added responsibility for regional TCP allocations. In view of such additional workload, staff and non-staff resources had been allocated to Regional and some Subregional Offices.

97. E-learning courses and face-to-face training were organized for staff in the DOs on the TCP criteria and the details of the new decentralized formulation and approval process at the end of 2009. Additional guidance has been provided through the issuance of a TCP Manual and other tools. The two main benefits expected from decentralization were: close interaction between counterparts and project formulators, leading to a better alignment with national priorities; and a reduction in the time lag between submissions of requests and approval of projects. While the time lag had been reduced from an average of 6 months to slightly less than 4 months, it was still early to evaluate the impact in terms of better alignment with national priorities.

##### ***Transfer of OSD responsibilities***

98. The decentralization process entailed transfer of responsibilities related to the management of Country Offices to ROs and full responsibility of the latter for the preparation of Regional Conferences. This transfer from the Office of Support to Decentralization (OSD, ex-OCD) took place during the first quarter of 2010. While ROs were still in the process of filling all the positions involved in managing the DOs network, good progress had been made and benefits were becoming apparent. ROs were made responsible for the planning and allocation of financial resources to Country Offices and for budget monitoring. This enabled ROs to have a better view at regional level of the various layers and improve the coherence of the DO network. The overall monitoring function of ROs was reinforced by the fact that they are also focal points for audit reports at country level. Being closer to

Country Offices (normally in the same time zone), ROs could provide timely support to FAORs on day-to-day office management matters.

99. The organization of training activities, primarily at the regional level, made it possible to focus more effectively on regional issues. Training opportunities also facilitated sharing and discussing common concerns within the region. In addition, being responsible for supervision and performance assessment of FAORs, RRs had more direct contact with them to ensure that they were operating in line with corporate objectives. RRs were also made responsible for the appointment of National Professional Officers, thereby contributing to more timely recruitment in Country Offices.

## **C. Human resources**

100. In view of the high importance accorded to Human Resources (HR) in the IPA, the CoC-IEE gave special attention to reviewing progress in this area, notably with respect to the transformation of the HR function into an effective strategic partner and the reinforcement of the Organization's HR capabilities. Initiatives in this respect included: the HR strategic framework; staff development; recruitment; the corporate competency framework; performance evaluation (PEMS); HR management information system support; and HR policies and new functions in support of HR reform.

### **1. HR Strategic Framework**

101. For the first time, the Organization established a strategy that would govern and align HR capabilities to corporate strategic objectives. To this end, a comprehensive HR Strategic Framework and Action Plan was developed at the beginning of 2010, setting out the vision, strategic direction and goals for HR reforms, in line with the IPA related actions. The Strategic Framework and Action Plan embodies more firmly the transformation of the HR management function at FAO to a more strategic business partner function. It not only defines the delivery of the many HR initiatives in a results-based approach, but also delineates the expected impact of their implementation.

### **2. Staff development**

102. As human resources constitute FAO's primary asset, developing staff skills and competencies is key to ensuring that the Organization possesses the required HR capability to deliver its programmes and achieve strategic objectives. As an initial measure, significant steps were taken to enhance the skills and capabilities of FAO's management cadre. The Management and Leadership Programme (MLP) was expanded to establish a comprehensive learning path and offer professional development opportunities for managers and staff across the Organization. Participation rates in the MLP courses continued to grow progressively following the programme's launch, with over 100 managers having been trained. In this context, the first Management and Leadership Newsletter was published in 2010, providing information about management practices, and Management and Effectiveness Fora were held.

103. With a view to extending the Organization's development and learning programmes to all staff in all locations, a pilot FAO Virtual Academy was launched in 2010, drawing on similar experiences of the UN system, and using a blended approach to staff development and learning. The Virtual Academy should be rolled out in 2011. In addition, learning programmes were implemented to support the skills development of non-managerial staff in the Professional and General Service categories.

### **3. Recruitment**

104. The IEE underscored the need to ensure continuous renewal in the Organization by recruiting younger employees. The Internship Programme and the Junior Professionals Programme (JPP) were implemented to help rejuvenating FAO's workforce by attracting younger professionals, particularly from non- and under-represented developing countries. An overwhelming response was received for

the JPP, with over 3,000 applicants expressing interest, approximately 2,200 of whom were eligible to participate in the programme and about 100 of whom were interviewed. A first cohort of 18 Junior Professionals (JPs) was recruited in 2011, of whom 5 were assigned to HQ units and 13 to DOs.

105. Further measures were implemented in 2010 aimed at improving both geographic and gender representation, including: (i) establishment of two- and four-year interim corporate targets for geographic and gender representation; (ii) application of new selection procedures whereby at least one qualified female candidate must be included in recruitment short-lists; (iii) requirement of prior consultation with senior management for nationals to be interviewed from over-represented countries or countries having reached the upper limit in the range for equitable representation; (iv) development of a strategic action plan on gender representation; and (v) setting up a new comprehensive database of institutions world-wide to ensure extensive dissemination of vacancies to target groups, including professional women and nationals from non- and under-represented countries. A press campaign was undertaken in 60 non- and under-represented countries in October 2010 to draw attention to vacancies. As a result of these initiatives, the percentage of nationals from over-represented countries on professional posts included in the PWB has decreased from 38% in December 2004 to 25% in March 2011. During the same period, the proportion of women in professional, director and senior management positions increased from 27% in 2004 to 34% in March 2011. By March 2011, the MTP targets for the percentage of professional women in the Professional, Director and above categories of 36% and 18%, respectively, had been achieved.

#### **4. Competency framework**

106. The Root and Branch Review acknowledged that the development of a corporate competency framework is crucial in enabling the Organization to assess and determine the competencies amongst its workforce and realign effectively its HR capabilities to its changing needs. Accordingly, the framework would provide a transparent, standardized foundation upon which HR systems and functions would be based. The competencies would be mapped to all FAO positions and used across a range of HR functions, including job design, recruitment, performance management and learning and development to transform the way in which FAO recruits, advances and retains staff. Despite an initial delay stemming from identifying a suitable framework model and contracting an appropriate consulting firm to assist with this initiative, progress is well under way. A full cycle of focus groups has been held at HQ and in three regions, during which staff provided inputs about competencies relevant to FAO's work. On the basis of the inputs received, a draft competency framework is being developed for validation in a second round of focus group meetings to be held in May and June 2011.

#### **5. Performance evaluation**

107. The new corporate competencies, once finalized and endorsed, should be incorporated in the enhanced Performance Evaluation Management System. Prior to 2009, over half of the Organization's staff members, notably in the General Service category, were not subject to performance evaluation, and even staff in the professional and above category were not consistently evaluated. PEMS was introduced to redress this situation, promoting a structured framework of evaluation, with 360 degree assessments, peer reviews and regular dialogues between supervisors and supervisees. Following an initial pilot launch in 2009, a pilot roll-out of the full cycle to all staff members was undertaken in 2010 and completed in February 2011. Subsequently, the findings emanating from these pilots were thoroughly analyzed, concurrently with the launch of the second pilot for 2011. The results of the analysis will be used to enhance PEMS prior to its full implementation and use for administrative purposes in 2012. In anticipation of the pilots, extensive PEMS training was delivered to all eligible staff at HQs and in the DOs. Training sessions included an introductory workshop and 'soft skills' courses, such as 'giving and receiving feedback' and 'manager as coach'. PEMS will be complemented by a rewards and recognition framework, reflecting recommendations arising from a review that was being undertaken by the International Civil Service Commission, as well as a framework to deal with issues of performance below the required satisfactory levels of output and proficiency.

## **6. HR management information system support**

108. A major milestone has been achieved with the development of a new HR Management Information and Reporting (HRMIR) System, which provides FAO managers with the requisite tool to manage and plan their human resources. As called for by IPA action 3.72, upgrading of the Oracle system to improve data extraction and analysis in support of staff management was completed in 2010, with the piloting of the new HRMIR System. Consolidating data from a range of transactional systems into a single repository of HR information, the system seeks to improve reporting and facilitate access to accurate workforce information and statistics on a self-service basis. The HRMIR system also enables managers to access interactive dashboards from their workstation, with statistics on HR metrics such as gender and geographic representation and vacant positions in their units, which can be interrogated both from a point-in-time and trend perspective.

## **7. HR policies and new functions in support of HR reform**

109. The benefits to be derived by both the Organization and staff members from an effective rotation policy were acknowledged by the IEE. Following extensive consultations conducted with internal stakeholders, and in the absence of an agreement on an appropriate policy framework on mobility, interim voluntary mobility guidelines were implemented in 2010 to encourage staff from both the Professional and General Service categories to move to different offices or functions for short or longer periods of time, pending development of a comprehensive policy on staff mobility. A task force was set up comprising representatives of stakeholders, and its recommendations should be presented by June 2011 to senior management.

110. Two new functions – HR strategy and HR communications – had been established within the Human Resources Management Division, allowing the identification of links between the IPA initiatives in the HR sector, and ensuring effective communication with Governing Bodies, Management and Staff. In 2011 a career development function would also be established to formulate policies and guidelines, and advise on talent management and career development best practice.

## **D. Enhanced administrative and management systems**

111. The CoC-IEE noted that progress achieved under this vast area of the IPA Programme covered such key items as revision of the FAO Manual; upgrade of the IT network; procurement initiatives; the International Public Sector Accounting Standards; and modernization of records management.

### **1. Revision of FAO Manual**

112. Stemming from a recommendation of the Root and Branch Review, revision of the FAO Administrative Manual was the subject of a dedicated IPA project planned to be completed in 2013. The end result should be a clear, accessible and easy-to-use Manual with high quality content for use by FAO employees worldwide in three languages – English, French and Spanish. The revised Manual should ensure that all employees in all locations understand and can comply with FAO's rules and regulations. The overhaul of the Manual was led by the Business Improvement Unit in the office of the Assistant Director-General of the Corporate Services, Human Resources and Finance Department, in collaboration with all stakeholders.

113. Activities in 2010 included: a document inventory; a more user-friendly interface for the existing Manual; a frequent-user survey; and benchmarking and contacts with other UN system organizations to take advantage of their experience in re-engineering administrative manuals. Activities were being coordinated with WFP, which shares parts of the FAO Manual. Consultation with policy-makers and users at all geographical levels would continue in 2011.

## **2. Upgrade of IT network**

114. The upgrade of ICT infrastructure and information systems functional support for DOs, with due emphasis on improving performance and integration of the DOs network, was called for in IPA action 3.90. This entailed:

- improved network connectivity by upgrading corporate telecommunication links and Internet connections, providing faster access from DOs to corporate applications and a wide range of new-generation applications, such as videoconferencing and use of knowledge sharing and collaboration tools;
- availability of high definition video-conference facilities in Regional and Subregional Offices for more effective inter-office communications;
- a global ICT model to provide real-time multi-lingual support to FAO's decentralized sites;
- training for administrative officers in DOs on the effective use of administrative information systems.

115. Progress achieved in these areas in 2010 included corporate telecommunication link upgrades in 56 DOs, and high definition video-conference facilities in all Regional and Subregional Offices. Upgrades of corporate telecommunication links for the remaining 44 offices should be completed in 2011, so that all Country Offices should be able to use video-conference services. In this connection, it should be noted that the OEWG has explored options for greater use of modern technologies during and between sessions of the Governing Bodies, making recommendations in this regard to the 2011 session of the Conference.

116. Proposals for revised Information Technology governance arrangements were finalized in 2010 and should be implemented in 2011. A new Information Technology Strategy covering the period until 2019 was also developed, with a view to its introduction during 2011.

## **3. Procurement initiatives**

117. Several milestones were achieved in consolidating the ongoing decentralization process of the procurement function, with many initiatives taking into account the growth of local procurement for emergency operations and the higher delegation of authority assigned to DOs. For example, the level of delegation of authority to FAORs for the procurement of goods and services was doubled, standing at USD 100,000. Increasing the level of delegated authority has improved the timeliness and effectiveness of the procurement process. Following the release of the relevant revised Manual Section, training sessions were conducted in 14 DOs, benefiting over 500 staff members. This was coupled with training sessions at HQ for all units involved in procurement activities.

118. As regards Letters of Agreement (LoAs), a new Manual Section, when fully implemented, would provide for the first time a clear accountability framework for the preparation, quality assurance, approval and management of LoAs – also in line with the culture change paradigm of moving away from merely applying rules and regulations to using judgment based on understanding the specific risk environments in which LoAs are utilized. The new Manual section would increase delegation of authority to DOs to the same level of that of procurement, and also provide a framework to allow for re-delegation.

119. The procurement unit was also working with the office of the Inspector General to finalize Guidelines on Collusion and Fraud in Procurement Operations. Additionally, it was finalizing Guidelines on Procurement Planning and Guidelines on Supply Market Analysis. These documents – and accompanying training missions – aimed to enhance the capacity of local staff to manage increasingly larger local procurement volumes. Three new international procurement officers would

also be posted in countries where FAO undertakes significant amounts of procurement for emergency projects.

120. Besides giving due attention to realizing further price and process cost savings whenever possible, FAO's vendor management project would continue to improve the vendor base, taking account of poor performance reports submitted by DOs, and facilitating the use of the United Nations Global Market Place for the DOs procuring from local vendors. Likewise, attention was paid to transparency of the procurement function, e.g. by publishing information regarding procurement activities related to projects exceeding USD 100,000 funded by the European Union Food Facility and the Global Environment Facility.

#### **4. International Public Sector Accounting Standards**

121. The IPSAS Project continued to move ahead in accordance with plans to deliver IPSAS compliant systems in 2012 and IPSAS compliant financial statements by 2013. The Project aims to support financial decision-making through new or updated business processes, integrated systems, financial controls and comprehensive reporting, including a financial system for DOs to match an enormous increase in field-driven transactions resulting from decentralization and increased delegations. **For example, disbursements made through DOs amounted to USD 581 million in 2010, i.e. 190% higher than in 2004.**

122. The assessment stage had been completed, paving the way for a design and building phase of the identified solutions. This would be carried out in parallel with the upgrade of FAO's Enterprise Resource Planning (ERP) system to Oracle Release 12 (R12). The synergies between the two would allow the IPSAS project to exploit the significant functionality in R12, including in DOs. In October 2010, the Finance Committee supported this synergistic approach and noted the above deadlines. However, the IPSAS Project was able to provide Organization-wide benefits in advance of the 2013 overall implementation date. In 2010, a new functionality was made available to DOs for easy access to financial data in corporate systems, and another new functionality was released to procurement staff at HQ to record receipts for goods delivered to the DOs.

#### **5. Records Management modernization project**

123. Stemming from a recommendation of the Root and Branch Review, Records Management was the subject of a project intended to modernize FAO's records and archives management policies, procedures, systems and support, so that better service can be provided at lower cost. Four aspects of records management were to be modernized via:

- new policies, to promote knowledge sharing while protecting privacy and confidentiality;
- new processes, to enhance finding of information while requiring less effort for filing;
- new technology, to replace the current system with better tools, including better search capabilities;
- new support arrangements, generating savings through more efficient deployment while creating a more "value-adding" role for registry staff.

124. The project should meet its objectives – both in terms of improved service and lower costs – within the agreed resources and timeframes. It would generate savings in excess of the required investment within the IPA period and lead to biennial savings of over USD 2 million thereafter. The project could also be seen as a good case of "applied culture change" in promoting changes in staff attitudes and behaviour, while seeking to revitalize an entire FAO occupational group. Finally, the project would also support knowledge sharing and improved teamwork, including better access to information from DOs.

## **E. Effective governance and oversight**

125. As noted by the CoC-IEE, during the biennium developments on governance and oversight issues stemming from the IPA related mainly to: the Charter for the Office of Evaluation; the Ethics Committee; Multi-year Programmes of Work for Governing Bodies; Rules of Procedure for Governing Bodies; and procedures for addresses by candidates for the office of Director-General.

### **1. Charter for the Office of Evaluation**

126. Conference Resolution 1/2008 called for the approval by the Council of a comprehensive evaluation policy in the form of a “Charter”. It included specific items to be incorporated into the Charter, including appointment of the Director of Evaluation, measures for quality assurance, and the role of Governing Bodies in evaluation processes. It also established the principle that all evaluation reports, management responses and follow-up reports were public documents.

127. The draft Charter was reviewed at three sessions of the Programme Committee in 2008-09. However, the Council agreed in September-October 2009 that the Charter should not be finalized until the newly-appointed Director of Evaluation could participate in the process. In April 2010 the Programme Committee gave its final endorsement to the Charter, which was then approved by the Council in May 2010. As required by Resolution 1/2008, the Charter has been incorporated into the Basic Texts of the Organization.

### **2. Ethics Committee**

128. In response to IPA action 3.34, proposed terms of reference and composition of the Ethics Committee were considered by the Finance Committee, Committee on Constitutional and Legal Matters (CCLM) and Council. In October 2009 the CCLM endorsed proposed terms of reference and membership of the Ethics Committee, on which the Finance Committee, in April 2010, made observations and requested revisions thereof. Council in May 2010 requested that both Committees continue to review the matter.

129. Subsequently the CCLM, in September 2010, deferred consideration of the matter pending the conclusions of a related consultancy that was underway, and its review by the Finance Committee. In October 2010, the Finance Committee examined a revised proposal and recommended a few changes for further review by the CCLM. The Council in November-December 2010 welcomed the continuing efforts being made to prepare the terms of reference of the Ethics Committee and supported further review by the two Committees in March 2011.

130. In March 2011 the CCLM recommended further amendments to the terms of reference and membership of the Ethics Committee, proposing that it be established for a period of four years beginning in January 2012, during which its work would be reviewed by the relevant Governing Bodies with a view of future changes as necessary. *Shortly thereafter, the Finance Committee endorsed, with a minor amendment, the terms of reference and composition of the Ethics Committee as reviewed by the CCLM. It agreed that external members of the Ethics Committee would be appointed, subject to approval by the Council, upon recommendation of the Finance Committee and the CCLM at their autumn session of 2011. [To be updated after the April session of Council]*

### **3. Multi-year Programmes of Work for Governing Bodies**

131. IPA actions 2.70-72 called for the development of Multi-year Programmes of Work (MYPOWs) for the Governing Bodies, alongside reports of progress against them once every two years. So far MYPOWs of three Governing Bodies have been approved, while further achievements should materialize in the next biennium for the remaining MYPOWs. Importantly, the formulation of these novel instruments has been greatly facilitated through informal discussions among the Members.

132. The Programme Committee and the Finance Committee have approved their MYPOWs 2010-13, respectively in April and in October 2010, with subsequent endorsement of both instruments by Council in May and November-December 2010.

133. The Council approved its MYPOW 2010-13 in November-December 2010, with progress against it expected to be reported to the Conference in June-July 2011.

134. In September 2010, the CCLM discussed its MYPOW, observing that it does not have pre-determined, recurrent or standing items on its agendas, which could be reviewed in accordance with a preset programme of work. In November-December 2010 the Council concurred that the CCLM's MYPOW should take account of the distinctive features of the statutory functions of the Committee, noting that the CCLM intended to keep the matter under review at future sessions.

135. Concerning the Committee on World Food Security, as agreed at its October 2010 session, it should examine and approve its MYPOW at its forthcoming session in October 2011, for subsequent endorsement by Council in November 2011.

136. As to the four Technical Committees and five Regional Conferences – which all meet once every two years – they should be able to consider and adopt their MYPOWs for the period 2012-2015 when they meet in 2012 – as anticipated especially by the Committee on Forestry at its last session in October 2010 – following preparatory work carried out in 2011.

#### **4. Rules of Procedure for Governing Bodies**

137. Most of the amendments to the main Basic Texts – Constitution, General Rules of the Organization (GRO), Financial Regulations – necessary to implement the IPA have been adopted by the Conference in 2009. As a result of some of the amendments made, however, consequential changes to the Rules of Procedure of individual Governing Bodies were also needed. Thus revisions and additions to Rules of Procedure have been prepared during the current biennium, with guidance provided in this process by the CCLM and Council.

138. Since its establishment in 1958, the CCLM had operated effectively within the framework set forth by the Basic Texts, without developing its own Rules of Procedure. However, for reasons of consistency with other committees, the CCLM reviewed and adopted its Rules of Procedure in September 2010, which were then inserted in the Basic Texts.

139. As they became part of the Governing Body structure only in 2009, the Regional Conferences did not previously have their own Rules of Procedure. These have therefore been drafted and were discussed by the CCLM in September 2010, which formulated observations on the text put forward. Subsequently, in November-December 2010 the Council recommended that the proposed Rules of Procedure be further reviewed by the Regional Groups, taking into account the status of the Regional Conferences. Hence the proposed Rules of Procedure should be examined by the Regional Groups with a view to their consideration and adoption by the next Regional Conferences scheduled to take place in 2012.

140. In this connection, in March 2011 the CCLM discussed a possible amendment to the provision of the GRO regarding the preparation of the provisional agendas of the Regional Conferences. It agreed that this question was related to other matters regarding the status of the Regional Conferences still under discussion, and recommended that consultations with the Regional Groups be held during the second part of 2011 and early 2012 with a view to agreeing on proposals to be referred to the Regional Conferences in 2012. *In this regard, the CoC-IEE recalled IPA action 2.74 whereby the Conference should assess the workings of the governance reforms, including the role and functioning of the Regional Conferences, with an independent review as an input to this process. It noted that this action was due for completion by 2015, with preparatory assessment work to be carried out in the course of the 2012-13 biennium.*

141. As regards the Technical Committees, in May 2010 the Council acknowledged their authority to amend their own Rules of Procedure based on their specific functional requirements, while stressing the desirability of consistency among such Rules of Procedure. In this context, the Council invited in May 2010 the Committee on Commodity Problems, the Committee on Fisheries, the Committee on Forestry and the Committee on Agriculture to examine their Rules of Procedure. This matter was also partly addressed by the OEWG in the course of its deliberations on the working arrangements of the Technical Committees, and recommendations were formulated in this regard in its report to the 2011 Conference.

142. To date only the Committee of Forestry had approved changes to its Rules of Procedure in October 2010, which were included in the Basic Texts. The other Technical Committees could follow suit at their next sessions in 2012, as foreseen in particular by the Committee on Fisheries at its last session in January-February 2011.

## **5. Procedures for addresses by candidates for the office of Director-General**

143. Upon recommendation made by the CCLM in April 2010, the Council approved in May 2010 the procedure to be followed for the addresses by candidates for the office of Director-General at the Council session of April 2011. A similar procedure was endorsed by Council for the presentation of such addresses at the Conference session of June-July 2011.

## **F. Funding and expenditures for the IPA Programme in the 2010-11 biennium**

144. The CoC-IEE recalled that, in approving the IPA in 2008, the Conference had decided to establish a special Trust Fund to receive extra-budgetary resources for implementation of the IPA in 2009<sup>26</sup>. As at end 2010, of the confirmed pledges by Members to contribute a total of USD 9.01 million to the Trust Fund, a total of USD 9.0 million had been received, and at the end of 2009 there was an unspent balance of USD 3.08 million against the Trust Fund.

145. It was also recalled that funding for 2010-11 was incorporated in the PWB. Implementation of the IPA in 2010-11 was financed by the budgetary appropriations voted by the Conference for the PWB, as well as the unspent balance from the 2009 IPA Trust Fund carried forward to 2010<sup>27</sup>.

146. As at end 2010, the unspent balance of the Trust Fund of USD 3.08 million was fully expended, and the IPA expenditure (recorded expenditures and commitments) charged to the PWB totalled USD 15.98 million. Thus, the total expenditure on the IPA in 2010 was USD 19.06 million, as illustrated in table 2 providing expenditure at IPA project level.

147. It was anticipated to fully spend the net balance available under the budgetary appropriations on IPA activities in 2011. As confirmed at the 135<sup>th</sup> session of the Finance Committee in October 2010, all IPA-related funding in 2010-11 would be used exclusively for IPA activities, and unspent 2010-11 IPA funds, if any, would be carried over into 2012-13<sup>28</sup>.

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<sup>26</sup> Conference Resolution 1/2008, para 3.

<sup>27</sup> Conference Resolution 3/2009, para 2.

<sup>28</sup> CL 140/21, para. 29.

*Table 2 - 2010 expenditure by IPA project*

<b>Project</b>	<b>2010-11 budget</b>	<b>2010 expenditure</b>	<b>Percentage</b>
	PWB	PWB & TF	
1. Governing Body Reform	2.87	1.39	48%
2. Oversight	2.40	1.03	43%
3a. Reform of Programme, Budgeting & RBM	0.49	0.44	90%
3b. Publishing in all languages	0.38	0.20	53%
4. Resource mobilization and management	1.43	0.58	41%
5. Technical Cooperation Programme	-0.62	0.09	-15%
6. Decentralization	0.80	0.37	46%
7a. Headquarters structure	0.63	0.60	95%
8. Partnerships	1.38	0.52	38%
9. Reform of Administrative and Management Systems	2.89	2.16	75%
11b. Information Technology	10.40	3.92	38%
12. Enterprise Risk Management	0.70	0.12	17%
13. Culture change	2.30	0.47	20%
14. Human Resources	9.91	5.17	52%
15. IPA governing body follow-up	0.48	0.46	96%
16. IPA management follow-up	3.16	1.54	49%
<b>Sub-Total (PWB)</b>	<b>39.60</b>		
IPA Trust Fund balance	3.08		
<b>Totals</b>	<b>42.68</b>	<b>19.06</b>	<b>45%</b>

## IV. The way forward

### A. The IPA programme in 2012-13

147a As recalled in section II above, it is estimated that 20% of IPA actions would remain to be completed in 2012-13, representing 40% of the workload in terms of outstanding effort, time and costs. These comprise complex, large projects with a significant impact on staff and the Organization as a whole, relating to Results-Based Management (RBM), Human Resources, Culture Change, Decentralization, and the introduction of IPSAS, including replacement of the current Field Accounting System.

147b The main thrusts in the RBM area will be: further improvements to the planning model based on experience; full implementation of the resource mobilization and management strategy; and mainstreaming of Enterprise Risk Management in the RBM framework. Definition of requirements and gap analysis will be undertaken for the transfer of functions related to financial forecasting and expenditure performance from OSP to the Finance Division. This should bring FAO's planning and monitoring system fully into line with RBM, taking into account IPSAS requirements as they pertain to budgetary monitoring and reporting.

147c Regarding Human Resources, most of the work will stem from initiatives commenced in 2010-11, including: management training; staff appraisal; full implementation of the staff rotation policy; further improvements in recruitment; measures to ensure greater equity in geographic and gender representation; the Junior Professional Programme; and development of the Corporate Competency Framework. Delivery of new HR functions should take place such as on career development, strategy, HR communications and staffing.

147d As regards Culture Change, implementation of the corporate strategy will cover three main areas: (i) *team-working and collaboration*, with an associated training programme and appropriate definitions included in the competency framework and applied to all HR processes, including PEMS. This will be supported by a variety of initiatives, including regular divisional retreats, "Share Fairs" for staff to exchange knowledge and best practices, and a "Staff Day" involving staff from DOs and HQ to celebrate and share team achievements; (ii) *leading for empowerment and delegation*, with a tailored development programme for all staff with line management responsibilities to build the skills and competencies required; (iii) *accountability for results*, with managers held accountable for conducting PEMS diligently and effectively covering all employees. To embed a culture of meritocracy, actions to recognize and reward high performers together with measures to deal with poor performance will be implemented. A talent management programme will seek to identify potential in line with the competency framework. Further tools will be developed to monitor and communicate culture change in FAO, and to measure culture shift.

147e Concerning Decentralization, proposed short-term actions to implement the *Vision for Structure and Functioning of DOs* could be discussed by the Programme and Finance Committees in October 2011, as well as the Regional Conferences in 2012, with final endorsement by the Council in 2012. Moreover, the Regional Conferences to be held in 2012 could review FAO's country coverage in their region, with a view to enhancing the Organization's effectiveness and efficiency at country level and make recommendations to the Council in 2012 on the most suitable structure and skills mix of the DOs network in their region.

147f In respect of IPSAS, the next biennium should witness the critical building, testing and implementation phase of the new system, in parallel with the upgrade of FAO's Enterprise Resource Planning (ERP) system to Oracle Release 12. This will include delivery of a new Field Accounting System which will fully exploit the improved bandwidth in DOs, being addressed under IPA action 3.90.

### *Funding requirements*

148. The CoC-IEE underscored that the IPA programme would be fully mainstreamed into the PWB 2012-13, by including proposed financial requirements in the net appropriation figures (broken down according to the budgetary chapters for Strategic and Functional Objectives and Capital Expenditure). This holistic presentation was important given the inter-relationship between the IPA and planned work in a number of areas, including information systems and human resources.

149. It was noted that Management had adopted a four-point policy for the prioritization and budgeting of IPA projects and activities for the biennium 2012-13, namely: (i) review of delivery capacity; (ii) sustainability of IPA projects; (iii) better integration of IPA activities with the regular programme of work; and (iv) avoidance of use of IPA resources for administrative positions.

150. The IPA budgetary requirements for 2012-13 were developed based on two main components: (i) recurrent costs and savings that are a result of IPA actions undertaken in 2010 and 2011; and (ii) investment costs and recurrent costs and savings that are required for actions to be initiated in 2012-13. Based on the above, the total estimated IPA programme costs in 2012-13 stood at USD 37.84 million, comprising investment costs of USD 16.61 million and net recurrent costs of USD 21.23 million (consisting of recurrent costs of USD 31.78 million and savings of USD 10.55 million).

151. It was noted that the PWB 2012-13 document (C 2011/3) provided detailed information on the planned IPA activities and financial estimates.

### *Longer term picture*

152. While the IPA is a five year reform programme due to be largely completed at the end of 2013, some elements will require more time to achieve maximum impact. For example, the implementation of results-based budgeting would be fully realized in the next budgetary cycle of 2014-15, as its application in the PWB 2012-13 is still "work-in-progress". In addition, although more than 90% of staff across the Organization participated in PEMS training, the 2010 and 2011 PEMS exercises are of a pilot nature, so that its full incorporation in administrative procedures should start only in 2012, and the benefits materialize progressively. The increase in the percentage of assessed contributions applied to Evaluation activities, which increased to 0.6% of the Regular Budget in 2010-11, was proposed by the Joint Meeting of the Programme and Finance Committees in March 2011 to be further increased in 2012-13, but would not reach the set target of 0.8% until after the 2012-13 biennium. Also, some actions emanating from the Root and Branch Review imply costs and savings that have been projected over a seven year period.

## **B. Governing Body follow-up arrangements**

153. The CoC-IEE examined how governance follow-up for the IPA Programme could be organized in the course of 2012-13. In view of the full mainstreaming of the IPA in the PWB, the oversight functions on IPA implementation would henceforth be normally performed through the relevant Governing Bodies, without having recourse to special arrangements similar to those put in place by the Conference in 2008 and 2009.

154. More specifically:

- the Council would continue to monitor overall progress in implementation of the IPA in 2012-13 and submit a full report to the 38<sup>th</sup> Session of the Conference in 2013, receiving from Management progress reports on IPA implementation for review and guidance;
- the Finance Committee, Programme Committee, CCLM and, as needed, the Technical Committees and Regional Conferences would provide specific inputs to the Council according to their respective mandates;

- the Independent Chairperson of Council would, within his reinforced responsibilities, continue to play a proactive facilitating role.

155. Not entailing incremental costs, such arrangement would rely entirely on the existing inter-governmental structures, making maximum use of their specialized competencies, with further involvement of the Independent Chairperson of Council in line with the new status of the function.

156. This arrangement should be reflected in the Resolution on the IPA expected to be adopted by the Conference at its 2011 session.

## **Appendices**

- Appendix 1 - Conference Resolution 4/2009 on the IPA
- Appendix 2 - Organizational Arrangements for the CoC-IEE in 2010-11 (Bureau Members, schedule of meetings)
- Appendix 3 - Management Report on IPA implementation in 2010-11.

**Appendix 1****Resolution 4/2009 on the Immediate Plan of Action for FAO Renewal****THE CONFERENCE:**

**Mindful** of FAO's unique overall mandate for food and agriculture, **cognisant** of its vision of a world free of hunger and malnutrition where the food and agriculture sectors contribute to improving the living standards of all in an economically, socially and environmentally sustainable manner, and **aware** of the global goals set out by the Members to foster the achievement of this vision as formulated in the Organization's Strategic Framework 2010-19;

**Recalling** its Resolution 1/2008 whereby it approved the Immediate Plan of Action (IPA) for FAO Renewal for implementation over a three-year period from 2009 to 2011 – a vital pathway of Reform with Growth for a strengthened, efficient, effective and responsive Organization;

**Having considered** the Report of the Conference Committee on Follow-up to the Independent External Evaluation of FAO (CoC-IEE) on the work completed in 2009 in the framework of the IPA, and the remaining work to be undertaken for the implementation of the IPA;

**Noting with appreciation** that major progress has been achieved in implementing many IPA actions in the course of 2009, along with related recommendations from the Root and Branch Review of administrative processes;

**Recognizing** that FAO renewal will continue to entail considerable efforts to carry out large and complex IPA projects in 2010-11, and to ensure long-term integration of culture change in the overall reform of the Organization;

**Acknowledging** the spirit of collaboration and trust that has prevailed between the Membership and the Management of FAO in conducting the reform process as a joint endeavour, with full engagement and interactive participation of the Members, constant support of the Director-General, and committed involvement of the Staff across the Organization;

**Cognisant** of the need to ensure the sustainability of the reform process in the future years:

1. **Endorses** the Report of CoC-IEE on the Immediate Plan of Action for FAO Renewal as given in *Appendix D* of this Report.
2. **Decides** that the Council will continue to monitor the overall progress in implementation of the IPA and report to the Conference in 2011, receiving from Management, at its regular sessions, progress reports on IPA implementation for review and guidance. In performing this oversight function, the Council will also receive, as appropriate, specific inputs from the Programme Committee, the Finance Committee and the Committee on Constitutional and Legal Matters in their respective areas of mandate. In this context, the Independent Chairperson of the Council will play a proactive facilitating role.
3. **Decides** to establish, under Article VI of the FAO Constitution, a Conference Committee on Follow-up to the Independent External Evaluation of FAO (CoC-IEE) for the duration of 2010-11, to ensure continuity of oversight, guidance and follow-up for the implementation of the IPA, supporting the Council in its monitoring responsibility. To this end, the CoC-IEE will:
  - a) provide overall monitoring and follow-up of the implementation of the IPA by Management in 2010-11, as well as guidance for any required improvement in this regard, without prejudice to the statutory functions of the Council and its Committees;

- b) complete a report on the results of its work by April 2011 for presentation to the Conference in June 2011, formulating any recommendations stemming from the implementation of the IPA;
  - c) be open to full participation by all Members with speaking rights, conduct its work in all languages of the Organization, and collectively formulate its recommendations and decisions through consensus to the maximum extent possible;
  - d) hold up to three meetings per year at appropriate periods of time, taking into account related sessions of the Governing Bodies to ensure proper sequencing of complementary meetings, and which will not be held in parallel with major meetings of the Rome-based UN Organizations to allow the fullest participation of Members;
  - e) appoint a Bureau consisting of the Chairperson and the two Vice-Chairpersons of the CoC-IEE and one representative of Member Nations per region, which will address exclusively administrative and organizational matters, and be open to non-speaking observers from the Membership;
  - f) be proactively supported by Management, which will provide secretariat services and the required documents for its meetings.
4. **Decides** that the Independent Chairperson of the FAO Council will be the Chairperson of the CoC-IEE.
5. **Decides** to appoint as Vice-Chairpersons of the CoC-IEE:
- Ambassador Agnes van Ardenne-van der Hoeven (Netherlands); and
  - Ambassador Wilfred Joseph Ngirwa (United Republic of Tanzania).

(Adopted on 19 November 2009)

**Appendix 2**

**Organizational Arrangements for the CoC-IEE in 2010-11  
(Bureau Members, Schedule of Meetings)**

**Membership of the Bureau**

<b>Chairperson</b>	
Mr Luc Guyau, Independent Chairperson of Council	
<b>Vice-Chairpersons</b>	
Ambassador Agnes van Ardenne-van der Hoeven (Netherlands)	
Ambassador Wilfred Joseph Ngirwa (Tanzania)	
<b>Members</b>	
<b>Africa</b>	Eritrea
<b>Asia</b>	China
<b>Europe</b>	Spain
<b>Latin America and the Caribbean</b>	Brazil
<b>Near East</b>	Afghanistan
<b>North America</b>	Canada
<b>South-West Pacific</b>	Australia

**Schedule of meetings**

<b>2010</b>	<b>2011</b>
8 April	23 February
23 June	30 March
20 October	21 April