

MOPAN assessment of FAO (2017-18)

Preliminary Brief

About this assessment

In 2017-18, the Multilateral Organisation Performance Assessment Network (MOPAN), assessed the performance of the Food and Agriculture Organization (FAO). The assessment looked at FAO's organisational effectiveness (strategic, operational, relationship and performance aspects) and the results it achieved against its objectives. This was the third MOPAN assessment of FAO; previous assessments were conducted in 2011 and 2014.

This preliminary brief will inform the Presentation of Preliminary Findings of the FAO MOPAN assessment in December 2018, ahead of the publication of the full report and final brief in early 2019. The findings and performance ratings in this brief are not definitive and will be superseded by the final version.

About MOPAN

MOPAN is a network of 18 countries¹ who share a common interest in assessing the effectiveness of the major multilateral organisations they fund, including UN agencies, international financial institutions and global funds. The Network generates, collects, analyses and presents relevant and credible information on the organisational and development effectiveness of the organisations it assesses. This knowledge base is intended to contribute to organisational learning within and among the organisations, their direct clients and partners, and other stakeholders. Network members use the reports for their own accountability needs and as a source of input for strategic decision-making.

MOPAN 3.0, first applied in 2015-16, is the latest iteration of the methodology that underpins the Network's assessments. It builds on the former Common Approach, implemented by the Network from 2009 through 2014. More detail is provided at the end of this brief and in MOPAN's methodology manual². In 2017-18, MOPAN assessed 14 organisations, including FAO (see Box).

Organisations assessed by MOPAN in 2017-18:

- AsDB
- FAO
- GPE
- GEF
- IFAD
- IOM
- OHCHR
- UNESCO
- UNFPA
- UNHCR
- UNRWA
- UN Women
- WFP
- WHO

Key findings

The assessment found that FAO has strengthened its performance since the last MOPAN assessment in terms of an enhanced strategic focus; a stronger operational management, including fiduciary risk; and a stronger commitment to partnerships. It has also significantly refocused its strategy in this period by shifting away from a largely technical focus, towards five complex, ambitious, multidisciplinary challenges facing its partner countries, which has been positive. This was undertaken to ensure that FAO meets the expectations and evolving needs of its partners. Internally, this shift has been accompanied by profound changes in the way FAO organises its work. Implementing those reforms while operating under a zero-

¹ Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States – and two observers, New Zealand and the United Arab Emirates

² Available at www.mopanonline.org

growth core budget has required significant adaptation. Externally, the new focus has reinforced FAO's commitment to decentralisation and working in partnerships. These reforms are still in progress and will take some time to fully implement. The evidence from the assessment suggests that FAO is highly valued among its partners.

Significant changes to the wider UN Development System, and within FAO, entail not only opportunities, but also risk for FAO. Looking ahead, the organisation will require stronger systems and an enhanced ability to manage strategic risk, while maintaining agility, to take advantage of opportunities to advance its mandate. It has yet to find sustainable forms of funding for some of its core activities, such as normative work, that have traditionally relied on core funding. FAO's approach to measuring results, particularly in normative work, remains a work in progress.

FAO's mandate spans the production and maintenance of international norms and standards, the development and curation of global knowledge, the provision of technical policy and capacity support for rural development, and the delivery of assistance in emergency situations. It operates globally, regionally and nationally in 130 countries, and is governed by a Conference comprising 194 member nations.

FAO's performance: strengths and areas for improvement

I. FAO is an organisation in transformation.

FAO's Strategic Framework sets out the organisation's ten-year vision and priorities, and is reviewed and adjusted at least once every four years as necessary. The current Framework covers 2010-19 and was reviewed in 2013 and 2017 by the Conference. The revisions and selection of the five objectives in the Strategic Framework followed a detailed review of critical needs facing FAO's partners with respect to food and agriculture. The Framework also includes a sixth, broad objective on *technical quality, knowledge and services* (including cross-cutting themes), which is designed to cover FAO's internal capability to deliver its strategic objectives.

The FAO Strategic Objectives

- Help eliminate hunger, food insecurity and malnutrition
- Make agriculture, forestry and fisheries more productive and sustainable
- Reduce rural poverty
- Enable inclusive and efficient agricultural and food systems
- Increase the resilience of livelihoods to threats and crises

The revisions to FAO's Strategic Framework in 2013 were part of an on-going response to the evolving global development agenda. They followed a series of organisational reforms in 2009 and the introduction of "transformative changes" in 2012 by the appointed Director-General. A number of significant organisational change initiatives are hence underway, many of which continue the direction of reform established at FAO prior to the assessment period. These include changes in FAO's organisational structure and management systems, including the introduction of a matrix management approach designed to promote strategic alignment and multidisciplinary working, and a significantly revised performance management policy framework for staff.

Alongside these structural and policy changes, FAO is also strengthening the information technology systems underpinning its management processes and has recently introduced new, organisation-wide measures to promote risk management. At the same time, FAO continues to reinforce its approach to country programming through the Country Programming Frameworks (CPF), a results-based strategic planning approach at the country level for which FAO and the country government are mutually accountable.

The key areas of strength and weakness below provide a snapshot of where this transformation process stands against the MOPAN performance areas. They summarise areas in which reforms have succeeded in strengthening FAO as an organisation, and areas requiring further work or attention.

II. Through its reform process, FAO has consolidated its strategic vision and, at the same time, worked towards strengthening its functioning as an organisation.

FAO has established a clear, compelling and focused strategic vision that bodes well for the future. Its reforms, notably its revised Strategic Framework, have been instrumental in shaping the organisation. The shift from 11 objectives based largely on technical disciplines, to 5 Strategic Objectives framed in terms of complex development challenges requiring multi-disciplinary solutions, has strengthened the alignment of FAO's focus and vision with the needs of partners. The assessment indeed found that the related agenda of change has been instrumental in enhancing FAO's current and future relevance in the eyes of partners and staff. When the assessment team encountered criticism, this invariably concerned the way in which change has been introduced, while respondents did not question the fundamental direction or ambitions behind those changes. The current Strategic Framework is due to expire in 2019. The assessment has not encountered any evidence to argue for a significant departure from FAO's current direction. However, against the backdrop of wider reforms of the UN Development System, this moment provides an opportunity to sharpen and further align important aspects of the organisation's strategy.

FAO demonstrates a strong strategic commitment to working in partnerships. Its knowledge base is one of its key comparative advantages, and thus, partnerships have long been a characteristic of FAO's work as a specialist organisation. FAO work seems deeply rooted in the view that good development requires collective action. FAO has continued to adapt and refine how it engages with the needs and expectations of partners. The most recent refinement of the Strategic Framework (2017) introduced changes that respond explicitly to Agenda 2030 and the advent of the Sustainable Development Goals (SDGs). FAO has strengthened or added to its approach as critical issues have moved up the development agenda, with gender equality, climate change, governance and nutrition adopted as cross-cutting issues in the organisation. FAO is also looking to develop new partnership modalities and engage with new types of partners, in particular through South-South co-operation and the private sector.

The refocusing of FAO's strategic direction has fostered a more integrated, multidisciplinary way of working. The associated shift to a matrix management has had profound implications for the way in which FAO operates, organises and staffs itself. This approach has the potential to leverage the organisation's technical expertise in new and more holistic responses to complex development problems. High-level co-ordination mechanisms, such as the Corporate Policy and Programmes Board and the Programme Implementation and Monitoring Board, have been established to oversee the new functioning. Thematic networks also operate to facilitate engagement across technical areas. Operationally, division of responsibilities between technical divisions and the strategic programmes for planning and approval processes has been clarified and the mobilisation of inputs from technical divisions is, in principle, operationalised through service-level agreements. This change remains a work in progress and has not been without its challenges, as described below.

FAO has leveraged its global network of regional, sub-regional and country offices to shift to a more country-driven way of working. FAO has maintained its decentralisation programme throughout the review period. It has continued to reorient the organisation from a "centre-out" approach towards one that gives much greater voice to specific demands and needs at regional and country level. Since 2015, FAO has instituted full-time Strategic Programme Leaders with dedicated teams responsible for developing and guiding the organisation's work programme, and Regional Programme Leaders to help operationalise the strategic objectives in decentralised offices. Its operational coverage of 122 countries provides the organisation with a presence on the ground and the scope to develop relationships over time. FAO uses this to exploit its strengths in partnerships with other agencies, including other UN partners such as the Rome-based agencies and the World Bank.

FAO is strengthening its engagement with partners through a more strategic approach to resource mobilisation to better meet the needs of partners and donors. It involves the development of new instruments, new sources and new roles for FAO in resource mobilisation, including with the private sector,

reflecting the understanding that the SDGs will not be achieved by aid funds alone. FAO has redesigned the 2010 Multipartner Programme Support Mechanism (FMM), which was limited in its effectiveness and constrained by unpredictable funds and a limited number of donors. It strengthened its successor, the Multi-Partner Facility (MPF) for Accelerated SDGs, with new with new management arrangements and greater results-orientation. With respect to new roles, FAO has established standard operating procedures with the World Bank to enable the fast-tracking of resources to FAO to utilise its established networks at country level (e.g. in Yemen and Somalia). FAO is also aiming to expand partnerships with the private sector and foundations taking a more innovative, less traditional role in helping to catalyse and facilitate private sector (foreign and domestic) investment resources. FAO is also engaging proactively with middle-income countries, not only on South-South and Triangular co-operation, but also as current and future resource partners. Partnership Programmes have been successfully concluded since 2015 with Azerbaijan, Cameroon, Côte d'Ivoire, Equatorial Guinea and Kazakhstan. Effectiveness to date is visible in part from the organisation's success in attracting increased voluntary contributions. Nevertheless, the process is still in the relatively early stages of development and challenges remain.

FAO has established sound, high-quality financial management systems and improved its systems of internal control. FAO adopted the International Public Sector Accounting Standards (IPSAS) as of 1 January 2014. The shift to IPSAS required a significant upgrade in FAO's financial systems and practices, and human resources to meet international best practices set by IPSAS. Recent reports by the External Auditor found that all transactions tested as part of the audit of the financial statements for 2015-16 were in compliance with the financial regulations and legislative authority, and in accordance with IPSAS. Since 2015, FAO has also invested heavily to strengthen its risk management and internal control. FAO has recently instituted a more systematic approach to fraud risk management, working with the Office of the Inspector General (OIG). This followed a review in 2015 by OIG of the risk of financial fraud and other corrupt practices in FAO, and the mitigating actions taken, that concluded that FAO's approach to fraud risk management was fragmentary. However, while policies are in place, continued attention is required to ensure effective implementation. FAO's Audit Committee recently expressed concern that OIG could not implement its workplans fully due to lack of resources.

III. At the same time, the institutional change process is still a work in progress with some areas requiring further work, and some areas posing risks

In FAO's improvements in risk management, strategic risk has been left behind. The organisation invested significant effort over the review period in strengthening its approach to risk, to good effect. It has improved its operational risk management systems, such as its system of internal control and fiduciary risk management. Yet FAO's approach to risk management does not focus enough on strategic risks. This is visible, for instance, in its Corporate Risk Log, which – while a positive development – is rather technocratic and is essentially focused around programme delivery risks. It does not appear to address strategic threats and opportunities facing the organisation, such as those arising externally from the wider UN reform agenda. Nor does it address risks associated with the significant internal changes being pursued under the Strategic Framework – such as corporate reform initiatives around HR practices and organisational efficiency. For instance, reduced resourcing in key roles, or insufficient co-ordination or consultation about the practicability of changes, could adversely affect the organisation's capacity to deliver. The organisation has not yet developed a clear, coherent view on the strategic risks facing the organisation.

Also, to date, strategic risk identification and management appears to have been a process involving mainly upper management. In keeping with current good corporate practice, a healthy risk management approach would entail the adoption of a more distributed model designed to engage managers and staff alike on questions of strategic risk and risk appetite, and embedding it formally at all levels. It would also ensure that risk management efforts across the organisation are well-co-ordinated and coherent. Its Risk Management Matrix project is not yet actively used as a management tool. Looking ahead, FAO will face a need for tools and processes to strengthen its approach to strategic risk management.

A second challenge is that FAO's normative functions and role as provider of global public knowledge rely on a core budget that has nominally stayed flat throughout the review period. Its success in attracting voluntary contributions has somewhat masked this challenge. In broader terms, FAO has not defined the appropriate balance between core and voluntary contributions for its business model. The organisation's implicit aim appears to be to increase the size and share of voluntary contributions, but this is not elaborated upon in the long-term Strategic Framework. Capacity and implementation risks are associated with an ever-greater reliance on voluntary contributions. Also, the fact that 52% of voluntary contributions are paid by just 5 donors suggests that it is important to aim for more spread. However, if the trend for declining core contributions (in real terms) continues, the bigger debate may revolve around how to sustainably fund activities that have traditionally been core-funded in ways that are acceptable to members.

The way in which FAO has introduced its Human Resource (HR) reforms in the past years exposes it to both operational and reputational risks. The Organisation's rationale for the HR reforms is to enhance the organisation's relevance and agility. FAO has pursued an active HR strategy that has included keeping a proportion of established posts unfilled and making significant use of staff on short-term consultancy contracts. It has also made revisions to policies on staff mobility, recruitment and retirement. The manner of their implementation, however, has been perceived as lacking transparency and consultation, and has been a source of notable dissatisfaction. Regardless of any merits of its HR approach, FAO faces increased reputational risks as a result among some Member Nations. Regardless of the merits of the changes themselves, they pose operational as well as reputational risks for FAO, and to date have not been managed effectively.

An ongoing challenge for FAO is timeliness of delivery on the ground. The efficiency (timeliness) of FAO's administrative and operational processes was already raised by the 2014 MOPAN Assessment and requires ongoing attention. FAO continues to experience implementation delays; cost and no-cost extensions to programmes are a common feature. These delays are attributed to a range of operational procedures / factors, including lengthy procurement, recruitment and establishing partnership agreements, as well as unrealistic designs from the outset. However, FAO makes limited use of process efficiency measures or benchmarks to track its business performance from a partner perspective. Such measures could be valuable in both supporting operational performance and managing risks arising from other changes introduced. Diagnosing the root causes to determine whether they stem from procedural or resource- or capacity-related limitations, will be key to addressing this weakness going forward.

While progress on specific corporate performance reporting and accountability systems has been achieved, integration and completeness of performance data remain an area for improvement. Enhancements have been made to both the Field Programme Management Information System (FPMIS) and the PIREs budgetary system (Programme Planning, Implementation Reporting and Evaluation Support System). They allow for more clarity and timeliness in the monitoring and reporting of deliverables that contribute to corporate outputs. However, ensuring comprehensiveness of data and integration of key systems remains an area for further work. Interviews and FAO's own evaluation reports indicate that some of the tools and approaches FAO has developed have limitations in terms of their utility for management purposes. A significant gap is that FAO does not currently systematically monitor the performance of its programme portfolio. As such, FAO cannot say confidently what proportion, for example, of completed programmes were fully successful, partially successful or unsuccessful. Programmes are captured to some extent in the Corporate Results Framework but only partially, insofar as a programme maps imperfectly to one or two prescribed Outputs. But specific information about programmes' performance in a particular country or across a particular type of engagement is systematically lacking. The 2017 Annual Report of the Inspector General also highlighted key areas for improvement in the performance of country offices, including the monitoring and reporting on CPF implementation. A lack of capacity in country offices to support the required processes was identified as a key cause of the underlying issues.

Evidence points to shortcomings in the design and use of the corporate results framework. Although FAO has invested significant effort in promoting results-based management and made significant progress in measuring results since the last MOPAN assessment, its results framework still presents a number of weaknesses. The first relates to FAO's key role as a knowledge-provider. Its normative functions are at the core of its comparative advantage. Although the organisation recognises this, the assessment found that **FAO's normative work has insufficient visibility in the results framework.** At this time, it does not elaborate in detail how these and other core capabilities contribute to each of the Strategic Objectives. Also, FAO's Corporate Results Framework (CRF) remains weighted towards the organisation's actions rather than its achievements. Given the level of scrutiny applied internationally to the organisational and development effectiveness of UN agencies, demand to demonstrate results and impacts more effectively is expected to increase. FAO's ability to manage and communicate its performance will therefore be all the more important in the future.

MOPAN's evidence lines

- Review of 121 documents
- 50 staff interviews / focus groups
- 206 partners surveyed in 13 countries

IV. All in all, the results picture is mixed

FAO has a high rate of delivery, measured against its own framework. The latest findings of the corporate Results Framework (CRF) for the period 2016-17 present FAO as a highly effective organisation. FAO's biennial Programme Implementation Report indicates that over two-thirds of the outcomes in the CRF are reported as achieved or exceeding their targets for the period 2016-17. Some 83% of its functional key performance indicators (KPIs) covering, among others, information technology, governance and oversight, administrative efficiency, capital expenditure, were achieved, as were 84% of the 64 programme-focused outputs in the CRF. However, limitations in both targets and indicators for outcomes, and the degree of uncertainty around FAO's role in reported changes, make interpreting these results difficult.

FAO's results data needs to be nuanced by the significant gaps in FAO's corporate performance reporting and accountability systems. As mentioned above, this is partly because the CRF remains weighted towards the organisation's activity rather than its achievements. It still leaves important gaps in FAO's "whole-of-organisation" view and in its oversight of performance.

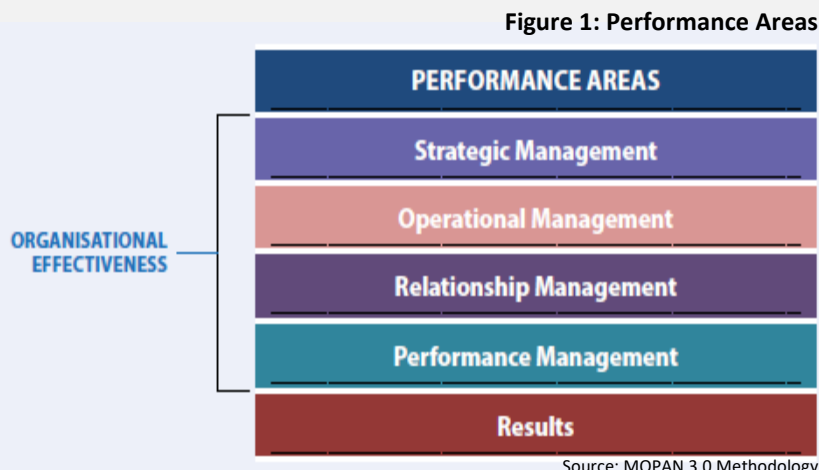
Evaluations of FAO's work paint a mixed but broadly positive picture of **an organisation that is contributing to sustainable development results.** The evidence suggests that FAO's programmes may be successful, for example, in building capacity and supporting national development policies more generally, but make somewhat less of a difference in gender equality and empowerment of women. Weighing the impact of FAO's work on advancing human rights and nutrition issues is hindered by limited evidence, although this is indicative of the level of attention these issues receive.

Overall, the positive trajectory that FAO has pursued since the last MOPAN assessment in 2014 is encouraging. With its strengthened performance, stronger strategic focus and operational management, and its significant efforts to measure the results of its operational and normative work, FAO has a strong basis for tackling challenges ahead. With reforms still in progress, some areas deserve more attention. The upcoming MOPAN report will provide a more nuanced and comprehensive picture of FAO at this point in time.³

³ The full MOPAN Assessment of FAO (2017-18) will be published in January 2019 on the MOPAN website, www.mopanonline.org, followed by the Management Response by FAO a few weeks later.

MOPAN 3.0 - Methods of analysis

The assessment of performance covers FAO’s headquarters, and regional and country field presence. It addresses organisational systems, practices and behaviours, as well as results achieved during the period 2016 to mid-2018. It relies on three lines of evidence: a review of 121 documents, individual interviews with 50 staff members and additional small group discussions, and an online survey among partners in 13 countries.



The MOPAN 3.0 methodology entails a framework of 12 key performance indicators and associated micro-indicators. It comprises standards that characterise an effective multilateral organisation. MOPAN conducted the assessment with support from IOD PARC, a consulting company located in the United Kingdom that specialises in results-based performance assessment in international development. France acted as Institutional Lead, representing MOPAN members in this assessment process.

Figure 2: FAO performance rating summary (Preliminary version)

DISCLAIMER: These performance ratings are not definitive and will be superseded by the final version.

