Chair's Aide Mémoire – Fourth Meeting of CoC-IEE WG III
Wednesday 7 March 2008
Ramalingam Parasuram, Chair

1) **Culture Change**: Management provided information on the process and timeline for addressing culture change in FAO. An External Consultant is being identified for recruitment to facilitate the process. There will be a Working Group established and a website is also under consideration.

2) **Resource Mobilization:** Members generally agreed with the IEE proposals for Resource mobilization, integrating Regular Programme and extra-budgetary resources to support agreed priorities (IEE Recommendations 7.4 and 7.6). The need for enhanced Governing Body oversight of extra-budgetary resources was stressed, as these accounted for some half of FAO total resources:

   a) Members supported the integration of extra-budgetary resources to address priorities though priority themes and National Medium Term Priority Frameworks (NMTPFs). In this context it was noted that the country coverage of NMTPFs needed to be considerably extended and that they should be greatly improved in quality;
   b) A transparent process for acceptance of extra-budgetary funds was needed, including any funds accepted outside the agreed priorities and this should be subject to Governing Body oversight (emergencies were agreed as a special category which needed to be handled somewhat separately);
   c) The introduction of pool funding arrangements for priorities, countries and regions was desirable but this would be a gradual development and confidence in it by both donors and developing member countries was a function of the transparency of arrangements put in place, including governance oversight, accountability and evaluation reporting;
   d) There should be some flexibility on the time horizon of Priority Themes as priorities can and do arise quite quickly. The example of transboundary diseases and the emergence of avian influenza were noted though several Members suggested that such topics would in any event constitute a priority theme for FAO's work; and
   e) Many Members indicated the value of integration of budgetary resources given the need for increased transparency and accountability for better oversight.

There was general agreement that form should follow function and there would be considerable advantages in the consolidation of overall coordination and facilitation for resource mobilization together with overall resource management, strategy development and programme planning in one office. This would provide an overall priority setting, monitoring, coordination and facilitation function for resource mobilization by the decentralized offices for countries and regions, TCE for emergencies and the technical departments for their programmes.

5) Some members urged early establishment of an **FAO Foundation** and many members considered such a Foundation desirable, while others had reservations as to its possible costs. It was agreed that establishment of a Foundation was not an immediate priority but a management feasibility study of costs, potential benefits and legal aspects could be undertaken:

a) Such a foundation could build on TeleFood experience, combining advocacy with receipt of funds from private sources and the general public; and

b) Some Members stressed the continuing value of the TeleFood model for addressing the needs of poor women and small farmers and the Working Group stressed that all TeleFood projects should be designed, approved and implemented at country level by the FAORs. There should be no requirement for any headquarters input or clearance.

7) **Self funding of agreements, treaties etc:** It was agreed that there should be a greater move in the direction of parties to conventions, agreements, treaties and similar instruments, funding the secretariat and operations based on a scale of contributions, but this move should be gradual and FAO Regular Programme should remain also a source of support.

Service provision and procurement: Management reported a number of steps already taken in line with the IEE recommendations:

a) increased Delegation of Authority for procurement levels to Regional, Sub-Regional and Country Representatives;

b) increased authority for Letters of Agreement to Division Directors;

c) localised procurement for emergencies to increase speed of delivery;

d) review of procedures and modalities to streamline travel including lumps sums for consultant payments inclusive travel costs and Division Director approvals; and

e) provision for temporary operational cash accounts.

8) The Working Group generally agreed with the IEE recommendations regarding Delegation of Authority and the progressive move from *ex ante* to *ex post* controls. Some members urged further delegation to lower levels for example on: travel; the limits on expenditures by FAORs; the difficulties in contracting and purchasing from small local businesses. A few Members expressed concern that there would be sufficient strengthening of capacity especially in decentralized offices and adequate oversight with increased delegation of authority. Management noted measures in place for audit, internal oversight mechanisms, and training and the adequacy of procedures and controls would be examined in the root and branch review.

10) Management agreed on the importance of undertaking a full Enterprise Risk Management study but extra-budgetary resources were needed for this.

13) **IT&C systems**: The Working Group appreciated that management had largely accepted the recommendations of the IEE:

a) Stressed the need for centralised coordination and compatibility of computer systems;

b) Supported deployment in the near future of a field version of Oracle adapted to the management needs, level of authority and infrastructure available to the FAORs;

c) Appreciated the view of the responsible manger that consolidation of IT functions in one division would strengthen overall capacity, improving efficiency and responsiveness;

d) Shared management's view that the deployment of an IT officer in each Department would not be an efficient use of resources at the present time but noted the need to respond equally to IT needs of Technical Departments and the Administration;

e) Stressed cooperation between the Rome based agencies, and at field level in the UN system, but noted that a each agency has different corporate IT systems and developing

common systems would be part of the longer term planning for installation of the next generation; and

f) Requested clarification on mechanisms for Members to more readily access information through existing or intended IT services. Management noted that access to the Intranet was limited only by concerns for computer security and the adequacy of firewall technology. Increasing amounts of information were available though the FAO website and information could be placed on the Permanent Representatives website on request.

14) **Future Agenda**: The tentative agenda for the immediate future sessions was agreed as follows:

1. Wednesday 19 March 2008
1) The Programme and Budget Structure and the Programme and Budget Process;
2) Financial Systems, Standards and Audit;
3) Arrears and late payments.

2. No meeting on Wednesday 26 March

3. Friday 28 March 2008 - Joint Meeting WG III & II (Morning only)
1) The Programme and Budget cycle (consideration in the Governing Bodies);
2) Audit, IEE Recommendation 7.9.

4. Tuesday 1 April Joint Meeting WG III & I
1) Headquarters organizational structure (preliminary discussion);
2) Partnership strategy.

5. Tuesday 29 (all day) & Wednesday 30 April (morning only)
1) Decentralized structure of FAO (resumed discussion);
2) Human Resources Policy;
3) Culture Change Policy.

Annex 1 - Resource mobilization – Management Presentation

Issues/Challenges
- Clearly defining Priority Themes and relationship to results
- Managing the unpredictability and earmarking inherent in voluntary contributions
- Making NMTPFs more strategic and integrating into programme model

Possible elements for a Resource Mobilization Strategy

Integrate extra-budgetary resources and activities into the programming framework by:
- Implementing a corporate results-based model across all sources of funds and locations
- Refining resource mobilization mechanisms and issuing clear corporate guidelines
- Developing priority-based resource allocation criteria
- Adapting the review, monitoring and oversight mechanisms and related internal policies

Annex 2 - Service provision and procurement – Management Presentation

<u>Ex Ante Controls</u>
The Secretariat agrees with the recommendation and has started a gradual move from ex ante controls to post controls
- Procurement Committee threshold increased   to US$ 150.000
- Temporary Operational Cash Accounts have   been approved
- Multiple LoAs

<u>Delegation of Authority</u>
The Secretariat agrees with the recommendation and delegations have been raised to the levels here below.
- Procurement
RR   US$ 150.000
SRR   US$ 75.000
FAORs US$ 50.000
- Letters of Agreement
Directors US$ 200.000

<u>Procurement in Emergencies</u>
The Secretariat agrees with the recommendation and has modified the policy with regard to the following:
- waivers to international procurement in favour of local
- use of delivery terms as award criteria
- use of reduced tendering periods
- direct procurement for immediate needs
- submission to the Procurement Committee post-factum

<u>Letter of Agreements and Memorandum of Understanding</u>
The Secretariat agrees with the recommendations and is reviewing the contracting modalities and policies taking into consideration the following criteria:
- the variety of purpose (commercial vs. non-commercial, research vs. implementation)
- the variety of contracting parties (small business vs. NGOs, UN agencies vs. other international institutions)
in order to develop flexible and fit-for-purpose instruments

Annex 3 - Information technology – Management Presentation
<u>Structure</u>
Head of Profession view:
- Fully support the IEE recommendations
- However, this view is not shared by all ADGs – some prefer to keep systems programming of corporate systems in departments, with improved governance from KCT
- Also, transfer of some units is subject to decisions on recommendations regarding HQ structure
- May be appropriate to consider in a more holistic way when considering HQ restructuring recommendations

<u>Client Service</u>
Head of Profession view:
- Re-establishing ITOs in each Department or Office would be expensive – not supported by previous experience of sharing of posts across Departments and abolition of posts

- Subject to outcome of HQ structure recommendations, may be appropriate to place one ITO in each of the three major organizational areas
- To ensure career progression and improved client focus, may consider <u>outposting</u> of ITO staff from KCT to each area -similar to recommendation 8.9b for Administrative Officers

<u>IT Governance</u>

Head of Profession view: agree with IEE recommendations but not simply outsourcing – need to consider best options for sourcing of services.

- High value added services (business knowledge) retain in-house, commodity services on basis of cost and quality.
- FAO has outsourced its telecommunications network (SITA) and Mainframe Services (ICC – prior to decommissioning).
- KCT has a high number of contractors & consultants (57) compared to staff (85)
- KCT has established an offshore centre in Bangkok to reduce unit costs
- Will continue to review service sourcing options, including outsourcing, off shoring, and joint services with Rome based agencies/other agencies