



# Food and Agriculture Organization of the United Nations

## Root and Branch Review

Final Report

April 17<sup>th</sup>, 2009



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# 1. Executive summary

## A. Introduction and background

1. The Food and Agriculture Organization of the United Nations (**FAO**) is undergoing a crucial reform process in its history, which represents an important opportunity to align internal processes and organizational structure to the strategic mission of the Organization, in order to be better prepared to accomplish its role and cope with the new challenges of the future years.
2. The Root and Branch Review (**RBR**) has been initiated after the recommendations of the Independent External Evaluation (**IEE**) of September 2007 and concentrates on the critical analysis and validation of the recommendations of this review, prioritizing the most significant actions to improve the efficiency of the Organization.
3. This document finalizes and summarizes the results of the entire RBR and outlines the most relevant actions which are recommended in order to enhance the FAO reform process with regard to Corporate Services and general administrative matters.
4. The scope of the RBR includes the administrative and support functions and processes (finance, planning and budgeting, information technology, human resources, procurement, administrative services) as well as the coordination, the authorization and the administrative activities of other organizational units, such as the Technical Cooperation Department (TCD), the Office of the Director-General (ODG), the Office for Coordination and Decentralization (OCD) and related functions within Decentralized Offices. Technical Departments are not included in this review. Considerations about the organizational business model of FAO have been added especially with reference to the principles of responsibility, subsidiary, accountability, empowerment and Result-Based Management, focusing mainly on the interactions between administrative functions and overall organization.
5. While there is a general consensus within the RBR Team about the IEE observation that FAO is able to provide excellent services in the technical field, a lack of efficiency and service orientation has been clearly perceived within the administrative and support area. The slow decisional process increases the lead time to mobilize resources and constitutes a burden at Headquarters level as well as in the regional and field operations. Consequently, the need to transform FAO administrative and support functions into more efficient, effective and customer-oriented functions has been continuously indicated to us and has provided a strong driver to our work. A demand for greater transparency and accountability in the management of the processes has also been outlined, fostering the Organization through the implementation of key performance indicators, service level agreements and monitoring systems in support of a result based management approach.
6. The RBR has been divided into 2 major stages. The first stage of the project encompassed a high-level analysis conducted between June 2008 and September 2008 leading to the representation of a high level business model. This provided the grounds for a more focused analysis on the major issues and areas of concern, analysis which was carried out in Stage 2. In Stage 1, activities were carried out not only focusing on the specific processes incorporated in the six work-streams, into which the administrative and support functions were classified in the Tender Specifications, but also adopting a cross-functional approach, based on the analysis of five dimensions: values and culture, people and organization, processes, systems and technology, and customers.



7. To this end, a highly participative approach was adopted, involving both FAO representatives of administrative and support functions (suppliers) and representatives of technical functions and decentralized offices (customers) in several workshops and interviews, as well as involving external stakeholders such as other UN Organizations.
8. Stage 2, through a more detailed analysis in the specific functional work-streams, has focused on the most relevant issues and opportunities resulting from the first stage. Through a consensus oriented process in which management and stakeholders were intensively involved a plausibility check of the findings of the first stage was undertaken in Stage 2. This enabled to select and reinforce a list of key recommendations which represents a strategic priority for the Organization and which have strong impact on the efficiency and effectiveness of the processes.
9. This “modus operandi” allowed developing a more detailed analysis of processes and costs in order to identify potential for service improvements, savings and benefits resulting from an overall improvement of the performance of the organizational structure in the area of Corporate Services.
10. Stage 2, starting from the conclusion of Stage 1, has developed organizational options to support the FAO new vision for Corporate Services concentrating on the Headquarter structure, since the strong potential for improvement of the service and performance in the Headquarter represents a priority which will then have a beneficial impact also on the Decentralized Offices.
11. It is important however to underline that further potential for improvement in the Decentralized/Regional Offices represents a significant aspect which can be better exploited only after implementing first crucial changes envisaged at HQ level.
12. In order to fully exploit the potential for improvements in Corporate Services and, according to the priorities expressed by the FAO Management, the RBR focused its available resources and time on the analysis of the Corporate Services function. However it must be underlined that a review of the administrative activities performed by the Office of the Director General (ODG) is still critical and should be carried out as soon as possible, in order to ensure a more effective delivery of the support activities and in order to speed up the decision making process.
13. The success of the Reform Process is depending on the correct interaction among three main Stakeholders: the Governing Bodies, the Final Customers/Users and the Management. With regard to this we noticed that the Management is currently engaged in a wide range of initiatives frequently diverting them from the priority objective of implementing the Reform process. We recommend a clear prioritization of the ongoing initiatives in order to allow the best use of FAO resources.
14. It must be underlined that a clear understanding of the current performance of FAO can be achieved only considering the historical perspective and the experiences made in the past. In this sense several initiatives recommended by the RBR can be described as “common sense” and were already suggested in the last years but unfortunately not yet implemented. Due to this reason, the past experiences were described by many stakeholders as disappointing.
15. The RBR has to be seen as part of the IPA implementation which, as we noticed, is currently under-funded. If sufficient funding and resources are not provided in a timely manner, many of the benefits in terms of Cash Savings and Effectiveness Gains will not be realized by the Organization.



16. The current reform process is a unique opportunity for the future survival of the Organization: it is highly recommended, therefore, to actively pursue the implementation of the identified measures allowing transparency and immediate benefits tracking, which would ensure momentum and faster return on the money spent.
17. To this purpose the identification of an external and independent entity able to continuously monitor the progresses of the implementation, ensure co-ordination of the activities, escalation of issues and reporting to the stakeholders is seen as a strong necessity in order not to lose the initiative or fail to realize a return from the investment made to date.



## B. Costs and Savings

18. By estimating Costs and Savings, it is important to underline that the Benefits which the identified initiatives bring to the organization can be differentiated in two main categories:
- **Cash Savings** (also referred as "Savings"), which have an immediate impact on the financial performance and
  - **Effectiveness Gains**, which have an influence on the processes but are not immediately quantifiable from the cash perspective, since they have an impact on the quality and speed of the services provided.
19. Cash Savings and Effectiveness Gains can be achieved within a defined period of time (either short-, mid- or long-term), considering the need for possible transition periods, the measures to be put in place to implement the recommendations and the associated investments. Both can be achieved internally within FAO and/or through a better co-operation with other UN agencies.
20. FAO is an organization with significant potential: its role in promoting knowledge and supporting the challenges of many countries and many projects in agricultural environment has to be supported at Headquarters level with an effective organizational structure which guarantees efficient corporate infrastructure and services and avoids duplications of functions and bureaucratic administrative burden. This objective is achievable not only in the mid- long-term but also in the short term. One of the main objectives of Stage 2 has been to examine in more detail the initiatives identified in Stage 1 and, in particular, in describing them in terms of one-off and recurring Costs and Savings.
21. By detracting, from the overall Savings, the one-off and the recurrent Costs, over the 5 years period 2009-2013 it is expected that the RBR initiatives will generate gross Cash Savings of USD 45.4 Mil. yielding **net Cash Savings** of approximately **USD 37.4 Mil.** This figure represents the cumulated amount of net Savings of the entire period after deducting one off and recurring Costs for a total amount of USD 7.9 Mil. The amount of the estimated Cash Savings takes as a basic reference for comparison the biennium 2008-09. Compared to this biennium the net Savings achievable on a recurring basis reach USD 1.2 Mil in 2009, USD 12.7 Mil in the biennium 2010-11 and USD 23.5 Mil in the biennium 2012-13.
22. In order to realize the Savings, by considering the broad number of initiatives and their complexity, it will be crucial to immediately start the suggested initiatives, to introduce an experienced project management and to have a constant and independent monitoring of the implementation.
23. Additional process improvements (**Effectiveness Gains**) have been identified in other areas including Finance & Budgeting, through the integration of the planning process within the Finance Division, and in HR through the revision / development of critical processes.
24. It must be underlined that these Savings can be achieved without negative impact on the services provided. The RBR considered the Savings achievable in comparison to the necessities of modern streamlined processes, and also in comparison to the resources employed by other international and public organizations.
25. Additionally, a better cooperation with other UN agencies in several areas can be an important source of efficiency. The RBR underlines the necessity here to analyze not only the options related to the Rome based UN agencies but also to other UN organizations worldwide. We encourage FAO to conduct further detailed analysis in this area. However we understand that progresses on this topic is not only depending on FAO but also on the willingness of other agencies.

26. We understand that for this change FAO will clearly have to manage a transition period including the implementation of appropriate social plans, voluntary packages and/or retraining initiatives aimed at creating new opportunities and new skills within the organization.
27. As already said, in order to achieve the savings, the FAO organization will have to carry out some investments or sustain costs in order to undertake the changes and achieve the expected improvements. These costs and investments refer to redeployment plans, purchase of new IT applications, restructuring of processes and transfer of activities and staff.
28. We invite to take a close look to the Chapter regarding “Costs and Savings” in the main report in order to gain a detailed overview of the calculated figures and initiatives.
29. Finally we want to underline that one of the major challenges faced by the RBR has been the lack of availability of proven figures and quantitative information. This has represented a significant burden to the review, increasing the time spent for the analysis and raising the need to double-check costs and savings in order to eliminate or at least reduce to the minimum the risk of errors.
30. Table 1 represents a summary of the initiatives and of the corresponding Costs and Savings grouped by function and expressed in USD (000):

Work-streams Stage 2	One-off Investment USD ('000)			Recurrent cost USD ('000)			Recurrent Savings USD ('000)		
	2009	2010-11 (biennial)	Total	2009	2010-11 (biennial)	2012-13 (biennial)	2009	2010-11 (biennial)	2012-13 (biennial)
Total Overall Initiatives	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Finance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Budgeting	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Information Technology	200	525	725					4'175	4'175
Total Human Resources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Procurement	30		30	1'065	2'130	2'130	1'781	6'735	9'590
Total Administrative Services	200	930	1'130		340	340	950	5'740	12'220
<b>TOTAL</b>	<b>430</b>	<b>1'455</b>	<b>1'885</b>	<b>1'065</b>	<b>2'470</b>	<b>2'470</b>	<b>2'731</b>	<b>16'650</b>	<b>25'985</b>
<b>Year 2009</b>	Gross Saving 2009	2'731	Savings achievable on a recurring basis reach: USD 1.2 Mil in 2009 USD 12.7 Mil in the biennium 2010-11 USD 23.5 Mil in the biennium 2012-13						
	Net Saving 2009	1'236							
<b>Biennium 2010-11</b>	Gross saving 2010-11	16'650							
	Net saving 2010-11	12'725	Over the 5 years period 2009-2013 it is expected that the RBR initiatives will generate: Gross Cash Savings of USD 45.4 Mil. Net Cash Savings USD 37.4 Mil.						
<b>Biennium 2012-13</b>	Gross saving 2012-13	25'985							
	Net saving 2012-13	23'515							
<b>Period 2009-2013</b>	Gross saving 2009-13	45'366							
	Total of one-off investments	1'885							
	Total of recurrent cost	6'005							
	Net saving 2009-13	37'476							

Table ES-1: Summary of the initiatives and of the corresponding Costs and Savings



## **C. Considerations about the overall Organizational Model**

31. As in Stage 1, the RBR has continued in Stage 2 to observe the evolution of the organizational model of FAO concentrating especially on the impact on the expected improved performance of the Corporate Services processes. In this context, the RBR team has been asked to provide its opinion on the newly developed organizational chart by focusing on the implications deriving from the study on Corporate Services.
32. Knowledge is the core business of FAO. As a general rule we perceive the key responsibility of the DDG Knowledge in managing the core business, while all the support activities belong to the DDG Operations.
33. In this sense, although the RBR has not looked into great detail into this area, FAO management might wish to consider, through a more detailed discussion, whether the key responsibility for all Decentralized Offices (including Regional Offices) appears to be more linked to the core business of FAO or to the support activities, depending on the nature of their primary mission and on the overall strategy aimed at increasing the decentralization.
34. Clearly and equally important, if the management wants to consider also other possibilities to review the organizational structure, we also would emphasize the importance of the contribution to the core business of FAO of some parts of the Technical Co-operation Department.
35. However, as a final remark, we would reiterate the fact that, as we already indicated in the previous sections, the key area of analysis of the RBR has been the Corporate Services area. Therefore, comments and remarks related to other areas are to be related to the impact which they can have on the improvements targeted in Corporate Services. Accordingly, comments expressed on areas outside this domain are therefore additional thoughts provided to the management for their further discussions.



## D. Description of the Support Services Organizational Model

In the following paragraphs we outline the Organizational Model for the Support Services.

36. **Human Resources (HR)** - As indicated in Stage1, the compelling need to have an HR function more in line with the needs of a knowledge-based organization has been emphasized in Stage 2. We suggest that the ADG of Corporate Services become the key responsible for HR policies and governance representing in this way the HR vision and strategy in all senior management instances. According to this the name of this function should change to ADG HR, Finance and Corporate Services.
37. In order to optimize the synergies between Medical and HR functions, the RBR recommends to allocate the Medical Unit within the HR function.
38. From the organizational perspective, critical HR processes have been reviewed and/or designed in order to allow streamlining existing cumbersome activities and in order to provide new processes to enable the transformation of the current HR function in a proactive a business partner.
39. **Information Technology (IT)** - The difficulties in obtaining reliable management information clearly points towards the need to unify Information sources and harmonize IT strategy, governance and policies and accordingly, to rationalize all the IT roles and services within a “CIO Division”, which would have the task to build an comprehensive Management Information System for the entire Organization.
40. In this sense the organizational allocation of IT as a “unique CIO Division” has to be considered, due to its natural affinity with other support functions, within the domain of the DDG Operations rather than within Corporate Services. The CIO should report therefore directly to the DDG Operations.  
The CIO Division would also have responsibility for the IT staff and resources interacting directly with the Technical Departments and would have responsibility for major strategic projects across the organization. This change will enable a higher efficiency, reducing costs and improving the overall service which appears to be currently disadvantaged by the high degree of fragmentation.
41. IT staff and resources, assigned to work with the Technical Departments should report to the CIO but obviously should have an additional secondary (“dotted”) reporting line to the Technical Department Head or to the corresponding Decentralized Office Manager.
42. On the other side some selected IT support services (e. g. switch-board, meeting support etc.) currently provided by the IT Division could be re-grouped with other support services under the area of responsibility of the ADG HR, Finance and Corporate Services.
43. **Policies and Regulatory Unit** - A new small unit in charge of administrative policies and regulation is recommended. The mission of this unit is to make administrative policies and regulation easy to understand and to adhere to. With this in mind, this Unit will be in charge of revising the Policies Manual by eliminating superseded documents and introducing new ones. This function will be in charge of communicating, in a user-friendly manner, all new policies and regulations and, in addition, it will be the repository of the defined standards and key performance indicators (KPIs) to be referred to during future performance checks of the Corporate Services functions and in the event of surveys to assess the level of customer satisfaction with the support services.

44. **Events** - We suggest to aggregate specific activities related to the organization and support of FAO events within a new Event Division. This Division would encompass translation & interpretation, Printing & Distribution, Meetings Organization and Protocol.  
Regarding **Printing & Distribution**, these activities, so far performed in part by an internal printing shop (under KCCM) and in part by external service providers (under the coordination of KCII), should be consolidated under one function, (the internal printing shop), to ensure better capacity management and more effective use of financial resources.
45. **Procurement & Facilities Management** – This new Division groups the Procurement Activities, Facilities Management, Mail Distribution and Security Management.  
In particular for **Registry** it is recommended to introduce an electronic system which will not only speed up the activities but that will provide consistent cost savings. This would foresee the streamlining of the resources currently dedicated to the Registry and their reallocations to other parts of the organization. In addition, it is suggested that the newly revised function is moved out of AFSIR into the CIO Division.
46. **Shared Service Centre (SSC)** - The RBR has not performed a review of the SSC in Budapest as it was not in scope of the study. However, we had the chance to observe the challenges that the FAO organization is facing with the SSC and would recommend to assess further whether the large number of personnel employed by the SSC, but still based in Rome, could perform more effectively and in a more cost efficient way their roles and responsibilities by being based in Budapest. In addition, it is advised to reconsider, whether it is really necessary to have 3 hubs for the SSC.
47. According to the comments expressed above, a representation of a possible organizational chart appears in Fig. 1:

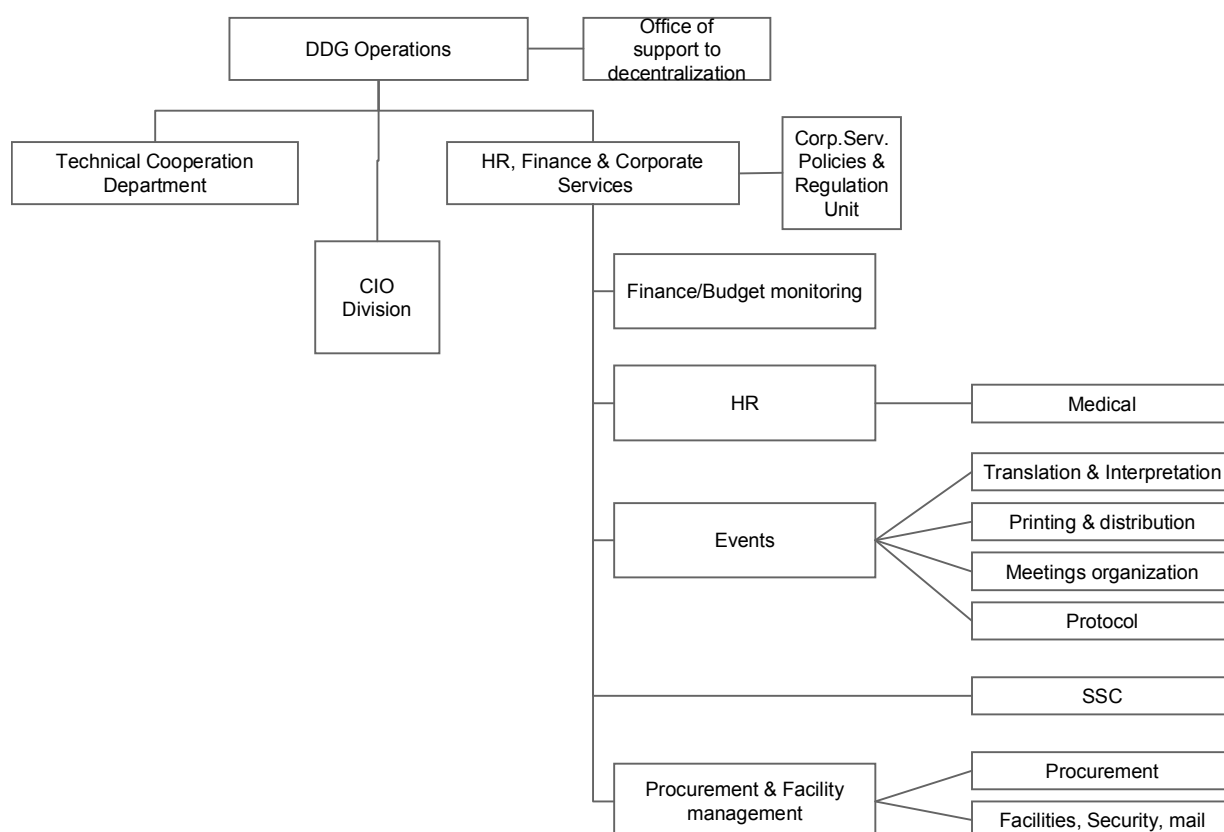


Figure ES-1: Support Services Organizational Model



## E. Detailed Work-Streams Analysis

In the following paragraphs we list the outcome of the RBR study with reference to the single work-streams.

### Human Resources

48. **Human Resources (HR):** In the area of HR the analysis identified mainly Effectiveness Gains. Stage 1 of the RBR had concluded that the Human Resources Management function at FAO should be reinforced and enabled to undertake a more strategic and advisory role. The review further concluded that the transformation of the HR Function should be led by an HR Division empowered to become a business partner in the corporate management of the Organization. Stage 2 was given the task of mapping this transformation. In this respect, the RBR focused on reviewing some selected initiatives and processes, in order to map the transformation of the HR Function, and carried out its tasks in three distinct phases, namely to:

- Review the accountability framework (In. 1)
- Define a new role for the HR Function (In. 2)
- Evaluate the opportunity for outsourcing aspects related to the development courses (In. 3).

49. The main objective of initiative 1 (**new Accountability Framework**), was to identify and revise/develop 10 critical HR processes with the intent of streamlining existing cumbersome processes and of developing new ones, needed for the transformation of the current HR function. The different processes were grouped together according to their respective stage of development and were subsequently analyzed and re-designed. The four categories of processes are described as follows:

- **Existing, to be improved:** a gap analysis and the definition of the “To-Be” model were pointed out for each process, focusing on the improving and streamlining possibilities
- **Under development, to be formalized:** processes to be reviewed in order to simplify the flows of activities
- **Partially existing, to be further developed:** processes which are partially carried out to date. The RBR defined a wider scope for these processes aiming at improving the management of activities considered as particularly relevant for being connected to the HR development area
- **New, to be designed:** processes which needed to be created *ex novo* (i.e. currently not implemented at all within FAO). The RBR designed a standard process, which was adapted to FAO context.

50. The analysis aimed to achieve several objectives. First of all, it aimed at the simplification and streamlining of processes by reviewing the logic of the current delegation of authority based on the following principles:

- increase the responsibility of HR Division, facilitating the HR role transformation into that a business partner
- highlight interdependencies and links between the different processes
- increase decisional authority and accountability of the HR Director and render HR branch managers operationally responsible for the delivery of activities
- identify redundant steps within the processes, aiming at evaluating the opportunity for their elimination
- increase the collaboration of HR Division with other entities



- ensure an effective support to the ADG of Corporate Services, Finance and HR during the Senior Management Meetings.

51. The main results of Initiative 1 are listed below:

- **HR Strategy** – The process is characterized by new activities: the definition of the strategic framework for human resources and of the guidelines for the development of the Strategic Plan. This will provide a proactive support to the whole Organization at any place and any time, whenever FAO has to take decisions that have an impact on its own human resources.
- **HR Policy** – this process was reviewed and streamlined. The major changes were:
  - delegation of authority to the HR Director on decisions concerning the HR policies
  - elimination of several approval steps (from 9 to 2)
  - reduction of the time needed to define/review HR policies (from 2 years to less than 6 months).
- **HR Planning** – this new process will supplement the current monitoring and reporting activities performed by AFHP, and will ensure that the HR Division undertakes a more effective support and partnering role in assisting Departments and Offices in planning the use of human resources.
- **HR Recruitment** – this process is very complex and time-consuming. It was reviewed and streamlined from an average of 380 days to less than 180 days.
- **HR Learning** – this process was reviewed, streamlined and improved. The major changes were:
  - the elimination of two approval steps in the Corporate HR Development Plan definition (List of methodologies and List of courses)
  - the full operational responsibility assigned to AFHT branch manager
  - regular updates of the training catalogue, that will result in less time and effort for the Organization when searching for training courses.
- **HR Communication** – this new process was described including additional activities which require specific competencies and coordination between branches, corporate communication and SSC.
- **HR Performance Management** – the analysis outlined the need to change the activities carried out by the branch (AFHE) in charge of realization and first application of the process through the *ad hoc* support system (PEMS).
- **The HR Career Development** – the RBR designed a new process characterized by a strategic and advisory orientation.
- **HR Staffing** - the scope of this process was extended in order to cover all movements of staff resulting from the application of new policies (e.g. mobility).
- **HR Job Design** – this new process was designed to ensure that:
  - the creation of the Generic Job Profile Library would allow departments to save time in defining of post descriptions
  - the standardization of profiles would result in a more efficient revision of the descriptions proposed by Departments.

52. **Define a new role for the HR Function (Initiative 2).** This initiative defined a Transition Map aiming at collecting, integrating and organizing in a rational way all the initiatives needed for leading the transition of the Function, and for ensuring the correct implementation of the selected processes. All the proposed actions were prioritized in a time-frame in order to facilitate the HR Function in evaluating and selecting the steps forward. The RBR grouped and prioritized all the actions, identifying the following clusters:



- high priority actions to be taken immediately to ensure a successful evolution of the HR Function, (i.e. the actions related to the implementation of processes, to the new HR brand image construction and promotion and to the dissemination of HR culture and values)
  - “functional” actions to be carried out in order to facilitate the transition by enabling a correct implementation in the short/medium period (implementation of internal and external coordination mechanisms, skills and competency requirements, establishment of communication flows and definition of supporting tools)
  - actions needed after the implementation of “priority” and “functional” actions in order to achieve a comprehensive HR transformation (definition of linkages between processes, specific training to perform the “To Be” processes, workload analysis, etc.).
53. In order to ensure a successful transition, the RBR recommends to:
- evaluate the actions in the Transition Map, in order to limit the initiatives that will need to be managed concurrently, and assure the necessary coordination within all HR activities
  - focus on the initiatives on which the HR Function has formally committed itself with the Organization for the realization of defined results, within the targeted time-frame
  - reinforce the managerial competencies of HR branch managers who will be operationally responsible for the outputs of their processes
  - conduct a realignment of skills and competencies on professionals currently employed in the HR Function
  - stress on the activities connected to the improvement of the processes currently carried out, and that can contribute to the perception in the Organization that there is an ongoing change in HR management
  - provide training for all FAO line managers in order to develop management competencies with particular attention to those related to the management and the development of human resources.
54. **Initiative 3** (Evaluate the opportunity for outsourcing aspects related to the development courses), with the aim to identify possible savings, focused its investigation first of all on the language training. The analysis did not identify any further possibility of outsourcing the language courses, neither for achieving an improvement nor for obtaining additional savings in the management of the process. An alternative saving was identified in the policy development by streamlining the new “To-Be” process. In fact, according to the new accountability framework, the HR Director should be accountable for emanating all HR policies and, as a consequence, all the following approval steps shall no longer be needed in the “To-Be” model.

## Finance and Budget Management

55. The recommendations of RBR Stage 1 clearly defined the landscape for an ambitious set of improvements that were necessary to address the main critical issues which were preventing FAO from achieving a holistic, integrated, result-oriented and management responsive Planning and Budgeting (P&B) model:
- FAO should have a single planning and budgeting cycle that encompasses all organizational resources and is centered on its core activities. The cycle should be based on the existing internal best practices, through streamlined and flexible standard tools and procedures for all its main processes (Strategic Framework, Medium-Term/Biennial Plan, Annual Workplan and Reporting) in order to take into account existing specificities (i.e. emergency operations) without losing a holistic view of organizational direction
  - The planning and budgeting cycle must be results oriented in all its processes in order to create organizational alignment with strategic objectives, efficiency, transparency and



accountability in the use of resources. Monitoring and evaluation activities should play a clear and systematic role throughout the entire cycle

- An integrated Corporate Management Information System should support management's decisions in order to ensure cooperative and effective planning, budgeting and implementation cycle (Governance - Support functions – Departments – Decentralized Offices). In particular, the reporting process should be streamlined and standardized with respect to the different management requirements for effective decision-making.
56. Based on these recommendations, the main objective of RBR Stage 2 for the Finance & Budget Management work-stream was to provide FAO with a high level P&B operational model, allowing the organization to make clear the link between activities carried out, costs, resources (human and financial) and outcomes, integrating both Regular Programme and Extra-budgetary activities and related information.
57. Consequently, in designing the new model, three main general principles have been taken into consideration:
- i. **Negotiation:** it refers to the ability of the model of enhancing people's commitment around agreed (negotiated) objectives. This principle is also related to the creation of a positive competition on resource allocation: indeed, in a negotiated cycle, activities will be prioritized according to their capacity of achieving results and their coherence with corporate objectives. Resources will be then allocated to those activities that appear to be more effective and more consistent
  - ii. **Integration and coordination:** this refers primarily to all activities and funding sources that need to be brought under a unitary planning and monitoring framework. Integration also refers to the need of creating a tight connection between the results chain and the organizational structure, as well as strengthening the connection between MTP, PWB and AWP
  - iii. **Accountability and empowerment:** it implies assigning responsibility for results to managers, as well as giving them a fair degree of authority and flexibility in using budgeted resources to achieve agreed performance targets.
58. The new P&B model, as well as being tailored to FAO specificities and its broad range of activities, is based on the introduction of a number of innovations and improvements encompassing procedural, organizational and operational processes within the organization:
- A modular and scalable budgeting model, based on an integrated view of the organizational activities
  - An integrated planning process, directly linking resources to results and outputs
  - The re-definition of the accountability framework within the P&B processes, in order to clarify the different roles and responsibilities
  - An improving of the quality and usefulness of business information through full and timely capturing of relevant data on costs and activities.
59. To fully support the introduction of these improvements, an integrated and fully accessible corporate information system will be required, in order to:
- Reduce manual / redundant activities, integrating the different planning and monitoring tools currently in place and replacing the existing "shadow systems" (stand alone spreadsheets)
  - Provide relevant information and reporting flows to support the decision-making process

In particular, the implementation of the new P&B model shall be also supported by:



- The introduction of a time-recording system that will allow Budget Holders and Management to have a complete (and constantly updated) view of current human resources efforts and cost
  - The tracking of all other relevant information currently not captured by corporate systems (including local commitments). With regard to this point, it is essential to ensure the full funding and completion of IPSAS projects and Field Accounting System (FAS) replacement.
60. If considered as a “stand alone” initiative, the full deployment of the new P&B model will require no less than 24 / 30 months. This timing includes:
- The detailed design of processes and management reporting requirements
  - The analysis and definition of the best solution to upgrade and rationalize current IT systems
  - The testing and fine tuning of the new model on a pilot project basis
  - The full deployment of the PWB system (and related support).

However, taking into account a broader perspective, it must be stressed that the definition of a realistic and sustainable road map for the implementation of the new P&B model should also consider the coordination of these activities with the other ongoing interrelated key initiatives such as IPSAS, RBM, FAS replacement, MIS and Oracle upgrading.

Therefore, the deployment activities need to be planned in the overall FAO portfolio and coordinated with the other ongoing initiatives. Initiatives and related investments should be prioritized according to their relevance and to FAO implementation capacity in order to meet expected timing and results.

## Procurement

61. In the area of Procurement a saving potential between \$ 6.2 and 8.8 Mil has been identified. The analysis conducted in Stage 1 for the Work-stream Procurement work-stream identified implementable initiatives and recommendations based on the differentiation between core processes and procurement servicing processes and, secondly, on the necessity to allow the distinction between the procurement activities for headquarters, field and projects. According to the outcome of Stage 1, the RBR Team selected the following key initiatives for Stage 2:
- **Initiative 1:** New procurement model for managing the initial phases of purchasing actions
  - **Initiative 2 and 3:** Operational model for the implementation of procurement actions in partnerships with other Rome based UN Agencies
  - **Initiative 4:** Empowerment of regional and local officers in managing local procurement
  - **Initiative 5:** Transfer of transactional activities to the SSC.

The main findings and conclusions for each initiative in scope comprise:

62. **The new procurement model for managing the initial phases of purchasing actions (Initiative 1)** focused on procurement for projects with the objective to optimize time, timeline, planning and subsequent execution of procurement actions.
- The RBR evaluated the possibility to improve the activities described above through a higher involvement of AFSP (the Procurement Service at HQ) in the initial phases of procurement planning.
- AFSP and its stakeholders would share the functionalities and the information available through the Business Intelligence tool developed by AFSP itself.



The solution proposed is thus based on knowledge sharing and is implementable by establishing a new Advisory Function within AFSP that has to provide AFSP and its customers with up-to-date/real-time procurement information upon request.

This new Function would be responsible for the support of Technical Divisions and Decentralized Offices in the identification of data and information that could be valuable for an appropriate planning of procurement activities in field projects.

The RBR recognizes in this initiative a concrete opportunity to improve the quality of project formulation (and subsequent implementation and management) providing the best possible advice and information to AFSP customers by:

- faster retrieving crucial and consistent information, gaining access to AFSP archives and tools and by having all the available information on procurement accessible in one place
- identifying realistic prerequisites, timelines, funding requirements and risks for project success
- minimizing duplication of information sources.

**63. Operational model for the implementation of procurement actions in partnerships with other Rome based UN Agencies (Initiative 2 and 3)** consisted of the identification and implementation of synergies with other Rome based Agencies, namely WFP and IFAD, to jointly procure common goods and manage a joint insurance portfolio.

In order to identify specific opportunities for joint procurement, the RBR reviewed all contracts issued by the Contracts Unit at HQ since 2002 including field contracts and significant goods procurement over the same period.

Compared to the savings obtained by comparable joint undertakings of other UN agencies (i.e. in Geneva, which reaches in specific cases percentages close to 30%) we estimate a conservative saving potential of 10% to 15% corresponding to US\$ 1.5 – 2.3 millions.

In order to realize the savings identified and to systematically achieve leverage through joint procurement, the RBR Team considered the establishment of a dedicated Joint Procurement Unit as an opportunity to obtain a concrete commitment from the three Rome Based Agencies.

**64. Within the Empowerment of regional and local officers in managing local procurement (Initiative 4)** performed an assessment of the possibility for FAO to move towards a more decentralized model in procurement.

In order to evaluate the concrete possibility of delegating further and additional specific responsibilities to the field, a desk analysis has been conducted on:

- the characteristics of different types of procurement processes
- the competencies needed in order to manage the different types of procurement
- the merchandise categories mostly purchased in the field (currently through AFSP/HQ)
- the human resources that are involved in procurement actions and that are currently available in the Decentralized Offices (RO, SRO, Field Projects and FAORs).

The analysis showed that, in relation to the minimum assumed by RBR within an empowered delegation framework, some FAO countries seem to have an inadequate number of posts and profiles dedicated to procurement actions.

Moreover, by comparing specific theoretical Procurement Service models (Decentralized, Centralized and Hybrid) with the current operative model adopted by FAO, it was possible to highlight the features that FAO is missing today to be able to move towards an effective and efficient decentralization of procurement.

The model proposed for FAO aims at achieving more empowerment for the Field, but the move has to be gradual so as to allow:

- Retaining a comprehensive and exhaustive view of the overall procurement activity/volumes at central level



- Ensuring harmonization and optimization of procurement processes and documentation across the organization and vis a vis the markets
- Ensuring that minimum performance standards/benchmarks in procurement are met
- Invest on local staff career growth and development
- Minimizing unnecessary or increased risk exposure.

65. Within the **Transfer of transactional activities to the SSC (Initiative 5)**, the RBR carried out an assessment on the procurement servicing processes, evaluating the impact of these processes on AFSP current activities with the aim to identify those processes that, after a further analysis and an attentive evaluation by FAO, could be suitable to be transferred to the SSC.

Five processes were classified as suitable for transfer, recommending the Organization to conduct an additional and in-depth analysis on the same processes in order to describe the precise impact that the transfer to the SSC will have on the current organization, procedures, service levels and system requirements of AFSP.

In summary the final recommendations of the RBR concerning Procurement emphasizes the importance of implementing the solutions suggested by the above mentioned initiatives in a coordinated and integrated way while conducting a comprehensive assessment of the competencies existing in AFSP. This is crucial in order to align the Procurement Service to the changes introduced by the RBR. It must also be underlined that a strong involvement of the Field in the implementation will impact the Decentralized Offices organization and activities and is thus highly recommended.

#### **Information Technology (IT work-stream)**

66. In the area of IT a gross saving potential of about USD 4.18 Mil and net **USD 3.4 Mil** considering the investments needed, has been identified (one off), of which potentially USD 0.9 would arise in the Regular Program.

For FAO, as a Knowledge Organization, it is crucial to have a clear and harmonized strategy for the role of Information Technology. The role of IT should ensure value creation and the optimization of costs across the entire organization. In addition it should support effectively the achievement of the Strategic and Functional Objectives and provide an effective Management Information System.

Currently IT activities are widespread across the organization with limited or only rudimentary collaboration or alignment activities in place. There is no clear picture of the IT costs for the entire organization. Furthermore there is no comprehensive view of the applications in place and no exhaustive inventory. This results in many cases in redundant development of software and systems.

In addition, different organizational units are responsible for the same IT function (e.g. Internet and Intranet service is divided into different units). This fragmentation of IT work and applications responsibility does not allow FAO to reap savings on synergy effects or economies of scale. Therefore the RBR has put forward the following recommendations:

67. ***IT responsibilities and IT functions should be consolidated into “one CIO” Division in order to improve IT services delivery effectiveness.***

We recommend to establish a CIO Division responsible and accountable to deliver IT services to the entire organization, in particular to provide application development and application support throughout FAO.

The CIO Division would be composed of the aggregation of KCT, KCEW, Program Management Function in AF (successor to AACU) and by resources from the current IT units in other departments.

By consolidating IT activities into one unit a headcount reduction on “Non Staff HR” (NSHR) and “Work Order Contracts” can be achieved through more efficient employment of resources in application development and streamlined application support structure.

As IT consolidation is constrained to Headquarters, the focus on the savings calculation is also confined to Headquarters. During the transition phase in 2009 no savings will be made. According to general experiences a 5 % headcount reduction of NSHR at headquarters is realistic for 2010 and a headcount reduction of 10 % in 2011, due to economies of scale and synergy of resources, should be feasible. At the end of 2010 the IT consolidation should be completed. The RBR consider a potential saving of USD 2.1 Mil in 2011.

**68. *IT governance in the organization should be strengthened.***

A more effective IT governance would provide FAO with a mechanism to gain improved control over the current fragmentation of applications throughout the organization. There is no single clear view of all the applications which are currently in use or of those that have been decommissioned across the entire organization.

The reinforcement of clear IT Governance Rules would allow a higher degree of control and avoid redundant application development, ensuring compatibility between systems where needed.

Savings can be achieved through reduction of duplication of applications, re-use of existing applications, and exploitation of functionalities within current applications. A first indication for potential savings has been made based on the total IT spending on application development and support across FAO in the 08/09 biennium and a high-level application portfolio analysis. We expect that savings of at least 10 % can be achieved when application development and support have been centralised. Therefore, a potential saving of USD 0.8 Mil (regular budget) and USD 0.14 Mil (extra budgetary) in 2011 should be considered.

**69. *Customer interaction process should be improved and standardized***

The re-engineering of the customer interaction process (between IT Division and user/clients of IT services) needs to be managed through Service Level Agreements (SLA). In addition it is crucial to identify a single point of contact for any client requests. Currently, clients of IT services are confused as to who to address in case of IT related matters.

**70. *The IT Support Officers in Regional and Sub-Regional Offices should be reporting to the Organization of the CIO, within the “one CIO” structure.***

This would strengthen compliance with the rules and improve support capabilities from Headquarters implementing the central standard procedures in the field, and thereby maintaining and improving the control of resources and IT skills in the decentralized offices.

**71. *Information Management Process throughout FAO should be developed, managed, and facilitated through consolidation of administrative and technical information management into “one CIO”***

We suggest the establishment of a central Information Management Unit within the “one CIO” organization which develops, manages and facilitates Information Management, across FAO. The ownership of the content of the information will continue to be under the responsibility of the Departments. In this sense the Information Management Unit has only the technical responsibility on data management, content storage and content retrieving. Business knowledge, knowledge policy and knowledge sharing responsibilities are not included under the domain of the CIO. This unit will work closely with the Office of Knowledge Exchange, Research and Extension to support their Knowledge sharing activities.

**72. *Increase the range of support services and software development delivered from OSDSC (Off-Shore Development Support Centre) in Bangkok.***



Responsibilities and processes off-shored to the office in Bangkok should be improved and clarified. Appropriate skill management and retention processes must be implemented in order to ensure on-going delivery of effective services. The off shoring of IT services to Bangkok has to be continuously evaluated according and depending on the availability of a strong local base of IT skills. By increasing the IT work off-shored in Bangkok a saving of USD 33'000 per NSHR transfer per year can be achieved. An estimated headcount transfer of 10 NSHR based on the total number of 172 NSHR in 2011 to low cost locations in 2011 is achievable realizing savings of USD 330'000.

## Other Administrative Services

73. **Other Administrative Services** in this area of other Administrative Services a saving potential of **USD 6.1 Mil** has been identified.

The Work-stream Other Administrative Service examined the areas of Translation service, Printing service (including External & Internal Printing and the network printers), Registry Service, Distribution including the external warehouse and the Travel processes. The following key aspects in the respective areas were considered.

74. **Translation Service:** In the area of Translation Service a saving potential of USD 1.1 Mil has been identified.

The translation costs within FAO are back-charged to the requesting units. The perception of the Translations service is outlined as expensive and time intensive. In a questionnaire sent out by the RBR Team the departments mentioned that the main reasons for external translators are costs, time and quality of the internal service. 50% of the departments rated the quality of external translators equal to the translations service provided internally whilst 30% rated the quality of external translations as better then the internal one. The cost of internal translation are on average USD 545.- per 1000 words compared to average USD 184.- per 1000 words externally. Therefore the RBR recommends having 90% of the translations done externally and only urgent translations (for an estimated 10% of the total volume) processed internally. The proposed model foresees that the Translation Service offers the following services:

- Terminology management  
The terminology database provided by KCCM internally and externally is an important factor for outsourcing translation services and for ensuring FAO language and quality.
- Roster management  
The roster maintained by KCCM needs to be merged with all rosters maintained by other departments. Only one global roster for translators should remain within FAO and maintained by KCCM.
- Revision / Proofreading  
KCCM will provide a revision and proof-reading service for all translations done. The revision and proofreading service will help to ensure the quality and the right FAO terminology within the documents.
- Translation (estimated 10% of total translation workload)  
The proposed model foresees that KCCM does translate about 10% of the total translation work of FAO. Translation requests send to KCCM can either be done internally or externally. This service by KCCM should be offered at a rate of USD 250.- per 1000 words.

The proposed model for the Translation service should be financed through the regular program of FAO. The reduction of workload would allow to reduce the posts by around 50%, which would result in a saving of around USD 1.1 Mil per annum.



75. **Printing Service, Distribution and Warehousing:** In the area of Printing Services, Distribution and Warehousing a saving potential of USD 0.86 Mil has been identified.

This initiative evaluated the following elements:

- Network / Workgroup printer
- Multi Functional Printers
- Internal Printing within the KCCM department
- External Printing within the KCII department
- Distribution and Warehousing

We recommend to merge the Internal and External Printing services and also to include the Distribution and Warehousing service. The new Printing and Distribution unit would support a cost reduction through: better planning, worldwide external printing providers and local distribution, reduction of references in the warehouse and reduction of headcount FTE through the generation of synergy effects.

For the network printers and the Multi Functional printers available within FAO, it is recommended to reduce the quantity of these printers and to arrive to a ratio of 1:10 for network printers and to a ratio of 1:20 for Multi Functional printers.

The savings identified are around USD 220'000 through the reduction of Multi Functional Printer, USD 60'000 through the reduction of references stored in the warehouse, and about USD 580'000 through the merger and enhancement of technology in the printing department. The overall savings in the area of Printing and Distribution would be an estimated USD 860'000 per annum.

76. **Registry service:** In the area of Registry service a saving potential of USD 3.1 Mil has been identified.

FAO had already initiated a reform to upgrade the registry systems. The RBR assessed the registry reform and identified certain shortcomings; therefore, the RBR recommends transferring the responsibility of the registry reform to the CIO division, which will be responsible for identifying the requirements for a new registry system and qualified vendors, implementing and maintenance of the system.

The new system should enable all staff members to store, retrieve and manage records by themselves. It has been estimated that FAO would have to invest around USD 800'000 for a new registry system and additionally USD 100'000 for a system supporting electronic signature. This would allow FAO to reduce FTE headcount by an estimated 60% in headquarter and to realize savings of about USD 2.2 Mil per annum. A rollout in decentralized offices and a redeployment of the registry staff to the technical units would allow FAO to further realize a savings of around USD 900'000 per annum. The total estimated saving for registry results this in USD 3.1 Mil.

77. **Travel:** In the area of travel a saving potential of USD 1.05 Mil has been identified.

The current travel process of FAO includes for some travel multiple approvals of the Travel Authorization. This cumbersome process leads to a delay in the advance booking time of travels. In 2008 FAO booked around 10'000 tickets and spent around USD 18.0 Mil. Around 42% of the airline tickets booked by FAO have an advance booking time of less than 14 days. The RBR investigated that the introduction of quarterly approved travel plans and a changed process would allow FAO to enforce a minimum advance booking time of 14 days. Due to this reason, it is recommended to change the travel policies and to request a minimum advance booking time of 14 days as mandatory.

The result of the enforcement of the advance booking time would result in an estimated saving of around USD 0.85 Mil per annum. The same study reveals that around 2.3% of the total volume could be saved through the enforcement of restricted airline tickets. The saving for FAO enforcing this rule would about USD 0.2 yearly.

## F. Implementation plan

78. The RBR initiatives will allow FAO to introduce numerous improvements in the way Corporate Services are nowadays provided, while simultaneously providing huge opportunity for Savings. However, several points have been recognized by the RBR as essential for the successful implementation of the initiatives.
79. It is critical to prioritize not only the initiatives proposed by the RBR but also those envisaged in the broader FAO Reform project; it is also critical to schedule the initiatives in a way to consider dependencies and level of benefits. Therefore, it is recommended to put in place an empowered project management with clear schedule and prioritization as shown in the picture below.

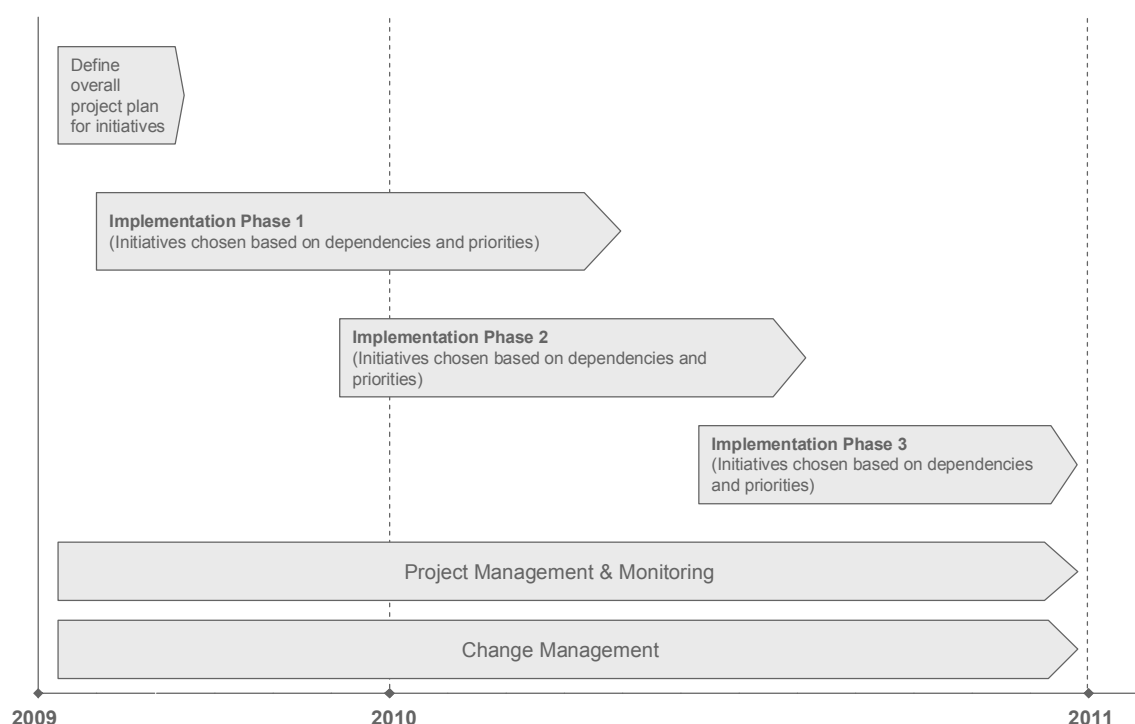


Figure ES-1: Indicative Roadmap

80. It will be crucial to ensure full Management commitment to achieve the results identified and to undertake all necessary actions for the success of the implementation. In addition, some of the envisaged initiatives require the cooperation of the other 2 Rome-based UN agencies (WFP and IFAD).
81. The overall Implementation Plan for the RBR recommendations takes into consideration that all initiatives will be started within 2009 to achieve the full potential of savings identified. At very first stage of the implementation, the RBR recommends to define an overall project plan including prioritization and the interdependencies of the initiatives identified. The required budget & resources will need to be allocated to the initiatives to avoid delays. If sufficient funding and resources are not provided in a timely manner, many of the benefits in terms of Cash Savings and Effectiveness Gains will not be realized by the Organization.



82. The RBR foresees the reduction of FTEs; this will imply for FAO to consider socially responsible actions to enable training and redeployment of resources when possible.
83. Last but not least, it will be critical to have in place Change Management initiatives aiming at facilitating the adoption of the new modus operandi.
84. The transition maps, available in each work-stream chapter within the main report, define the actions to be undertaken in order to realise the RBR initiatives and obtain the benefits associated.



## 2. Corporate Services

### 2.1. Introduction to the RBR

In 2005, the Governing Bodies of FAO commissioned an Independent External Evaluation (IEE) of the Organization. The report of the IEE team was issued in September 2007 and provided a number of recommendations and conclusions including an overarching recommendation that the Organization should conduct a “Root and Branch Review” of its administrative and support services.

The Root and Branch Review (RBR) project aimed at defining a new business model able to achieve improvements in terms of efficiency and effectiveness throughout the administrative and support functions defined, in the newly provided organizational chart, as “Corporate Services”.

The scope of the study covered both policy and service delivery aspects of broad areas of management and administration including Finance, Human Resources (HR), Information Technology (IT), Budget Management, Procurement, Meeting Management, Language Services, Printing and Distribution and Other Administrative Services. The RBR considered how these activities support the core FAO business at Headquarters (HQs) and Decentralized Offices (DOs) within an appropriate framework of internal control, covering both Regular Program and Extra-budgetary funded operations including emergencies.

To ensure success to this initiative a collaborative approach was used based on a fully integrated core team that consisted of both Ernst & Young advisory professionals and FAO members identified within the different work-streams, corresponding to the different administrative and support functions in scope. Furthermore several stakeholders were involved in each step of the definition of a High Level Business Model through specific meetings.

The RBR lasted 11 months and was structured in 2 stages; the first stage was dedicated to assess the current organization and to define a new business model based on the key drivers and values of the future overall FAO while Stage 2 was dedicated to the detail design, to the costs and savings assessment and to the definition of a transition plan.

### 2.2. Corporate services: critical aspects and alternative Business Models

This section describes the fundamental principles and values the RBR has referred to in re-designing FAO Corporate Services. More in details:

- *Delegation of authority to the lowest appropriate level (the principle of subsidiarity)*

In the new organization it will be crucial to delegate the authority and accountability to the lowest possible level. This will ensure smoother and faster processes but will require the adoption of simpler and more transparent procedures as well as that FAO employees are fully empowered in the exercise of their functions.

- *Clear roles and responsibility followed by empowerment*

Only by defining clearly the roles and responsibilities for all human resources and by empowering them in their exercise, the new reformed FAO will be able to be less bureaucratic and faster in its decision-making.

- *An organization which is customer-focused*

The new Corporate Services will be supportive of the overall FAO mission only if they will be customer centric and consider the most effective and cost efficient way of delivering a services.



With this in mind numerous processes have been revised and alternative business models (off-shoring, outsourcing etc) have been taken under considerations.

In fact, as part of the RBR, every work-stream has looked carefully to its own processes and tried to envisage more cost and time effective ways of performing them.

In doing so it has looked to alternative business models more in details to the opportunity of:

- Off-shoring some activities to the SSC
- Outsourcing some activities to an external private service provider
- Outsourcing to an independent UN organization (spin-off) set up for the purpose of performing specific tasks
- Performing some activities in partnership with other UN Rome-based organizations.

Some examples of alternative business models have been proposed for some specific activities (e.g. translations, procurement, IT etc...). More details are available in this same report under the relevant work-stream sections.



## 2.3. Organizational Model

### General considerations

EY has been asked to provide its opinion on the newly developed organizational chart by focusing on the implications deriving from the RBR on the support services.

As in Stage 1 the RBR has continued in Stage 2 to observe the evolution of the organizational model of FAO concentrating especially on the impact on the expected improved performance of the Corporate Services processes. In this context, the RBR team has been asked to provide its opinion on the newly developed organizational chart by focusing on the implications deriving from the study on Corporate Services.

Knowledge is the core business of FAO. As a general rule we perceive the key responsibility of the DDG Knowledge in managing the core business, while all the support activities belong to the DDG Operations.

In this sense, although the RBR has not looked into great detail into this area, FAO management might wish to consider, through a more detailed discussion, whether the key responsibility for all Decentralized Offices (including Regional Offices) appears to be more linked to the core business of FAO or to the support activities, depending on the nature of their primary mission and on the overall strategy aimed at increasing the decentralization.

Clearly and equally important, if the management wants to consider also other possibilities to review the organizational structure, we also would emphasize the importance of the contribution to the core business of FAO of some parts of the Technical Co-operation Department.

However, as a final remark, we would reiterate the fact that, as we already indicated in the previous sections, the key area of analysis of the RBR has been the Corporate Services area. According to this comments and remarks related to other areas are to be related to the impact which they can have on the improvements targeted in Corporate Services. Accordingly comments expressed on areas outside this domain are therefore additional thoughts provided to the management for their further discussions.

### Considerations on support services Organizational Model

**Human Resources (HR)** - As indicated in Stage1 the compelling need to have an HR function more in line with the needs of a knowledge-based organization has been emphasized in Stage 2. We suggest that the ADG of Corporate Services become the key responsible for HR policies and governance representing in this way the HR vision and strategy in all senior management instances. According to this the name of this function should change to ADG HR, Finance and Corporate Services.

In order to optimize the synergies between Medical and HR functions the RBR recommends to allocate the Medical Unit within the HR function.

From the organizational perspective critical HR processes have been reviewed and/or designed in order to allow streamlining existing cumbersome activities and in order to provide new processes to enable the transform of the current HR function in a proactive a business partner.

**Information Technology (IT)** - The difficulties in obtaining reliable management information clearly points towards the need to unify Information sources and harmonize IT strategy, governance and policies



and accordingly, to rationalize all the IT roles and services within a “CIO Division”, which would have the task to build a comprehensive Management Information System for the entire Organization.

In this sense the organizational allocation of IT as a “unique CIO Division” has to be considered, due to its natural affinity with other support functions, within the domain of the DDG Operations rather than within Corporate Services. The CIO should report therefore directly to the DDG Operations. The CIO Division would also have responsibility for the IT staff and resources interacting directly with the Technical Departments and would have responsibility for major strategic projects across the organization. This change will enable a higher efficiency, reducing costs and improving the overall service which appears to be currently disadvantaged by the high degree of fragmentation.

IT staff and resources, assigned to work with the Technical Departments should report to the CIO but obviously should have an additional secondary (“dotted”) reporting line to the Technical Department Head or to the corresponding Decentralized Office Manager.

On the other side some selected IT support services (e. g. switch-board, meeting support etc.) currently provided by the IT Division could be re-grouped with other support services under the area of responsibility of the ADG HR, Finance and Corporate Services.

**Policies and Regulatory Unit** - A new small unit in charge of administrative policies and regulation is recommended. The mission of this unit is to make administrative policies and regulation easy to understand and to adhere to. With this in mind, this Unit will be in charge of revising the Policies Manual by eliminating superseded documents and introducing new ones. This function will be in charge of communicating, in a user-friendly manner, all new policies and regulations and, in addition, it will be the repository of the defined standards and key performance indicators (KPIs) to be referred to during future performance checks of the Corporate Services functions and in the event of surveys to assess the level of customer satisfaction with the support services.

**Events** - We suggest to aggregate specific activities related to the organization and support of FAO events within a new Event Division. This Division would encompass translation & interpretation, Printing & Distribution, Meetings Organization and Protocol.

Regarding **Printing & Distribution**, these activities, so far performed in part by an internal printing shop (under KCCM) and in part by external service providers (under the coordination of KCII), should be consolidated under one function, (the internal printing shop), to ensure better capacity management and more effective use of financial resources.

**Procurement & Facilities Management** – This new Division groups the Procurement activities, facilities Management, Mail distribution and Security Management.

In particular for **Registry** it is recommended to introduce an electronic system which will not only speed up the activities but that will provide consistent cost savings. This would foresee the streamlining of the resources currently dedicated to the Registry and their reallocations to other parts of the organization. In addition, it is suggested that the newly revised function is moved out of AFSIR into the CIO Division.

**Shared Service Centre (SSC)** - The RBR has not performed a review of the SSC in Budapest as it was not in scope of the study. However, we had the chance to observe the challenges that the FAO organization is facing with the SSC and would recommend to assess further whether the large number of personnel employed by the SSC, but still based in Rome, could perform more effectively and in a more cost efficient way their roles and responsibilities by being based in Budapest. In addition, it is advised to reconsider, whether it is really necessary to have 3 hubs for the SSC.

According to the comments expressed above, a representation of a possible organizational chart appears in the following page.

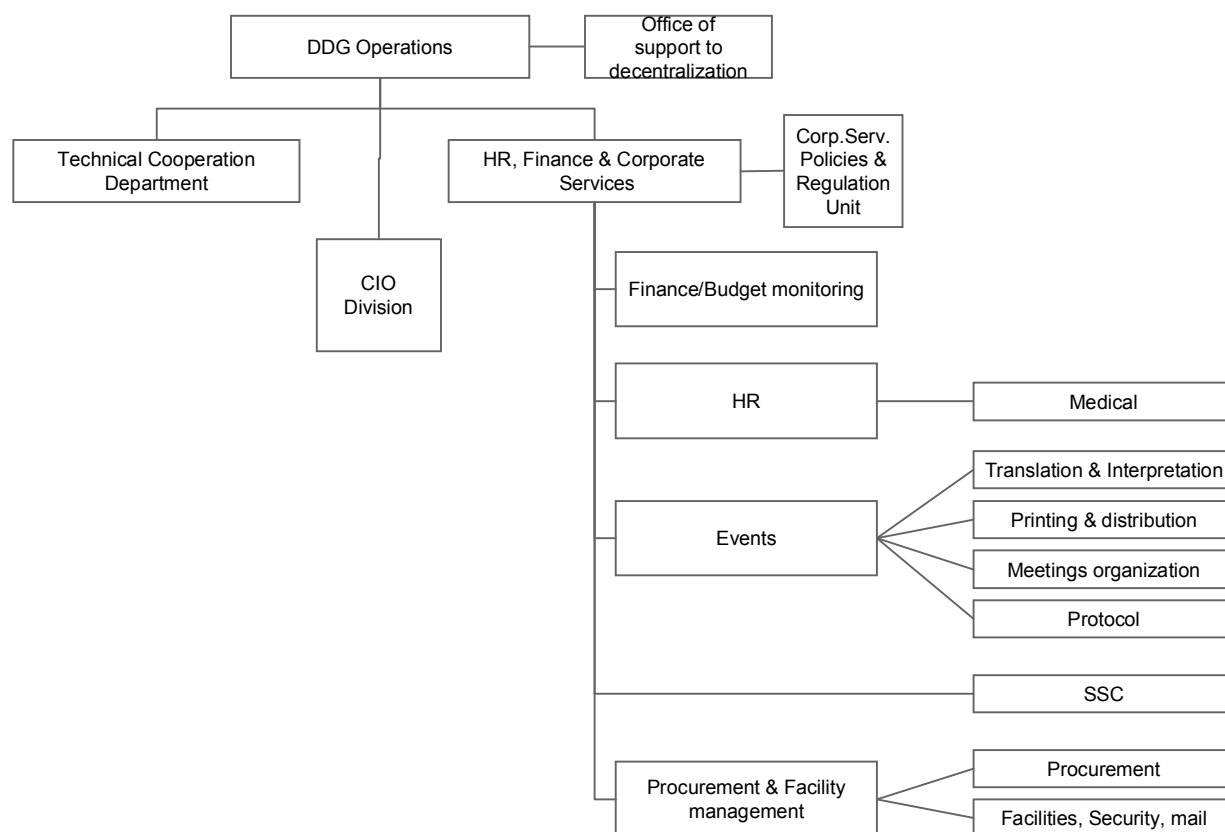


Figure ES-1: Support Services Organizational Model



## Work-streams

### 2.4. Finance & Budget Management work-stream

#### 2.4.1. Introduction

The recommendations of RBR Stage 1 clearly defined the landscape for an ambitious set of improvements that were necessary to address the main critical issues which were preventing FAO from achieving a holistic, integrated, result-oriented and management responsive Planning and Budgeting (P&B) model:

- FAO should have a *single* planning and budgeting cycle that encompasses all organizational resources and is centered on its core activities. The cycle should be based on the existing internal best practices, through streamlined and flexible standard tools and procedures for all its main processes (Strategic Framework, Medium-Term/Biennial Plan, Annual Workplan and Reporting) in order to take into account existing specificities (i.e. emergency operations) without losing a holistic view of organizational direction;
- The planning and budgeting cycle must be results - oriented in all its processes in order to create organizational alignment with strategic objectives, efficiency, transparency and accountability in the use of resources. Monitoring and evaluation activities should play a clear and systematic role throughout the entire cycle;
- An integrated Corporate Management Information System should support management's decisions in order to ensure cooperative and effective planning, budgeting and implementation cycle (Governance - Support functions – Departments – Decentralized Offices). In particular, the reporting process should be streamlined and standardized with respect to the different management requirements for effective decision-making.

Based on these recommendations, the main objective of RBR Stage 2 for the Finance & Budget Management work-stream was to provide FAO with a high level P&B operational model, allowing the organization to make clear the link between activities carried out, costs, resources (human and financial) and outcomes, integrating both Regular Programme and Extra-budgetary activities and related information.

The new P&B model, as well as being tailored to FAO specificities and its broad range of activities, is based on the introduction of a number of innovations and improvements encompassing procedural, organizational and operational processes within the organization:

1. A modular and scalable budgeting model, based on an integrated view of the organizational activities:
  - The building block of the proposed P&B model has been defined as the “project”, a set of coordinated activities, able to produce a significant and measurable output, regardless of its funding source;
  - In order to achieve a holistic view of all the activities currently carried out, these have been classified into two broad categories, which both contribute to Organizational Results:
    - Direct activities, linked to projects and including both operational field and knowledge projects, as well as “investments”, aimed at improving the efficiency and effectiveness of the overall organization (e.g. IPSAS initiative);
    - Indirect activities, not linked to a specific project but rather related to corporate governance, strategic planning, corporate monitoring and reporting, support functions;
  - At organizational units level, the budgeting processes will take into account both the planning of the project portfolio and the indirect activities that enable their delivery. This approach will allow



different planning views (single project, single organizational unit, overall corporate view, as well as single Unit Results, single Strategic Objectives<sup>1</sup> or single geographical area);

- This integrated organizational view will also allow the monitoring of indirect activities and their ratio with the projects portfolio, making analysis (and following actions) towards efficiency targets feasible.

2. An integrated planning process, directly linking resources to results and outputs. The P&B model has been directly linked with RBM framework at single project / indirect activity.

Moreover, in order to allow a greater alignment between EB projects and the overall corporate strategy, the best estimates of extra-budgetary funded projects supposed to start in the next future has been integrated in the planning exercises, leaving some degrees of flexibility (e.g. for delays, changes, etc.). This will support a more realistic capacity planning, even if the spending authorization for these projects is not available until the agreement with Donor is signed and the contribution is paid. What is more, specific criteria to define which project can be included in the planning processes, have to be defined.

3. Re-definition of accountability framework within the P&B processes, in order to clarify the different roles and responsibilities:

- High level management roles (DDGs and ADGs) have been clarified inside the planning and monitoring processes;
- OSP will enhance its coordination role inside the planning and monitoring activities at the strategic level;
- AFF will be the focal point of financial planning and monitoring (for all organizational views, from single projects to the overall corporate level), ensuring greater financial oversight;
- Budget Holders will have an increased project management role, with accountability towards outcomes and the related authority in budget management and control.

4. Improving the quality and usefulness of business information through full and timely capturing of relevant data on costs and activities. This shall be supported by:

- The introduction of a timesheet system that will allow Budget Holders and Management to have a complete (and constantly updated) view of current human resources effort and cost;
- The tracking of all other relevant information currently not captured by corporate systems, including local commitments. With regard to this point, it is essential to ensure the full funding and completion of IPSAS project and Field Accounting System (FAS) replacement.

To fully support the introduction of these improvements, an integrated and fully accessible corporate information system will be required, in order to:

- Reduce manual / redundant activities, integrating the different planning and monitoring tools currently in place and replacing the existing “shadow systems” (stand alone spreadsheets);
- Provide relevant information and reporting flows to support the decision-making process.

If considered as a “stand alone” initiative, the full deployment of the new P&B model will require no less than 24 / 30 months. This timing includes:

- The detailed design of processes and management reporting requirements;
- The analysis and definition of the best solution to upgrade and rationalize current IT systems;
- The testing and fine tuning of the new model on a pilot project basis;
- The full deployment of the PWB system (and related support).

<sup>1</sup> For the purposes of this document, there are no difference between Strategic Objective and Functional Objective. In the following pages “SO” has to be understood according to this specification.



However, taking into account a broader perspective, it must be stressed that the definition of a realistic and sustainable road map for the implementation of the new P&B model should also consider the coordination of these activities with the other ongoing interrelated key initiatives such as IPSAS, FAS replacement, RBM, MIS and necessary upgrade of Oracle. This will require a better understanding of the real effort needed in terms of human and financial resources, to ensure the expected results.

FAO currently has many concurring and parallel initiatives. These initiatives and related investments should be clearly prioritized according to their strategic relevance, in order to be fully funded and to achieve the expected results within the planned timeframes.

Along the line of the analysis described above, in the following sections the main outcomes of the workstream are explained, according to the following:

- New Planning and Budgeting model;
- High-level business requirements for reporting;
- New Programme of Work and Budget;
- Organizational impacts;
- Transition map;
- Costs & savings;
- Final recommendations.

#### **2.4.1.1. *New planning and budgeting model***

Following from the final report of Stage 1, the proposed new model tries to overcome the main issues there identified. As mentioned above, the two different sources of funding are reflected in two separate and different planning and budgeting models. While the Regular Programme follows a quite standard (but improvable) corporate planning cycle, the Extra-budgetary cycle is focused on specific projects, with few links to the overall organizational strategy and long-term objectives.

Consistently with the issues identified in Stage 1, in the new P&B Model the RBR has tried to achieve four critical objectives:

- Improve the effectiveness of the P&B processes, integrating all activities and all funding sources;
- Make the P&B exercise a result-oriented management process, in line with the RBM project, in order to create organizational alignment with strategic objectives;
- Strengthen FAO transparency and accountability in the use of resources toward the Members;
- Enforce financial discipline and control.

Consequently, in designing the new model, three main general principles have been taken into consideration:

- Negotiation;
- Integration and coordination;
- Accountability and empowerment.

**Negotiation** refers to the ability of the model of enhancing people's commitment around agreed (negotiated) objectives. This principle is also related to the creation of a positive competition on resource allocation: indeed, in a negotiated cycle, activities will be prioritized according to their capacity of achieving results and their coherence with corporate objectives. Resources will be then allocated to those activities that appear to be more effective and more consistent.

**Integration and coordination** refer primarily to all activities and funding sources that, as mentioned above, need to be brought under a unitary planning and monitoring framework. Integration also refers to

the need of creating a tight connection between the results chain and the organizational structure, as well as strengthening the connection between MTP, PWB and AWP.

Finally, **accountability and empowerment** imply assigning responsibility for results to managers, as well as giving them a fair degree of authority and flexibility in using budgeted resources to achieve agreed objectives. According to this principle, the model has also identified high level requirements for reporting and monitoring, in order to provide FAO management with better business information.

Based on these principles, the new Corporate P&B Model will bring large structural improvements in the activity of FAO, in terms of effectiveness and coherence of the strategy formulation and organizational alignment, financial discipline and transparency versus external stakeholders.

### 2.4.1.2. Principles of an activity-based planning model

The main feature of an activity-based planning model is to define which “tasks” need to be completed in order to meet expected results and, ultimately, to accomplish the corporate strategy.

Best practices in organizations comparable with FAO adopt P&B models based on “projects”. A project can be defined as a set of coordinated activities, able to produce a significant and measurable output<sup>2</sup>, through the delivery of a specific series of products / services and aimed at achieving a specific outcome. At FAO the term “project” is currently used with reference to Extra-budgetary activities. In the following pages the word “project” has to be understood according to a broader definition (unless differently specified) and regardless of its funding source.

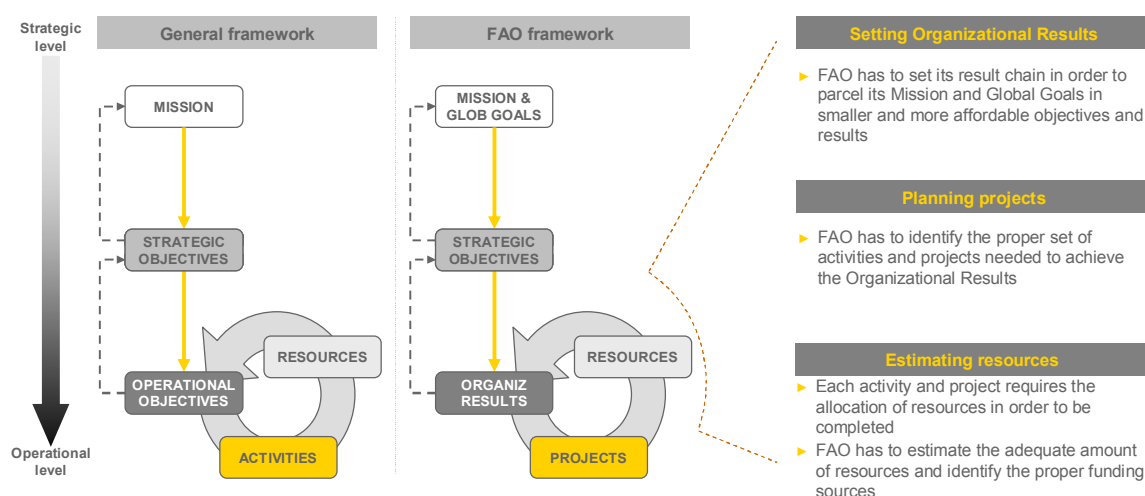


Figure 2-1: Activity-based planning framework

In the new P&B model perspective, the concept of “project” does not only include those initiatives directly linked to the delivery of FAO normative and technical work, as described above, but also so-called “investments” aimed at improving the efficiency and effectiveness of the organization (i.e. the IPSAS project being an example). In order to achieve the complete picture of activities to be performed in the planning timeframe, in addition to current projects also “pipeline projects” should be taken into consideration, meaning “mature” EB projects, not already started but likely to be defined within some

<sup>2</sup> The expected outcomes of projects are linked to the Corporate Results Chain through Unit Results whose achievement is linked to the outcomes of one or more projects. For instance an illustrative Unit Result such as “sustain local farmers in applying new irrigation techniques in Central America” might be achieved through one project or through more smaller projects (e.g. one for each country), being the accountable unit allowed to freely organize its work in order to meet the result.

months<sup>3</sup>. A clear definition of “mature” project needs to be formulated, fixing the criteria that pipeline projects must meet to be considered in the planning processes.

Apart from projects, FAO needs to carry out a certain number of other activities that, whilst contributing to a specific Organizational Result, are not directly linked to a specific project but are still required to enable them to be accomplished. These have been called “indirect” and refer to activities such as corporate governance, strategic planning, corporate monitoring and reporting, administration and other support functions. Without indirect activities, no project could be planned, launched or implemented. With this model, it is possible to track the logical link between direct and indirect activities and, in order to ensure the right level of efficiency, it is also possible to monitor the ratio between these categories of activities (and the related financial resources needed). As a matter of principle, indirect costs should be kept as low as possible and their monitoring should be part of the overall performance assessment of an organization.

Usually, each organizational unit performs both projects and indirect activities in different percentages according to the specific mission of the unit (i.e. support functions will have more indirect activities whilst technical Departments and Field Offices will have more – if not only – direct activities).

The implementation of the described framework will require FAO to take an important step in broadening the current corporate planning focus, from almost Regular Programme activities to the overall results that FAO can achieve by means of its activity portfolio taken as a whole.

The other basic elements of the activity-based planning model which FAO needs to include in its planning focus are:

- Resources (human and other);
- Funding strategy (Regular Programme and Extra-budget).

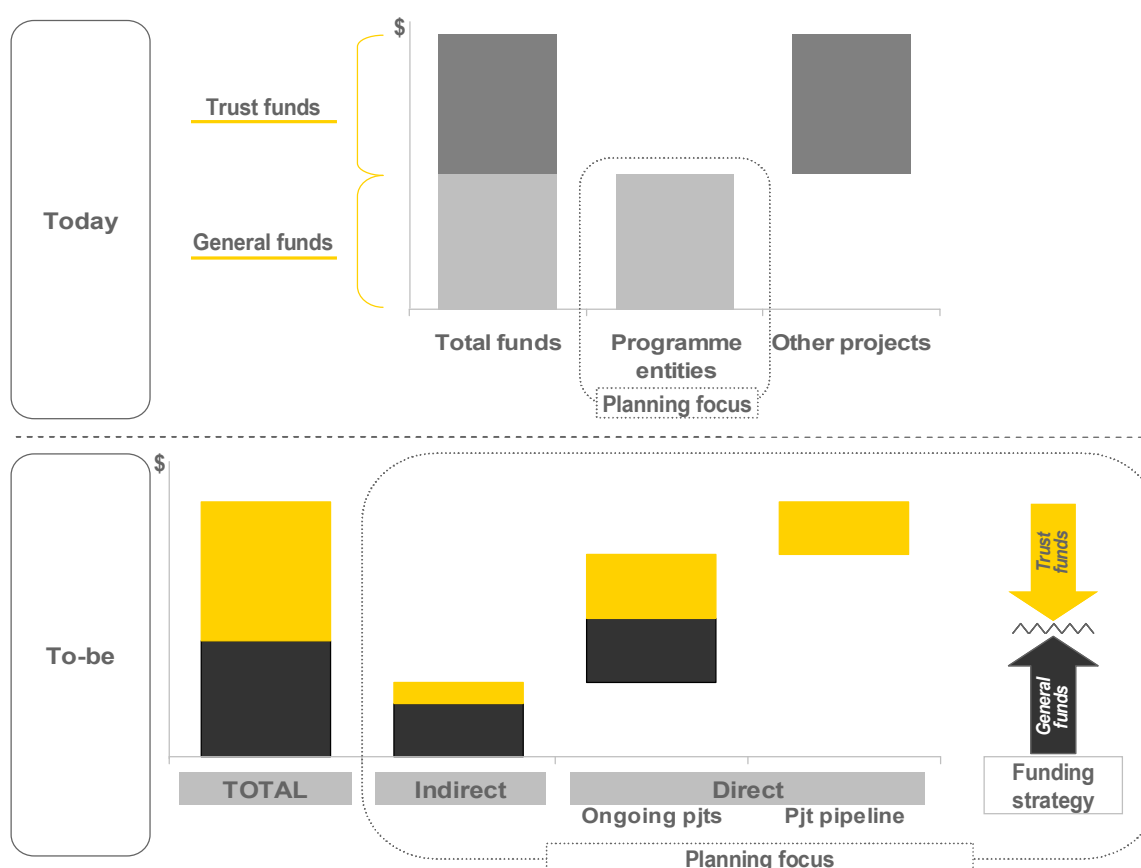


Figure 2-2: Shift in planning focus

<sup>3</sup> The inclusion of pipeline projects in the PWB does not allow any spending power, until proper donor agreements have been signed and the contributions paid

Given the definition of projects and indirect activities, the planning cycle can be simplified as the exercise by means of which FAO:

- Defines its objectives and expected results;
- Identifies the project and the activities required to achieve those objectives and results;
- Estimates the total amount of resources (HR and financial) that have to be mobilized and the relevant sources of funding.

### 2.4.1.3. Activities as the building block

Activities (in the broadest sense, meaning projects as well as indirect activities) are the building block of the new model.

The deepest change which the new model entails is related to the quality and quantity of information available on activities (projects and indirect) and to the ability of elaborating and aggregating them for different purposes.

For each activity a wide range of information will be available (the accountable organizational unit, the outcome expected and links with Results Chain, the funding sources, the budget with time-split details on HR and other costs) that can be used for different management purposes.

For instance, aggregation of information will show the overall activity portfolios and the budgets at different organizational levels, from the single unit to a comprehensive corporate level. From this point of view activities are the logical “building block” of this (activity-based) model.

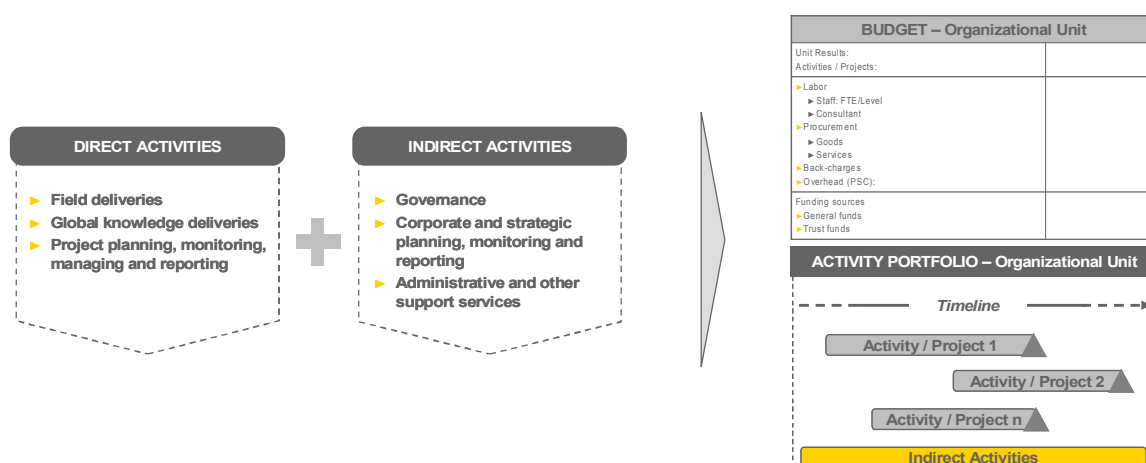


Figure 2-3: Aggregation of all activities information

All activities (projects and indirect) will be planned and managed using a “datasheet”. This tool will allow to gather the right information and make different data aggregations. Also indirect activities have to be planned using a specific datasheet, as for projects.

Project 1			
Objective / expected outcome:			
Accountable org. unit:			
Budget holder:			
Links with Unit Results:			
Funding:			
Cost	Org. Unit A	...	Org Unit Z
▶ Labor			
▶ Staff: FTE/Level			
▶ Consultant			
▶ Procurement			
▶ Goods			
▶ Services			
▶ Back-charges			
▶ Overhead (PSC):			

Indirect activities			
Organizational Unit:			
Links with Unit Results:			
Cost	Indirect activity A	...	Indirect activity Z
▶ Labor			
▶ Staff: FTE/Level			
▶ Consultant			
▶ Procurement			
▶ Goods			
▶ Services			
▶ Back-charges			
▶ Overhead (PSC):			

Figure 2-4: Illustrative example of datasheets

The datasheet will provide budget breakdown for each organizational unit involved. Every organizational unit involved in the specific project (e.g. technical support) will have its own share of budget (clearly shown in the datasheet).

The datasheets will also be used to plan staff and non-staff HR, using FTE and grade level details. This information will replace the current post-planning exercise. At present staff timing is measured only during the planning process, whilst the organization not accurately capture HR efforts during the implementation phase. This limitation does not allow any precise planning based on the real allocation of costs. A time-tracking tool will enable FAO to have a full HR effort and cost tracking, creating useful feedbacks from monitoring to planning processes and enhancing related skills. Hence, it is indispensable to require staff and non-staff to fill in a timesheet (e.g. biweekly or monthly).

In the new model, the datasheet, once implemented in an effective IT support system, will be the only data entry point for all activities carried out:

- It will be used as a planning tool, to define the budget and the specific sets of activities;
- It will be used as a management dashboard, to keep track of all relevant information (activities roll out, expenditures against budget, commitments, etc.).

It will definitely serve as an effective management tool, supportive for the operational work and will allow to easily retrieve data required for the preparation of PWB and AWP.

In fact, as better described in the following paragraphs, datasheets will be created and updated mostly during day-to-day activities, providing the planning process with a large share of the total information required (PWB and AWP can be seen as a biennial and annual “cuts” of the activities planned with datasheets).

#### 2.4.1.4. Processes description

##### Introduction to planning processes

Aggregation of all existing and pipeline projects (for which there will be a datasheet, even though information will not be complete and final) and indirect activities will lead to define Corporate Plans with biennial horizon (Programme of Work and Budget) and annual horizon (Annual Work Plan).

According to the proposed new P&B model, a substantial re-engineering of existing processes is required, in order to introduce the new concepts and achieve the proposed objectives.

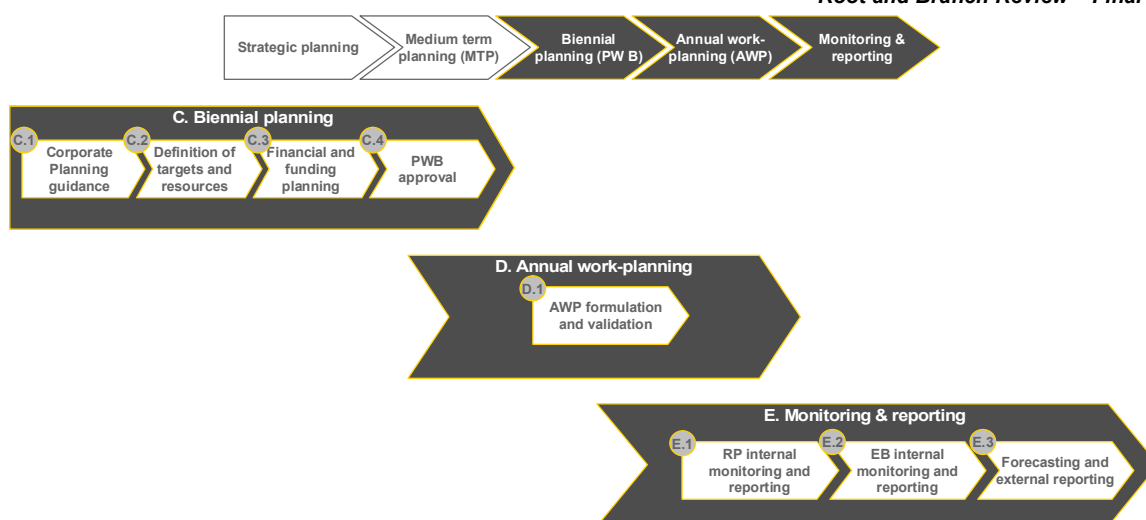


Figure 2-5: Planning, monitoring and reporting processes

The new model is organized on three main processes and a series of sub-processes (see Annex O for details):

- Biennial planning;
- Annual planning<sup>4</sup>;
- Monitoring and reporting.

#### Biennial planning processes (PWB formulation)

The new process was designed with the aim of providing FAO with a negotiated and integrated planning cycle, in order to create a biennial plan showing the overall corporate objectives, related activities and financial resources (Assessed and Voluntary Contributions).

Following the MTP goal-setting, at the beginning of the biennial planning process, each planning unit has to formulate its proposal containing:

- Unit Results and links with the Corporate Result Chain;
- Definition of its own activity portfolio:
  - Ongoing projects;
  - EB project pipeline (as per established criteria);
  - Indirect, enabling, activities;
- Budget and funding sources forecasts.

Complete proposals are then discussed, filtered, integrated and aggregated throughout the internal hierarchical chains.

Proposals containing results, projects and budget are filtered, negotiated, integrated and consolidated resulting in one planning proposal for each Department, Region and Independent Office. Internal negotiation should be informed by National Medium Term Priority Framework documents, Areas of priority action and other similar agreements that allow Donors' and recipient countries' needs to be brought into the negotiation cycle. The proposals consolidated at ADG level are then brought to the corporate negotiation rounds to be organized for each SO and Functional Objective.

During the corporate negotiation rounds the aggregated proposals will be reviewed and finalized. The tables will see the participation of the DDGs, the ADGs (as heads of the Regions / Departments and/or leaders of SO under discussion), the Heads of the Independent Offices and the planning support functions (OSP and TC). During these rounds the proposals from each ADG / Head of Independent Office

<sup>4</sup> The annual timeframe may need to be adjusted for country planning.

will be prioritized and negotiated in terms of results, projects and activities, and resources requirements. At the end of the rounds the result chain will be clearly parceled among Unit Results and projects, and all the interconnections between organizational units will have been stated and discussed.

After the end of the rounds, the negotiated proposals need to be estimated in terms of costs and other financial information. The review of this information is assigned to OSP, AFF and TC, each one according to its own competencies (respectively: results, costs, and EB funding estimates).

The final step in the biennial planning is the authorization process, at first internal, with the DDGs and the DG, and then external with the Governing Bodies.

OSP will coordinate the entire biennial planning process, with support from AFF and TC. In addition, OSP and TC will provide the quality assurance for the planning process: OSP will focus on results, while TC will concentrate on EB planning and EB pipeline.

#### Annual work planning process (AWP formulation)

As for the biennial planning, the approach of the new model is to create a light annual planning process by means of activity datasheets, providing a new internal document, able to lead the short-term organizational activities towards planned objectives.

The annual planning exercise will be focused on updating, completing and detailing the existing information, following a streamlined version of the PWB approval process.

The main information variances that can incur in the annual cycle, with respect to the approved PWB, could be:

- Details that could not be known at the moment the PWB was formulated;
- Updates in the EB pipeline and new details concerning incoming projects;
- Changes in the total amount of the RP allotments (shift among Strategic Objectives);
- Updates in financial information (both forecasting assumptions and actual results) that may require adjustments to resource allocation.

OSP and AFF, in performing their monitoring and reporting activities, will detect variances between planned and actual figures. OSP will focus on variances between planned and actual results, while AFF will assess financial variances and identify any needs for corrective actions.

OSP will of course be responsible of identifying corrective actions, eventually necessary to realign workplanning to expected results, as well as proposing alternative solutions to keep the overall strategic direction of the implementation phase.

With regards to financial variances having impact on RP allotments, each variance will be evaluated to identify any corrective action required:

- If the variance can be managed at working allotment level<sup>5</sup>, then AFF proposes amendments directly to the budget holder who has to take the necessary action.
- If the variance requiring corrective actions needs to be managed at institutional allotment level<sup>6</sup> OSP coordinates the re-programming process, engaging ADGs (more details in the Annex O).

With regards to EB, monitoring responsibilities will be shared among TC, AFF and OSP:

- TC will monitor operational and financial aspect of single EB projects;
- AFF will be focused on organizational view, but will also identify possible major financial issues arising for EB projects and having corporate impacts (e.g. shortfalls, unpaid contributions, major problems concerning the projects pipeline);

<sup>5</sup> Within Strategic Objective / ADG level

<sup>6</sup> Above Strategic Objective / ADG level

- OSP will monitor results of EB projects deployment, focusing on the corporate Results Chain view.

#### 2.4.1.5. Impacts on IT-systems

Current main corporate IT systems involved in planning processes are:

- PIRES, that is utilized to manage the current regular programme planning (PWB process);
- FPMIS, that manages information regarding extra-budgetary planning and forecasting (it also acts as repository for relevant project documentation);
- eBMM, involved in forecasting activities;
- COIN, used to gather information concerning country offices

On the basis of RBR analysis, current IT systems are currently not in the condition to support the proposed model, mainly due to two orders of issues:

- Lack of integration, also due to the different planning processes (RP and EB);
- Unavailability of all information required (local commitments, human resources effort, operational KPIs, etc..).

Therefore, RBR defined the main requirements to be met in order to support the new model and suggested possible approaches. These approaches have to be understood as preliminary ideas, to be further analyzed and detailed.

Table 2-1: Main IT requirements and proposed approaches

IT Requirement	Description	Proposed approach
Integration of all planning activities	Integration of all (projects and indirect) activities and funds (RP and EB)	<b>Project management tool</b>  Which can support all elements of the project lifecycle, including: <ul style="list-style-type: none"> <li>- planning budgets</li> <li>- activities planning and progress</li> <li>- actual costs</li> <li>- operational key performance indicators (KPI).</li> </ul> This tool should also be able to store all project related documents and to show information at different aggregation levels, ensuring the right integration with other IT systems involved in the planning and monitoring processes
	Integration of P&B model with the “results-based” organizational frameworks	
	A single-data entry point for users (planning units, BHs) in order to ensure that correct data flows between the different organizational units interested (AFF, TCOM, etc.)	
Support to cost accounting at project and activity level	Track information currently not available, enabling FAO to have a full cost tracking including human resources and other commitments for projects and organizational levels	<b>Timesheet</b>
		<b>- FAS / Atlas replacement</b> <b>- Appropriate connectivity</b>
Support to planning and monitoring activities in relation to results and operational activities	Review of the information details which need to be tracked on the IT-systems	<b>Gap analysis on the information details</b>
Support standardized internal / external reporting and ad-hoc queries	Achieve a full integration with all the feeder systems and minimize the manual standalone elaboration (also for	<b>Corporate reporting framework with a single front-end</b>

IT Requirement	Description	Proposed approach
	donors' agreements monitoring)	<p><b>Grant management tool</b></p> <p>Which can support funds tracking, from inception to final reporting (including multi-funded projects) and allowing simple and effortless reporting, also ensuring the right integration with other IT systems involved in the planning and monitoring processes.</p>

In any case, in order to move toward a complete integration, FAO should also rationalize the number of different applications involved in the processes. This could be achieved by moving as close as possible to a single, fully integrated IT platform, also replacing some of the current systems (e.g. FAS, Travel, eBMM). Adequacy of the IT network / connectivity infrastructure should also be considered as a key issue (people involved in the planning processes should be able to directly access the corporate systems)<sup>7</sup>.

With an appropriate support from IT systems, the planning processes will be streamlined, completely integrated and fully supportive of the management decision making process. Indeed, at the beginning of each biennial planning cycle, datasheets will feed the new process as follows<sup>8</sup>:

- Ongoing extra-budgetary funded projects will already have an existing datasheet and can be carried forward if activities will continue during the next PWB period;
- Ongoing regular programme projects, if planned to continue in the next period, will have a datasheet that needs to be renewed, reapproved and re-funded, throughout the PWB approval process;
- New regular programme projects ideas, will be formalized using a high level datasheet and will need to be approved throughout the PWB approval process;
- EB pipeline information (that will not be complete or detailed) will be used to create specific high level project datasheets, to be further updated when agreements with donors will be signed (no spending power is allowed until Donor pays);
- Information about ongoing and future indirect activities will also be included in the process through their existing and/or new datasheets.

All IT actions should be coordinated and managed in a comprehensive perspective, to enable users to fully achieve tangible benefits that the new model will create (see paragraph 2.4.5 for more details).

<sup>7</sup> Partially, these activities are already in progress (FAS replacement is already planned as part of IPSAS project).

<sup>8</sup> Multisource (RP and EB) funded projects will have different authorization flows, according to the specificities of the funds mix and to the timeframe of the project.



## 2.4.2. Organizational impacts

The new reengineered processes required the **redefinition of roles and responsibilities** of the different organizational units involved. The proposed new allocation of responsibilities has been developed taking as a reference the new FAO organizational structure as shown in the last reports issued by the CoC-IEE Working Groups I and III (in particular the “Progress Report” of March 23<sup>rd</sup>, 2009).

**DDGs** role in the planning and monitoring processes has been strengthened and clarified, in line with the ongoing restructuring process of the FAO Headquarters’ organizational structure.

The two DDGs (Operations and Knowledge) will provide strategic direction to and oversight over the project and activities carried out by the bodies below them (all technical departments, the Corporate Services and Finance Department, the Technical Cooperation Department and all decentralized offices). In particular they will define the planning guidance and coordinate the PWB planning cycle for their units. The two DDGs will foster the integration of the different departments and the sharing of information, and will provide incentives for cross-departmental work, reducing the silo approach.

Furthermore, they will work together to ensure a coherent approach in achieving Organizational Results and Strategic Objectives, as well as the resolution of cross-area issues.

**ADGs** will retain their current coordination and leading role within single Departments and Regional Offices. ADG will also retain their leadership in relation to Strategic Objectives, for which they will be accountable. With regards to the planning exercises they will lead intra-departmental and intra-regional negotiations. They will have to filter, negotiate, integrate and consolidate the overall planning proposal for their department / regional office.

Each ADG will then bring the consolidated planning proposal to negotiation rounds at corporate level, in order to discuss and finalize the proposals together with other ADGs, with the DDGs and with the planning support functions. In the negotiation rounds the full Corporate Result Chain (Strategic Objectives, Organizational Results and Unit Results) will be discussed and defined.

In the new monitoring processes (see Annex O for details) ADGs will also have responsibilities in managing changes and shifts in their departmental / regional RP allotments. At institutional allotment level, the ADG will have to discuss and negotiate changes with all involved ADGs and with OSP and AFF. If the issue is located at working allotment level, the definition of the settlement is demanded directly to the relevant budget holder (leaving the ADGs their usual oversight and coordination role).

**OSP** will maintain its current responsibility in coordinating the preparation of the Corporate plans and enlarge its role in monitoring and reporting on results. In accordance with the integration principle, its responsibility is extended to cover all sources of funds (assessed and voluntary), under the unified work programme, but with a specific focus on results and quality assurance of the planning exercise, coherently with its responsibility for results-based management. OSP will also take on the new responsibility to develop and monitor the implementation of a corporate integrated resource mobilization strategy and policy, in close relation with TC. It will retain the responsibilities of issuing, monitoring and update institutional allotments (the highest level of resource allocation: Strategic Objective / ADG). Finally, OSP will manage the appropriate allocation of unearmarked EB resources in collaboration with TC.

**AFF** will increase its current responsibilities, centralizing all aspects related to financial management currently not in place or currently carried out by other functions (e.g. PBE that currently oversees financial trends / estimates and performs financial monitoring and reporting of RP expenditure against budget).

AFF will provide financial inputs to the PWB process and will be responsible of establishing and monitoring all financial aspects of FAO (from support costs recovery, to financial policy-setting and

financial forecasting, to monitoring expenditure performance against budget<sup>9</sup> and to cash monitoring and management).

AFF will be in charge of the financial monitoring at all the organizational levels, from the AWP point of view. Where, on the basis of analysis performed, it is considered necessary to intervene (e.g. cut or limit spending) AFF will report the financial implications to the relevant party for required corrective actions (BHs, ADGs and/or OSP – keeping in mind differences between institutional and working allotments – see paragraph 2.4.1.4 and Annex O for details).

As reminded for OSP, in accordance with the integration principle, AFF responsibilities will cover all activities and all sources of funding.

**TC** will ensure monitoring on operational planning, delivery progress and outcomes for EB projects. It will monitor economic and operational KPIs (e.g. milestones, quality of the delivery, issues, etc.). TC monitoring activity will be focused on the single EB projects, with a perspective on their whole lifespan.

TC will provide support during the planning cycles, providing estimates for expected and ongoing EB projects. TC will also be responsible for implementing the resource mobilization strategy at field level and will monitor resource mobilization activities and pipeline development.

**Budget Holder's** role has been modified and clarified, mainly in the light of the accountability and empowerment principle. The BH is fully responsible for the delivery of the projects assigned: he/she is accountable for the achievement of expected results and for managing all resources assigned to his/her project. The BH is responsible for all the planning, monitoring and administrative activities related to the project (planning of resources / activities; operational and budget monitoring and reporting; budget and resource management; operational transactions).

BH location Project type	Country Offices	Sub-Regional Offices	Regional Offices	Technical Divisions – Services / Branches
Global Project				✓
Inter-regional Project				✓
Regional Project			✓	
Sub-regional Project		✓		
Country Project	✓			

Figure 2-6: Proposed Budget Holder location according to project type

As a general principle BH should be able to directly interact with the IT systems in order to input data and retrieve reports concerning his/her activities. At any rate, BH or his/her assistants must have full access to systems.

As already mentioned, the main focus of the workstream was on the design of a new corporate P&B process, capable of supporting FAO transformation towards a result-oriented, transparent and flexible organization. In doing this exercise, a number of new processes and functions have been proposed at different levels of the organization (as described in paragraph 2.4.1.4).

In order to determine the correct level of resources for each organizational unit involved in the new processes, it would be necessary a detailed design of the model and an assessment of the support level guarantee by the IT systems to the new P&B model.

Therefore, RBR strongly recommends an in-depth organizational analysis be carried out just before the end of the deployment of the transition masterplan (see paragraph 2.4.5), in order to identify and exploit

<sup>9</sup> Even though the primary responsibility for monitoring expenditures against the budget is assigned to the budget holder  
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the full potential of the new model, even in terms of further efficiencies achievable in the effort required by the planning and monitoring processes.

### 2.4.3. High-level business requirements for PWB and AWP reporting

RBR has designed the high level monitoring and reporting processes at corporate level, defining the main type of external reports and reshaping the relevant roles and responsibilities.

Concerning external reporting<sup>10</sup>, the RBR mainly aimed for the integration of information (RP and EB activities and funds) and for the clarification of responsibilities. RBR proposes three different type of external reports:

- **Donor reports** issued by AFF will show all financial information related to the EB projects. Donor reports issued by TC will illustrate all other non-financial information (narratives to comment results).
- The **annual report** will be a completely new document focused on the activities carried out, issued by the DG and prepared under the coordination of OSP in collaboration with AFF for financial information and TC for EB projects. The annual report will provide also financial highlights and operational overview and will be addressed to Governing Bodies and to other relevant external stakeholders.
- The **biennial report** will be an enlarged, result-oriented and integrated version of the current PIR. It will be focused on the follow-up of the new PWB, showing expected result achievements.

To define detailed requirements for reporting, a series of inputs and prerequisites that are currently not available would have been required and RBR has therefore limited its advice to stating a series of logical principles that can guide further and deeper analyses (see Annex P for details).

Finally, one of the main analyses RBR recommends to be performed relates to the definition of new key performance indicators for projects and organizational units. This is essential to keep track and monitor non-financial aspects of the delivery (e.g. delays in milestones achievement, figures concerning the HR effort on projects, operational ratios), useful for evaluation and comparison purposes, as well as for increasing the planning skills. This project KPIs should be implemented in an IT system as well, and the related implementation needs to be assessed as part of the overall transition map (see paragraph 2.4.5)

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<sup>10</sup> As distinct from AFF preparation of financial reporting for external auditor  
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## 2.4.4. New Programme of Work and Budget (PWB)

The structure of the Programme of Work and Budget document has been reviewed in order to include a wider range of information, in accordance with the principles that have guided the design of the new P&B model and, in particular, the integration between RP and EB.

Table 2-2: New PWB structure

Section	Content
<b>Introduction</b>	<ul style="list-style-type: none"> <li>Director-General's introduction</li> <li>Scope of the document</li> </ul>
<b>Section I.</b> Overall Context	<ul style="list-style-type: none"> <li>General background information</li> <li>Major global trends</li> <li>Main challenges in each geographical area</li> </ul>
<b>Section II.</b> Key Financial and Budgetary Issues	<ul style="list-style-type: none"> <li>Narrative details on key financial and budgetary issues</li> <li>Main budget figures: <ul style="list-style-type: none"> <li>Results view with a geographical detail</li> <li>Organizational view (SO and Dept. / RO level)</li> <li>Draft resolutions for adoption by the Conference</li> </ul> </li> </ul>
<b>Annex 1:</b> Strategic Objectives analysis	<ul style="list-style-type: none"> <li>For each Strategic Objective: <ul style="list-style-type: none"> <li>Scope of SO</li> <li>Links with other SOs</li> <li>Major FAO partnerships and collaborative arrangements contributing to the achievement of Organization-wide expected results, and included within the budgetary envelope</li> <li>Issues and challenges</li> <li>Assumptions and risks associated with the achievement of the SOs Total budget of SO by geographical area (Total)</li> <li>Breakdown of SO resources at HQ, ROs, SROs and COs levels (total figure per level)</li> </ul> </li> </ul>
<b>Annex 2:</b> Organizational Results Narratives and Resources Tables	<ul style="list-style-type: none"> <li>Detailed narratives covering substantive thrusts and planned actions under the various Organizational Results</li> <li>Budget of each SO broken down by Organizational Results: <ul style="list-style-type: none"> <li>Definition of indicators and milestones (2 yrs) for each Organizational Result</li> <li>Breakdown of each Organizational Result's resources by geographical area</li> </ul> </li> </ul>
<b>Annex 3:</b> Financial information	<ul style="list-style-type: none"> <li>Detailed financial figures on: <ul style="list-style-type: none"> <li>Standard costs</li> <li>Support costs</li> <li>Staff related liabilities</li> <li>Reserves (including implication of RP/EB integration)</li> <li>Income forecasts (including Member contributions, GCCC, sundry incomes, jointly financed activities, investment and bank interests, etc.)</li> <li>PWB implications of ongoing capital budgeting exercise</li> <li>Other financial information related to the financial health of the Organization</li> </ul> </li> </ul>

Section	Content
Other annexes:	<ul style="list-style-type: none"> <li>■ Additional tables for resources breakdown and geographical details, e.g.: <ul style="list-style-type: none"> <li>- Direct / indirect activities</li> <li>- Breakdown by Divisions</li> <li>- Geographical breakdown</li> <li>- Breakdown of proposed budget by strategic objective, ROs / HQ and funding source</li> <li>- Total resource availability, consisting of the proposed net appropriations, other income (e.g. World Bank, PSC), and estimated voluntary contributions</li> </ul> </li> <li>■ Organigrammes</li> </ul>

## 2.4.5. Transition map

The new P&B model will impact not only on technological and procedural aspects, but it will also imply cultural and behavioral change inside the organization.

To correctly manage such kind of extensive shift, and also to support a smooth transition to the 2012-2013 PWB structure, a clear 24/30 months masterplan is needed.

This timeframe is due to the amount of activities to be carried out, and also to its high interrelation level with other ongoing / to start IT initiatives. Other than create the IT framework to collect information needed to plan and monitor at project / corporate level, in parallel it is necessary to analyze current IT systems and decide how to support the new model in terms of

- Integration / rationalization improvements;
- Internal developments / new products to be bought.

Moreover, looking at the complexity level (not only from an IT point of view, but especially from the organizational and cultural angle), RBR recommends a stepwise approach for the deployment, starting from a “pilot” phase that will represent an operational “test environment” for the fine tuning at both IT and processes level before the overall go-live on the entire organization.

The main workstreams of activity to be implemented will be:

- Project datasheet design and implementation;
- Other information details definition and integration on IT- systems;
- Current IT- systems analysis and rationalization;
- Corporate reporting design and implementation;
- Timesheet design and implementation;
- Pilot Project on a single environment (i.e. a combination of one Department, Region and Strategic Objective), using the new Annual Work Plan 2011 as an operational Test case (for both IT and organizational deployment);
- Support to the go-live, using a stepwise approach that starts from the new PWB 2012-13 and also supports the Annual Work Plan 2012 and monitoring;

The masterplan has the objective to ensure that all the new P&B processes, reporting and control functionalities are in place when preparing the PWB 2012-13. Therefore the major milestones are foreseen to be:

- Project datasheets available;
- Corporate reporting automatized;
- Timesheet implemented;
- New AWP 2011 validated (pilot project);



- AWP 2011 ongoing monitoring fully available (pilot project);
- New PWB 2012-13 and AWP 2012, aligned with the new model and both fully supported by the IT-systems and the related processes;
- Overall ongoing monitoring fully available.

This masterplan and its timing has to be understood as a preliminary proposal, since it was impossible for RBR to include it in the overall FAO masterplan and to fully assess the effective “capacity” to implement and the linkages with other major initiatives (such as RBM, IPSAS, FAS replacement, etc.). As a consequence, the masterplan will need to be reviewed (or it could be confirmed) only after FAO has prioritized its ongoing and planned initiatives and decided to move ahead with critical ones.

Remarking again that the above mentioned IT initiatives have to be carefully coordinated to achieve an overall realistic and sustainable master plan, within the above mentioned timeframe in RBR first proposal it is possible to identify some major deadlines which the masterplan would need to comply with:

- Mid 2010: IT basic systems fully supportive to new model (project management tool);
- 3rd quarter 2010: reporting systems and timesheet available and project pilot start (AWP 2010);
- Year-end 2010: start PWB process (2012-13);
- 3rd quarter 2011: start AWP process (2012);
- 1st quarter 2012: start monitoring processes.

These deadlines have been set up in view of allowing the full implementation of the proposed model for the preparation of PWB 2012-13. Their feasibility should be carefully assessed in the light of prioritization on planning exercise of the overall FAO on going initiatives.

From the organizational point of view, RBR recommends to include in the masterplan two specific activities:

- A workload analysis, to define the right amount of people to be involved in P&B related activities (see paragraph 2.4.2);
- A detailed organizational analysis to define the overall effects due to the proposed post-planning elimination as part of the corporate planning processes. The related effects shall be defined looking at both other HR processes and normative impacts due to U.N. system. This analysis shall also define:
  - The amendments to be done on the current post-planning (which information will be inserted in this new version)
  - The organizational responsibility (who will be in charge of data entry and data analysis / update).

#### **2.4.6. Costs & savings**

The new model will not generate short term savings but it will enhance planning and monitoring efficiency and effectiveness, aligning these activities with the FAO current business environment.

The model is based on more detailed and integrated planning and monitoring processes and it is result-oriented, allowing a more effective resource (human and financial) management. Moreover, the model also meets the objective of increasing the transparency and credibility versus Governing Bodies, and versus Donors and other external institutions, with positive impacts also on resource mobilization activities.



These benefits will bring substantive improvements to the organization from both an efficiency and effectiveness point of view because they will enable FAO management to better answer the needs of stakeholders (Conference, Donors, other UN Agencies, other external institutions, media, etc.).

At any rate, even if it is not easy to provide a sound monetary estimate of these deep effects, in RBR opinion the implementation of this new planning and budgeting model should be ranked as one of the top-level priorities to be carried out in the new biennial cycle, to ensure that FAO is fully aligned with the 21<sup>st</sup> century business environment.

In order to implement the RBR proposal, appropriate investments will be required even though, at this stage of the analysis, it is also difficult to provide even a rough estimate of the costs and the investments needed to implement this model.

The amount of costs and investments needed for the deployment depends on a number of fundamental decisions that could broadly lead to two different main scenarios. The first is based mainly on internal development of current IT-systems, the second is based on their complete re-design, probably also with a greater involvement of external resources.

Apart the amount of financial resources needed, these different scenarios could impacts also the final results in terms of:

- deployment timeframe, that could be a larger or smaller due to the different human resources availability;
- functional support level reached at the end of the deployment, that could change due to the different IT approaches viable in implementing the model and its logics;
- final IT systems integration level, obviously different moving from different “custom” systems (to be integrated) towards a single new IT system.

#### **2.4.7. Final recommendations**

- As already described in the introduction, a major final recommendation concerns the feasibility of the full deployment of the new P&B model. This is in fact deeply linked to the results of other major projects currently in progress influencing both the timing and the magnitude of the organizational effort needed to accomplish any important transformation initiative:
  - RBM project (that directly impacts on the accountability framework, and consequently on the possibility of integrating all the direct and indirect activities in an overall corporate perspective, that is the logical base of the planning and monitoring activities);
  - IPSAS and FAS replacement initiatives (needed to have a complete picture on costs and commitments already charged to the activities);
  - MIS projects (that will create a single front end for the reporting);
  - Other relevant IT initiatives (Oracle Upgrade and Atlas replacement);
  - One CIO organization (that can better support the actions related to:
    - The integration and the rationalization of the IT systems currently involved in the processes;
    - The IT decisions and actions related to the new model).

Therefore, the deployment activities need to be planned in the overall FAO portfolio and coordinated with the other ongoing initiatives. Initiatives and related investments should be prioritized according to their relevance and to FAO implementation capacity in order to meet expected timing and results;



- Beyond the recommendations strictly linked to the new model designed, some others are due in order to enhance the planning and financial flexibility of the organization. In particular, coherently with the new planning and budgeting model, the Regular Programme structure (based on chapters) should be revised, for example linking each Single Chapter to each Strategic Objective identified (including functional Objectives). If on one hand such a change will assure a higher level of transparency, on the other hand it could make the structure too rigid and create operational problems. This potential issue could be overcome with Governing Bodies' prior approval for an enhanced version of the fungibility rule (e.g. resources can be shifted between chapters for a maximum of 10-15% without Governing Bodies' prior approval).



## 2.5. Human Resources work-stream

### 2.5.1. Introduction

Stage 1 of the Root and Branch Review (RBR) concluded that the Human Resources Management function at FAO should be reinforced and enabled to undertake a more strategic and advisory role. The review further concluded that the transformation of the function must be led by an HR Division empowered to become a business partner in the corporate management of the Organization. The Stage 2 was tasked with mapping this transformation.

In this respect, the RBR focused on reviewing selected initiatives and processes, in order to map the transformation of the Organization's HR Function. It was evident that the reinvigorated HR Function would be based on three principal types of activities: the advisory ones which promote HR as Business Partner, the strategic and development ones, and the transaction and servicing ones. With a view to establish the transition map, the RBR carried out its tasks in three distinct phases, as follows:

- Review the accountability framework (initiative 1);
- Define a new role for the HR Function (initiative 2);
- Evaluate the opportunity for outsourcing aspects related to the development courses (initiative 3).

The specific measures undertaken as part of the review, as well as the findings of the review conducted are outlined below.

### 2.5.2. HR process model

The main objective of initiative 1 (**new Accountability Framework**) was to identify and revise/ develop 10 critical HR processes with the intent of streamlining existing cumbersome processes and developing new ones, needed for the transformation of the current HR functions.

In order to define the new Accountability Framework for the reinvigorated HR Function, as defined in Stage 1 of the RBR, a review of selected processes was conducted aiming at identifying and assigning roles and responsibilities. With this approach, the following HR processes<sup>11</sup> were selected and reviewed:

- A. HR Strategy
- B. HR Policy
- C. HR Learning
- D. HR Performance Management
- E. HR Recruitment
- F. HR Planning
- G. HR Staffing
- H. HR Communication
- I. HR Career Development
- J. HR Job Design

The above-mentioned processes were identified and selected on the basis of the assessment made by the RBR in terms of their importance in leading the transformation of the HR function into a more strategic and advisory role. It should be noted that the RBR did not conduct a comprehensive review of all HR processes but merely focused on those processes which it deemed to be essential to the transformation of the function.

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<sup>11</sup> The name of several processes was modified during the course of the Stage 2 following a more thorough analysis of the processes, in order to have a name that better corresponded to the activities carried out in the processes.

The table below shows the descriptions of each selected HR process emphasizing its specific scope, objective and expected output.

Table 2-3: Selected HR processes

HR PROCESSES	DESCRIPTION
A. HR Strategy	HR Strategy refers to the development of strategic objectives for HR, based on current and emerging trends, internal and external to the Organization. HR strategy should support the Strategic Framework defined at the organizational level, while proactively striving to introduce improved methods of managing human resources.
B. HR Policy	HR Policy refers to the formulation and implementation of HR policies which formalize FAO HR strategies and introduce guidelines. The process aims at creating principle-based policies able to reflect the guidelines of the Organization and at ensuring that procedures are helpful and user friendly.
C. HR Learning	HR Learning aims at ensuring that the competencies and skills of FAO's Human Resources are developed to a level and in areas that support the Organization's strategic objectives. In doing so, the process aims at supporting career development and continuous learning throughout the Organization.
D. HR Performance Management	HR Performance Management aims at ensuring the achievement of FAO's strategic goals and at improving accountability and performance. HR Performance Management promotes competency development and learning by measuring the achievement of individual developmental objectives.
E. HR Recruitment	HR Recruitment aims at identifying the right candidate for a vacant position and at ensuring that the candidate has the appropriate experiences, knowledge and skills in order to perform the work efficiently, and so contributing to the development of FAO.
F. HR Planning	HR Planning aims at identifying requirements for enabling a long term planning and a succession planning of resources according to organizational structure, overall corporate needs and strategy. As a result, HR Planning prevents critical situations on HR matters.
G. HR Staffing	HR Staffing process manages all staff movements and optimizes the internal human resource allocation by matching staff members (supply) to appropriate positions (demand).
H. HR Communication	HR communication aims at facilitating and disseminating communications on HR matters across the Organization as well as towards external stakeholders by defining contents, targets, key messages, channels and tools.
I. HR Career Development	HR Career Development aims at defining the model which guides professional growth through experiences and competencies development, aligning the individual professional development with the Organization's strategic objectives.
J. HR Job Design	HR Job Design aims at providing a comprehensive framework for organizational requirements by constantly updating the Integrated Competency Framework and aligning job profiles to organizational needs and changes.

The following Process Map identifies the linkages between the selected HR processes by illustrating the interaction between inputs and outputs of each process.

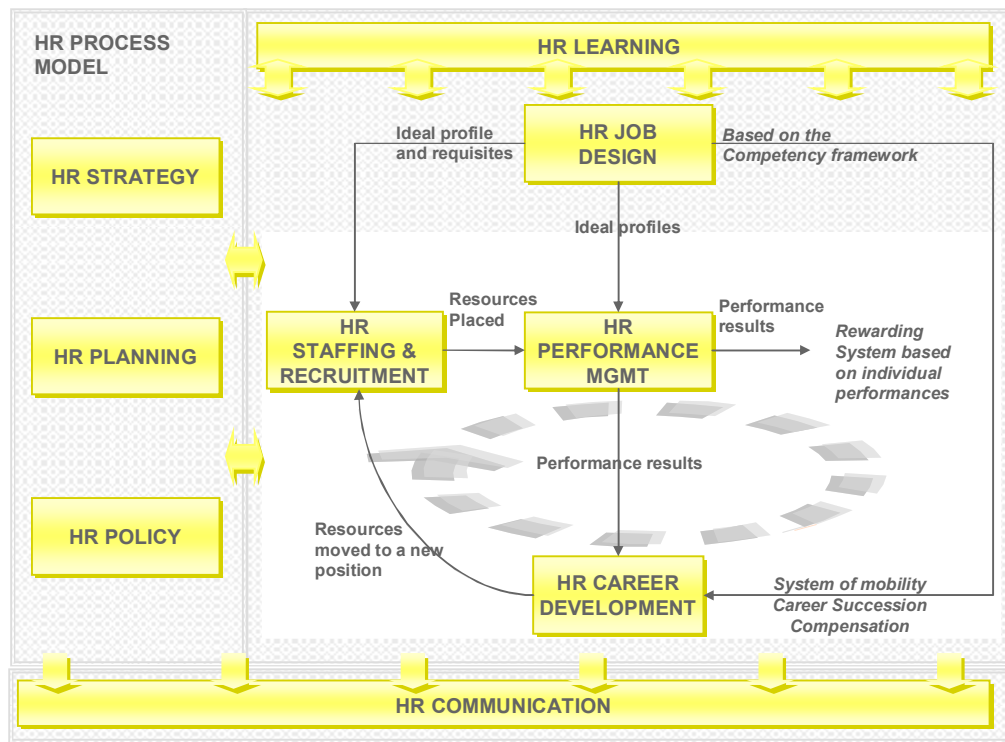


Figure 2-7: HR Process Map

Each process was identified as to be in a specific stage of development within the Organization. The RBR identified the approach to be taken in defining the new processes and accountability frameworks depending on the current maturity status of each process, as showed in the figure below:

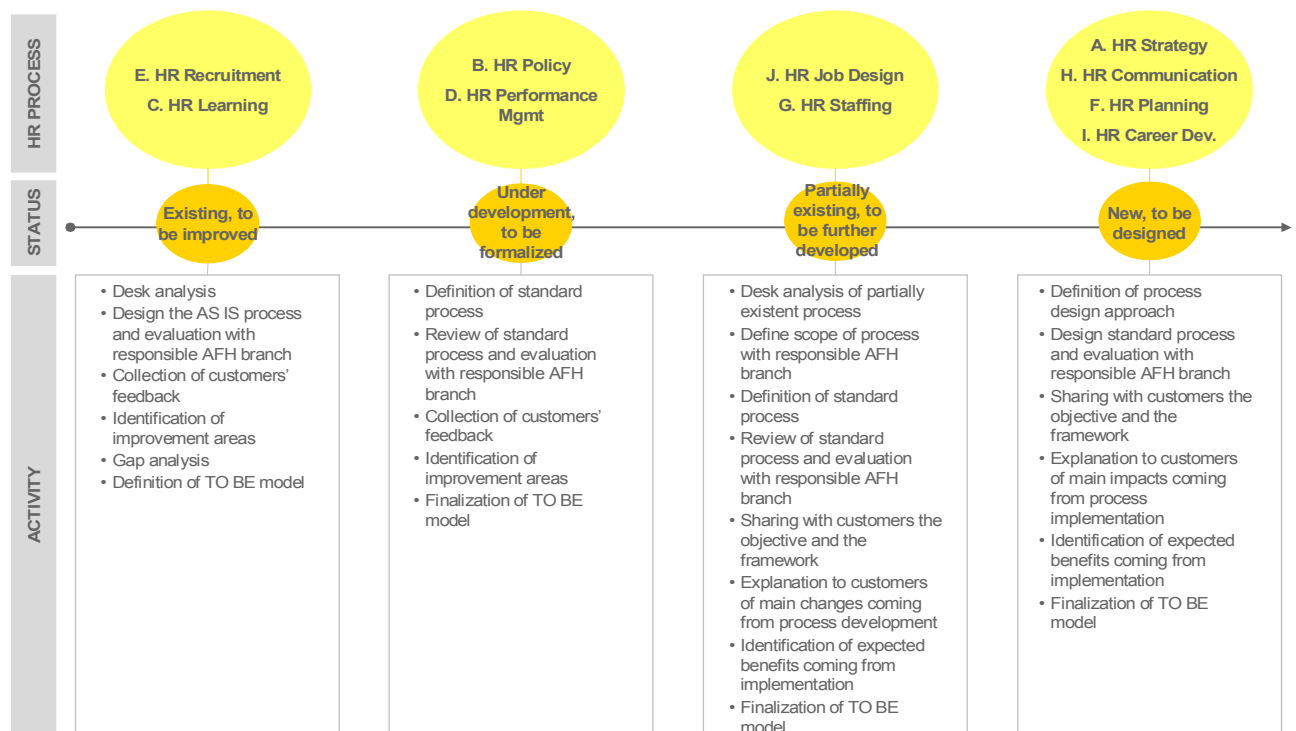


Figure 2-8: Approach taken by HR process

The different processes were grouped together according to their respective stage of development. Following their categorization, the RBR conducted an *ad hoc* analysis of each process, and subsequently designed and finalized the activities that enabled the definition of the “To-Be” models. The four categories of processes are described as follows:

- *Existing, to be improved:* processes such as HR Recruitment and HR Learning were already existing and classified as “improvable”. Desk analyses were carried out on these processes and, together with the evaluation of the responsible AFH branch manager, the “As-Is” processes were identified. A gap analysis and the definition of the “To-Be” model were pointed out for each process, focusing on the improving and streamlining possibilities.
- *Under development, to be formalized:* the processes that fell under this category were reviewed by trying to formalize and simplify the flow of activities, through the reduction of the existing approval steps, as in the case of the HR Policy. The Performance Management “To-Be” process was finalized taking into consideration the system implementation (PEMS) and the ongoing pilot project. The final objective of the RBR analysis aimed primarily at identifying all the linkages with the other processes, both in terms of HR functions (HR Career development, HR Learning, etc) and in terms of corporate management impact (Results Based Management).
- *Partially existing, to be further developed:* this classification referred to those processes which are carried out partially, i.e. are not fully developed or functional. HR Staffing, for instance, is a function currently being applied only with respect to the redeployment of staff. Equally, HR Job Design is only implemented in terms of post management (namely the creation, upgrading, downgrading, re-grading of posts etc.), without taking into consideration the skills, the experiences and the competencies needed in order to operate efficiently under a specific post. The re-definition of these two processes is particularly important, as it is strongly connected to the human resources development area.
- *New, to be designed:* With regard to processes which needed to be created *ex novo* (i.e. currently not implemented or not functional within FAO), the RBR initially designed a standard process, which was adapted to FAO’s context with the support of the responsible AFH branch. The RBR outlined also the links with other processes both within the HR Function and at corporate level.

As a consequence of the approach taken, the RBR identified, for each process, the related sub-processes and developed standard process flow-charts taking into consideration both the interviews performed during RBR Stage1 and other inputs received from AFH branch managers.

The processes were then reviewed in order to fulfill FAO’s requirements through the organization of specific workshops and meetings aiming at bringing together process experts and internal customers such as Technical Departments, OCD, Decentralized Offices, etc. This approach allowed the RBR to better understand the customers’ needs and enabled to design the processes taking into account their perspective.

Moreover, workshops and meetings led to the collection of comments and suggestions on the processes improvement areas.

As a result of these activities, the “To-Be” HR processes were finalized coupling the critical analysis of the suggestions received through workshops/meetings and the RBR’s advisory approach. Applying its consultancy experience to the received inputs the RBR rationalized and reviewed the gathered information in order to assure consistency and coherence to all designed processes.



### **2.5.2.1. New accountability framework**

The review of HR processes for the design of a new Accountability Framework aimed to achieve several objectives.

First of all, it aimed at simplifying and streamlining the processes by reviewing the logic of the current delegation of authority based on the following principles:

- increase the responsibility of HR Division, facilitating HR role transformation into a business partner;
- highlight interdependencies and links between the different processes with the aim to ensure a coherent implementation of the initiatives already started and in place;
- increase decisional authority and accountability of the HR Director and render HR branch managers operationally responsible for the delivery of activities. In each specific case it will be necessary to evaluate and decide which activities should be delegated accordingly to the principle of subsidiary and which ones should remain under the direct responsibility of the HR Director. This will allow to create an appropriate balance between the supervision needed by the HR Director and the necessity to avoid any risk in delaying the delivery of HR services;
- identify redundant steps within the process, also evaluating the opportunity of their elimination;
- increase the collaboration of HR Division with the other entities: taking into consideration the need to assure an appropriate application of rules in the HR sphere by the different subjects involved in the HR processes, such as:
  - SSC, which is responsible for delivering the HR transactional processes in the new HR model – in this case the RBR outlined the interaction and the communication flows within the whole HR Function (SSC and AFH);
  - Departments/Independent Offices – in this case the RBR highlighted the connections and the interdependencies between support functions and business units;
- ensure support to the ADG of Corporate Services, Finance and HR during the Senior Management Meetings in order to actively support and contribute to the decision process that might impact on FAO's human capital management.

Furthermore, the review of the processes aimed at sharing a common understanding of processes with all subjects interested in their execution. The intent of the new Accountability Framework meant to lead to a reduction of the time needed to deliver HR services.

The results of the performed review were summarized and presented in the Annex (see Annex A “New Accountability Framework”), which identifies for every single process and the related sub-processes:

- the accountability (A) on every activity of the sub-processes, defining the subject who has the authority to decide and responds for that;
- the operational responsibility (R) on every activity of the sub-processes, defining the subject who actually performs the activities and responds for their delivery.

### **2.5.2.2. Responsibilities / communication flows**

For each of the selected process the RBR designed detailed flow charts of every major process and sub-process, outlining activities, roles and responsibilities and communication flows.

The process flow charts describe for each sub-process:

- *Inputs*: list of all processes, sub-processes, needs, activities or documents originating the sub-process;
- *Outputs*: list of all processes, sub-processes, needs, activities or documents originating from the sub-process;

- **Activities:** description of all activities or documents characterizing the sub-process;
- **Roles and responsibilities:** highlighting the organizational unit in charge of performing the activity and pointing out the approval workflow of the sub-process
- **Communication flows:** highlighting the communication flows between the various subjects affected by the sub-process.

The figure below represents an example of the graphic representation made of each sub-processes:

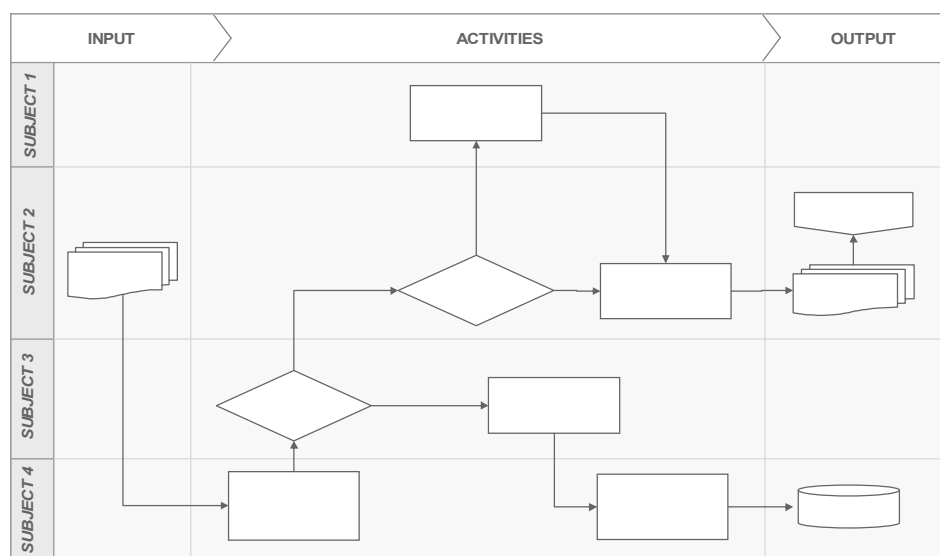


Figure 2-9: Exemplification of HR process flow charts

All the HR processes flow charts are presented and detailed in the Annex (see HR WS Annex Q “To-Be” Process).

### 2.5.2.3. Organizational impacts

The new HR process model, resulting from the design of the new Accountability Framework, has some impacts on the current organization of the HR Division and on the processes that are currently carried out.

Several processes were added to enable the HR Function to be perceived as a business partner within the Organization. These processes are characterized by a strategic/advisory orientation and most of them refer to the area of human resources development.

It has however to be considered that the design / review of processes was carried out in relation to FAO’s context and to the policies currently in place in the Organization.

In addition, the RBR, while reviewing the processes, considered the specific regulatory framework under which FAO, as a UN Organization, must operate (e.g. the application of geographic distribution criteria within the recruitment process, the publishing of vacancy announcements at worldwide level, etc.); therefore, the revised processes fit the reality under which FAO is obliged to operate and they are not a mere theoretical exercise.

Moreover, the correct implementation of the defined “To-Be” processes will determine some organizational impacts which need to be evaluated and properly addressed by the HR Director.

The main impacts resulting for each branch of the HR Division are described below. The list of processes assigned to the different branches does not represent the complete list of activities that are performed by



each HR branch; the aim is to highlight the assigned responsibilities only for the processes in scope of RBR Stage 2.

Assignment of the following processes to AFHP branch:

- *HR Strategy* – The process is characterized by new activities: the definition of the strategic framework for human resources and the guidelines for the development of the Strategic Plan. It will provide a proactive support to the whole organization in any circumstances in which FAO has to take decisions that impact on its human resources. These activities will require specific competencies and a greater involvement of the HR Division at corporate level. The new process is characterized by a strategic/advisory orientation, and its implementation requires appropriate resources.
- *HR Policy* – this process was reviewed and streamlined. The major changes were:
  - The delegation of authority to the HR Director on decisions concerning the HR policies;
  - The elimination of several approval steps (from 9 to 2);
  - The reduction of the time needed to define/review HR policies (from an average of 2 years for a policy to be approved, to less than 6 months).
- *HR Planning* – the new process will supplement the current monitoring and reporting activities performed by AFHP, and will ensure that the HR Division undertakes a more effective support and partnering role in assisting Departments and Offices in planning the use of the human resources (e.g. provide guidelines and criteria in terms of succession planning, etc.). The HR Planning process will need to be revised following the implications resulting from the new Planning and Budgeting Model which is currently elaborated from the Finance and Budget Workstream, in order to align the resource planning to corporate directions and to ensure that all parts of the process are properly managed.
- *HR Communication* – the process was described including additional and relevant activities which require specific competencies and coordination between branches, the corporate communication and the SSC, the latter being involved mainly in the communications on HR servicing. This process was assigned to AFHP branch, in consequence of the following considerations:
  - the communication is typically classified as a strategic process within the HR model like strategy, policy and planning;
  - the communication process has strong interdependencies to other processes assigned to AFHP;
  - the communication on HR specific matters mainly covers communication on topics related to HR policy.

There is still the need to evaluate the opportunity to develop an appropriate coordination mechanism within the whole HR Function to ensure a comprehensive collection and consistency of information. The new process is characterized by a strategic/advisory orientation, and its implementation requires appropriate resources.

Assignment of all the processes related to the development of human resources (HR Performance Management, HR Learning and HR Career Development) to AFHT branch.

This aggregation process is the result of subsequent steps: the first process to be assigned to the branch was related to the Performance Management project, in consistency with the Learning process already managed by AFHT, followed by the HR Career Development in consequence of the RBR analysis.

- The complete implementation of *HR Performance Management* will determine a change in the activities carried out by the branch that is currently in charge of realization and first application of the process through the *ad hoc* support system (PEMS). In the future, the branch will have a

stronger advisory and support role for the Organization: it will need to assure on one hand the necessary coordination with the HR Learning, HR Job Design and HR Career Development processes, and on the other hand the provision of specific technical support in the definition of guidelines and evaluation criteria.

- The *HR Career Development* process is constituted by a series of new activities; in order to implement such activities the identification of specific competency profiles will be necessary. The implementation HR Career Development process will be critical to fully realize the mission of FAO. The new process is characterized by a strategic/advisory orientation, and its implementation will require appropriate competencies.
- The *HR Learning* was reviewed, streamlined and improved. The major changes were:
  - the elimination of two approval steps in the Corporate HR Development Plan definition (List of methodologies and List of courses);
  - the full operational responsibility assigned to the AFHT branch manager;
  - regular updates of the training catalogue performed by AFHT, that will result in less time and effort for the Organization when searching for training courses.

*AFHR branch will be affected by the streamlining of the HR Recruitment process and by the extension of the HR Staffing process:*

- The current *HR Recruitment* process is rather complex and time-consuming. It was reviewed and streamlined, in terms of:
  - introduction of standardized Vacancy Announcements (through the creation of standard job profile library and the completion of competency framework), that will imply a reduction of the time needed for the V.A. publication (from 1,5 months to 1 week);
  - reduction of the publication time for professional V.A. and alignment with GS Vacancy Announcements (from 60 days to 30 days);
  - assignment of the issuance of all V.A. to a single branch (AFHR);
  - reinforcement of the opportunity to manage through HRMS some additional activities for GS staff (currently performed only for professionals). The System should capture the recruitment activities both at HQ and in the field (when applicable);
  - elimination of some activities within the selection process (e.g. elimination of the C2 list until the introduction of i-Recruitment; revision of the modalities of submission to the Selection Committee, elimination of multiple copies of applications and electronic repository of candidatures) and having a single Selection Committee for professional staff;
  - recommendation to speed up the i-Recruitment implementation thus reducing the time needed for CVs pre-screening. Consideration should also be given to the transfer of responsibilities to a single organizational entity (i.e. SSC) for the consolidation and presentation of qualified candidates to the hiring division, as this is a transactional activity.

Throughout all these activities the elapsed time to recruit people will be reduced significantly (from an average of 380 days to less than 180 days) within a three-year time-frame.

- On the other side, the current *HR Staffing* process is very limited. In the future model, the scope of this process will be extended to cover all movements of staff resulting from the application of new policies (e.g. mobility, flexible working arrangements, etc.). AFHR will facilitate the process of matching the right resources to the right position in collaboration with Departments, while the SSC will be the entry point for all applications and will perform the appointment activities.

*The Branch AFHE will be impacted by the assignment of the HR Job Design process:*

- The *HR Job Design* process aims to align positions according to the organizational outputs and to competencies as defined in the competency framework. The branch will be responsible for designing and maintaining the job profiles required for a position as well as the competency profiles<sup>12</sup>. This new process was designed to ensure that:
  - the creation of the Generic Job Profile Library would allow departments to save time in defining of post descriptions;
  - the standardization of profiles would imply also time savings for AFHE in checking and revising the descriptions proposed by Departments.

The implementation of the new processes or the scope extension of some of them requires the allocation of appropriate resources to these processes, nowadays not available in house.

The following table shows the total number of staff members and vacant posts within the Division AFH currently dedicated to the HR selected processes. These numbers do not include non-staff HR (Consultants, Retired Experts, PSAs, NPPs, and Volunteers). Considering the absence of competencies in house, a number of new resources (6) is required in order to cover the new / revised activities.

*Table 2-4: Coverage of the HR selected processes*

HR Process	Num. Staff Member	Num. Vacant Post	Total	Required resources
A. HR Strategy	0	0	0	1.5
B. HR Policy	3	0	3	1.5
C. HR Learning	6	3	9	na
D. HR Performance Mgmt	7	1	8	na
E. HR Recruitment	8.5	1.5	10	na
F. HR Planning	0	2	2	-
G. HR Staffing	3.5	0.5	4	1
H. HR Communication	0	0	0	1
I. HR Career Development	0	0	0	1
J. HR Organizational & Job Design <sup>13</sup>	8	1	9	-
<b>TOTAL</b>	<b>36</b>	<b>9</b>	<b>45</b>	<b>6</b>

Source: HRMS modified with input from Branch Managers, as per 31<sup>st</sup> December 2008

This injection of six competent resources is also needed to transform the HR Division into a business partner. As shown in the picture below the last majority HR resources are nowadays GS Staff members and are not experts in HR matters.

In fact the total numbers of Professionals (36) versus General Services (92) is a clear demonstration that the HR Division has to change its skill mix to be able to carry out its new strategic and advisory role.

<sup>12</sup> It has to be noted that the Job Design process is strongly linked to organizational design and position management, and that these two processes need to be further analyzed and revised following the new Planning and Budgeting framework.

<sup>13</sup> The numbers include all resources of AFHE which currently manage the design of the organizational structure and the Post Management, as these processes are strongly linked together and are not split between resources. In the future, the Job Design process, which will evolve from the current Post Management process, shall be managed with the same resources.

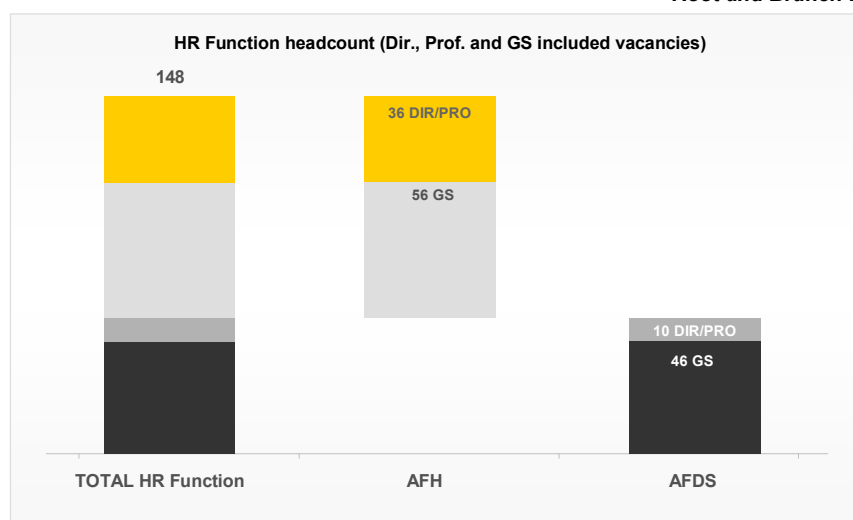


Figure 2-10: HR Function headcounts

However the FAO HR Function is over staffed, when compared to other public sector organizations. In fact, the ratio of HR Personnel (without non-staff HR) versus overall FAO Organization is 1:46; while the standard ratio in public sector is 1:100.

Therefore the RBR recommends:

- reviewing the balance between Professional and General Services staff, given the fact that HR Division should evolve to a more strategic role and become an advisory partner. This implicates that the skills should be less transactional and more advisory driven;
- leaving unfilled next vacant positions of General Service in the Biennium 2010-2011;
- reviewing and assessing the remaining transactional activities currently performed both by AFH and the SSC in order to rationalize, eliminate and streamline all the non value added activities;
- improving the ratio of the HR Function versus the whole FAO Organization towards the public sector standard (1:100) by the end of Biennium 2010-2011.

The temporarily injection, of 6 resources, will be a one-time cost which will be fully recouped within 2011 by eliminating the surplus of resources in the GS area.

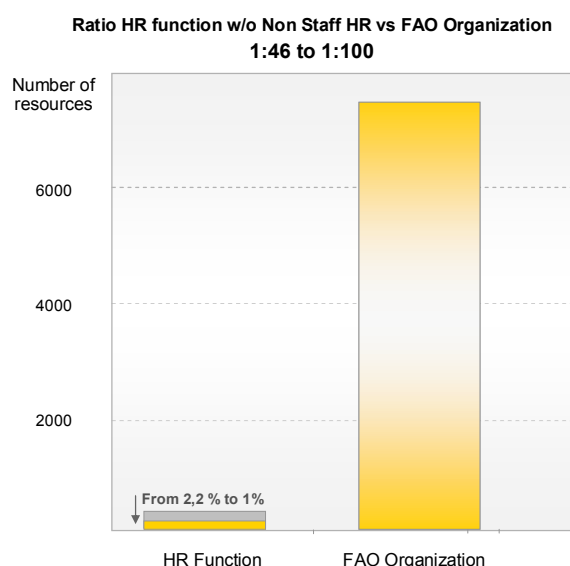


Figure 2-11: HR ratio

### 2.5.3. Transition map

This section illustrates the Transition Map that will help the HR Function in developing and evolving into its role, in order to become more effective and to be perceived as a business partner within FAO.

The Transition Map aims at collecting, integrating and organizing in a rational way all the initiatives needed for leading the transition and for ensuring the correct implementation of the selected processes.

The RBR defined the necessary activities to be carried out both by FAO and the HR Function in order to identify and evaluate:

- possible efficiency gains in terms of improvement, simplification and speeding up of processes (e.g. by deleting useless/overlap activities or reduce the resources' effort by implementing systems to support processes; by standardizing procedures, skills, etc.);
- organization effectiveness refers to the capacity to achieve results and targets. In order to evaluate the effectiveness of each action, it was also considered the improvement in terms of service quality provided and perceived, the enhancement of FAO's reputation and image, transparency and trust within HR Function and the whole Organization towards stakeholders;
- existing/on-going initiatives already in place or planned that need to be considered in order to take advantage of existing investments and coordinate with them.

The following table describes both, the cross functional actions that need to be carried out in order to support the HR Function evolution towards the new role, and the specific actions that need to be performed in order to guarantee the development or improvement of the selected processes, mainly through:

- professional skill requirements;
- training needs;
- communication and coordination flows;
- rationalization and formalization of guidelines and criteria, manuals, procedures and responsibilities;
- the definition of Key Performance Indicators (KPI), Service-Level Agreements (SLA) and Operational Level Agreements (OLA).

Table 2-5: List of actions for transition

1. Cross functional actions	
Num.	Description
X.1	Build and proactively promote the HR Function brand image based on the corporate values and focused on human capital management
X.2	Disseminate a common understanding on HR values, on the managing model and the needed cultural change within the Organization
X.3	Create durable linkages between the HR Function and the Change Management Team
X.4	Set up a coordination mechanism in order to manage in a harmonic way all HR processes and to improve interactions and communication across HR branches
X.5	Set up and implement Service Level Agreements and/or Operational Level Agreements (SLAs / OLAs)
X.6	Define appropriate job profiles for the professionals who will have to manage the processes
X.7	Realign within HR Function the professional competencies in order to move from the transactional activities to more advisory and managerial skills. The realignment will be achieved through specific training courses.
X.8	Define a coherent number of people needed to manage the processes based on workload
X.9	Lay out specific training courses for HR branch managers in order to empower them and develop and/or improve the needed managerial skills to support the functional evolution and transition such as decision making, resource management, leadership, counseling, etc.

2. Process actions	
Num.	Description
A.1	Communicate effectively on HR Strategy outputs to Departments, staff members and Staff Representative Bodies
A.2	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new responsibilities</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
B.1	Communicate effectively to Departments, staff members and Staff Representative Bodies on HR Policy outputs
B.2	Train SSC personnel officers and set up periodic update meetings with AFHP
B.3	Streamline the approval phase of the process by rendering the HR Director accountable for emanating all HR policies
B.4	Assess and evaluate policy application performed by SSC personnel officers considering HR Division provided guidelines, number of personnel officers, operational mechanisms of coordination with HR Division, skills and competencies
B.5	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new / revised responsibilities</li> <li>- Defining detailed operational procedures (for SSC) / user guidelines for explanation on how to apply policy</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
C.1	Define a procedure for analyzing training market and customers’ training needs
C.2	Develop and publish the new training catalogue (both internal and external courses) based on the proper analysis of customers’ training needs
C.3	Create the necessary linkages between HR Learning and HR Performance Management processes by formalizing HR Division operational procedures that define the connections and inter-dependencies between the two processes
C.4	Create and maintain through OLMS a roster tracing the competencies and skills that people develop by undertaking learning courses
D.1	Create the linkages between the Performance management process and the other HR processes such as HR Learning, HR Job Design and HR Career Development, by formalizing HR Division internal operational procedures that define the connections and inter-dependencies between these processes
D.2	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new responsibilities</li> <li>- Defining detailed operational procedures / user guidelines</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
D.3	Define and communicate guidelines and criteria for evaluation and train line managers (HQ and Field)
D.4	Define and communicate guidance for creating the competency profile and development plan and train staff member
D.5	Define how the new process transfers the Results Based Management (RBM) framework/principles into the PEMS
E.1	Shorten the process lead time by discontinuing the pre-screening activity within technical departments and by standardizing the Vacancy Announcements
E.2	Verify all existing documentation on recruitment currently published on different channels (intranet, internet, etc.) in order to rationalize it and disseminate the revised recruitment procedures for users within the Organization.
F.1	Implement the “To-Be” process by : <ul style="list-style-type: none"> <li>- Formalizing the new responsibilities</li> <li>- Defining detailed operational procedures / user guidelines</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> <li>- Verifying the coherence with activities currently performed related to reporting</li> </ul>

2. Process actions	
Num.	Description
F.2	Communicate effectively to the Departments guideline and criteria on HR Planning
G.1	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new / revised responsibilities</li> <li>- Formalizing the related procedures (mobility, rotation, etc.)</li> <li>- Define specific KPI to ensure process monitoring and evaluation</li> </ul>
G.2	Provide the staff members with an effective communication on HR Staffing objective and related policy
H.1	Implement the “To-Be” process by : <ul style="list-style-type: none"> <li>- Defining the related communication strategy and plan</li> <li>- Formalizing the new responsibilities</li> <li>- Defining detailed operational procedures / user guidelines</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
H.2	Define the focal point in HR Function for coordinating and integrating all HR communication needs
H.3	Integrate HR Communication with the corporate communication framework and strategy
I.1	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new responsibility</li> <li>- Defining detailed operational procedures / user guidelines</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
I.2	Clearly communicate that resource management will be focused on professional growth achievable through the development of experiences, skills and competencies
I.3	Define a talent management strategy and launch a specific project as a pilot
J.1	Implement the “To-Be” process by: <ul style="list-style-type: none"> <li>- Formalizing the new / revised responsibilities</li> <li>- Defining detailed operational procedures / user guidelines</li> <li>- Defining specific KPI to ensure process monitoring and evaluation</li> </ul>
J.2	Perform assessment on existing job descriptions and define the new standardized job descriptions
J.3	Define criteria for creation of non-standard job profiles
J.4	Provide the staff members with an effective communication on the importance to have a job generic job profile library
J.5	Create the linkages between the new process and the HR Performance Management and HR Career Development process by formalizing HR Division internal operational procedures that define the connections and inter-dependencies between these processes

All these actions have been prioritized in a time-frame in order to facilitate the HR Function in evaluating and selecting the steps forward. The following chart shows the positioning of the actions listed in the Transition Map in terms of time-frame (short, medium, long) and priority (high, medium, low).

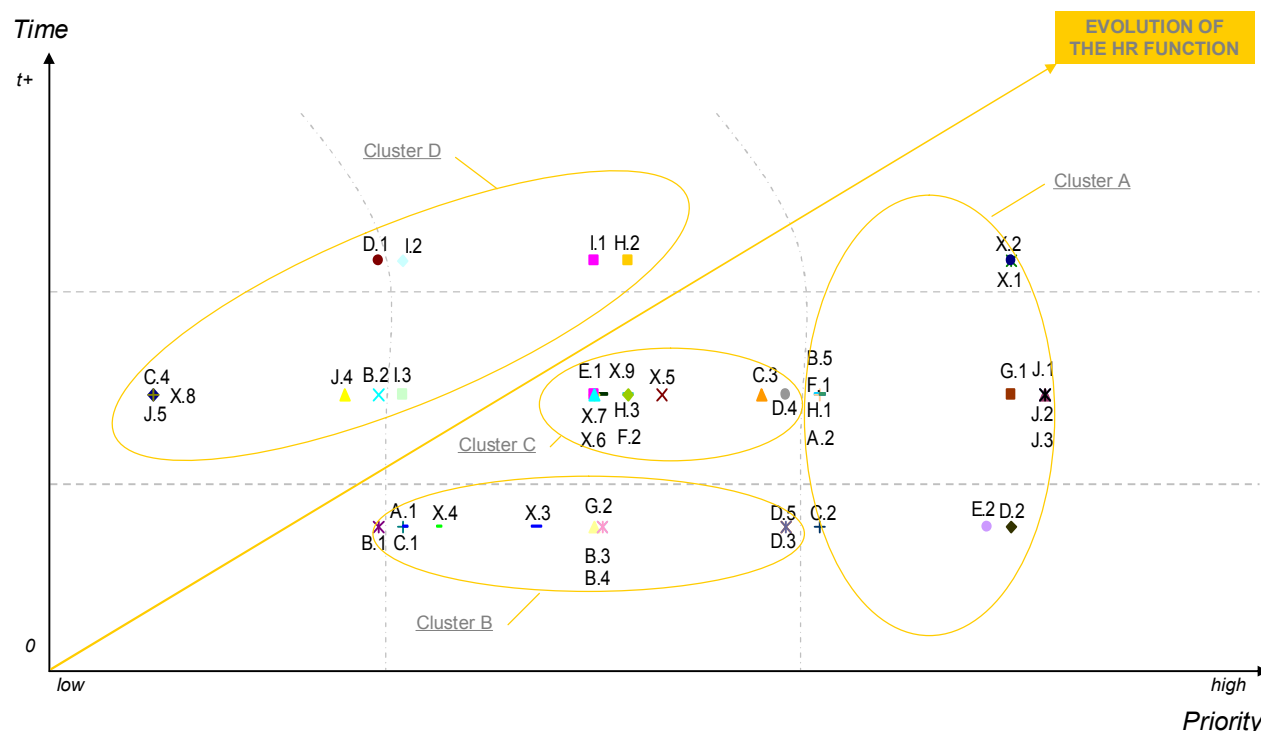


Figure 2-12: Clustering and prioritization of Transition Map actions

In coherence with the score and the time-frame assigned to each action (see HR Annex B “Transition Map”), the RBR grouped and prioritized in four clusters all the proposed actions, as follows:

- Cluster A – high priority actions to be taken immediately to ensure a successful evolution of the HR Function, in terms of:
  - “hard” elements of change, i.e. all the actions related to the implementation of processes;
  - “soft” elements of change, i.e. the actions related to the new HR brand image construction and promotion, and to the HR culture and values dissemination.
- Cluster B – “functional” actions to be carried out in order to facilitate the transition by enabling a correct implementation in the short period. This second group of actions refers mainly to:
  - internal (within HR Function) and external (within FAO) coordination mechanisms;
  - professional skill and competency requirements;
  - establishment of communication flows.
- Cluster C – “functional” actions to be carried out to facilitate the transition by enabling a correct implementation in the medium period, This third group of actions refers mainly to:
  - internal (within HR Function) and external (within FAO) coordination mechanisms;
  - professional skill and competency requirements;
  - establishment of communication flows;
  - definition of supporting tools.
- Cluster D – actions that need to be undertaken after the implementation of priority and functional actions in order to get a comprehensive HR transformation. This last group of actions refers mainly to:
  - definition of supporting tools (i.e. competency roster of skills acquired through learning);
  - definition of linkages between processes;
  - specific training to perform the “To-Be” processes;
  - workload analysis;
  - new processes to be implemented in the long term (i.e. HR Career Development).

## 2.5.4. Costs & savings

### Evaluation of outsourcing the language courses

Initiative 3 aimed at identifying possibilities to outsource specific aspects of the development courses carried out by FAO. With this purpose, the RBR analysis focused its investigation on the language training (English, French, Spanish, Arab, etc.) performed for:

- staff members;
- non staff members (i.e. IFAD/WFP staff members, *Comune di Roma*), for who FAO applies back-charges on the total number of hours delivered.

In order to confirm the feasibility of outsourcing the language courses, the following data and information were analyzed:

- delivery methodology (aimed at identifying the specific roles that are in charge of the teaching courses);
- number and type of the participants;
- number of training hours delivered for both staff and non staff members;
- price of the single unit of the training (i.e. price per hour).

The results of the analysis showed that the delivery of language courses is already outsourced, and specifically that:

- the language training is delivered by external teachers (33 PSAs);
- the PSAs are paid according to the number of hours performed;
- the price of a single unit, according to which the training hours are paid, can already be considered competitive;
- the annual spending for 2008 is lower than the generated income (back charges).

In conclusion of the analysis conducted, the RBR did not identify any further possibility of outsourcing the language courses, neither for achieving an improvement, nor for obtaining additional savings in the management of the process.

### Policy development streamline and related Effectiveness Gains

The following analysis presents the possible savings determined by streamlining the process of HR policies production. These would not been Cash Savings but Effectiveness Gains. According to the new defined accountability framework, the HR Director will be accountable for emanating HR policies and, as a consequence, all the following approval steps will no longer be needed in the “To-Be” process.

The analysis outlined:

- the activities that each unit currently carries out;
- the professional profiles required to perform the activity;
- the related standard hour cost for each professional level;
- the time needed to conduct the activity;
- the total cost of the activity;
- the activities to be eliminated in the “To-Be” process;
- the possible savings rising from the eliminated activities;
- the estimated number of policies to be reviewed/updated during a year (the number was estimated starting from the data available within the AFHP branch: 10 policies developed or reviewed in 2008 and 20 policies planned to be developed or reviewed in 2009).

More details are in Annex C.



## 2.5.5. Final recommendations

This section includes opportunities for service quality improvements and further suggested actions to ensure the effective implementation of changes.

In order to achieve this aim, the RBR recommends activating and developing the following actions:

- evaluate the actions foreseen and prioritized in the Transition Map, in order to limit the initiatives that will need to be concurrently managed, and assure the necessary coordination within all HR activities;
- focus on the initiatives on which the HR Function has formally committed itself for the realization of defined results for the Organization, within the targeted time-frame;
- reinforce the managerial competencies of HR branch managers who will be operationally responsible for the outputs of their processes;
- conduct a realignment of skills and competencies of professionals currently employed in the HR Function;
- stress on the activities connected to the improvement of the processes currently carried out, and that can contribute to the perception in the Organization that there is an ongoing change in HR management.
- provide training for all FAO's line managers in order to develop management competencies, with particular attention to those related to the management and the development of human resources.

## 2.6. Procurement

### 2.6.1. Procurement process models

The analysis on Procurement conducted during Stage 1 was based on the distinction between core procurement activities and servicing processes performed by the procurement service:

- *Core procurement activities*: all governance and procurement processes on which the Procurement Service and the Organization should focus: i.e. planning, managing, monitoring and reporting all purchasing activities.
- *Servicing processes*: all the processes that support core activities, some of which could also be managed outside AFSP (the Procurement and Asset Management Service at HQ), or are not strictly linked to procurement activities. .

With regard to core processes, an emphasis was given to the different focus that procurement actions have:

- Procurement activities for the Headquarters;
- Procurement activities for the Field;
- Procurement activities for the Projects.

Considering the different focus, alternative solutions were identified, based on the fact that the three types of actions need diverse procurement approaches, as shown in the figure below:

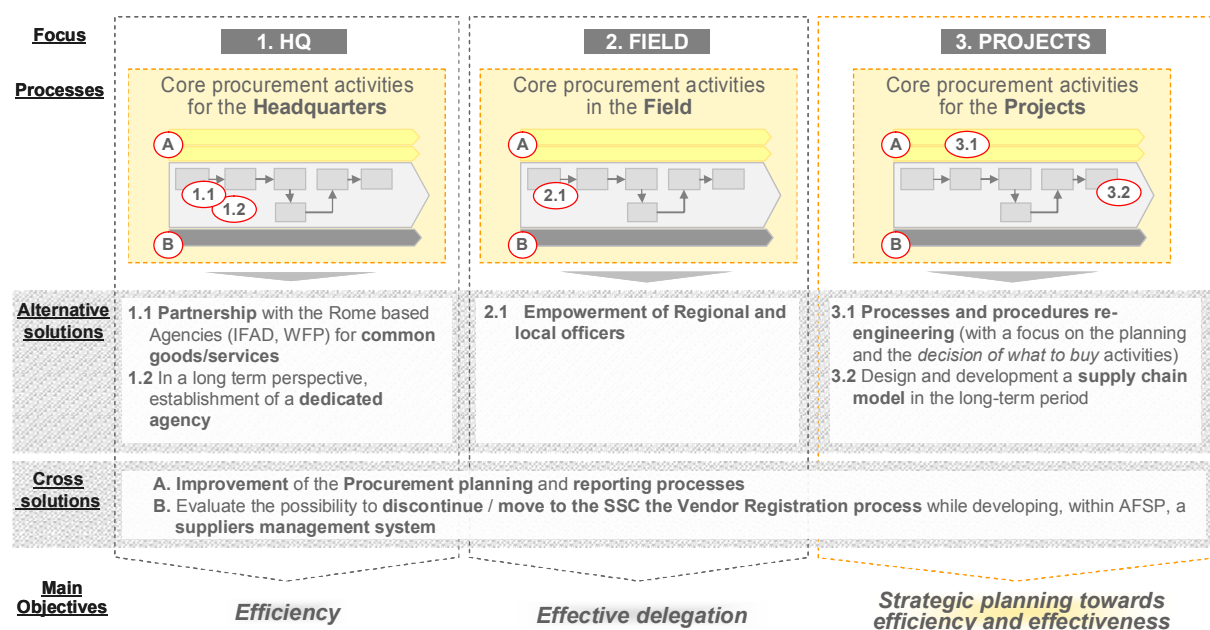


Figure 2-13: Proposed operational model for core procurement activities

For the servicing processes the implementable solutions were defined as independent from the focus of the procurement action that they are supporting, as shown in the figure below:

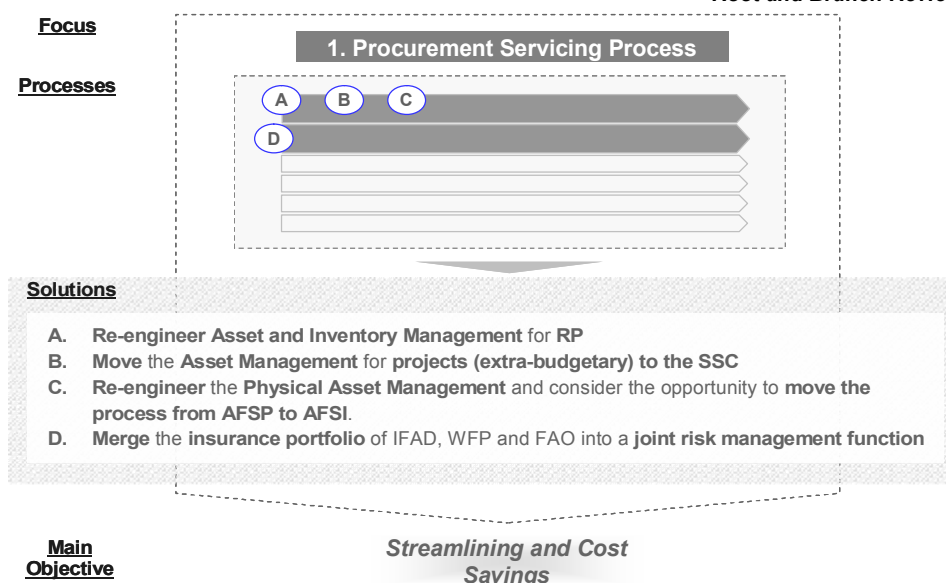


Figure 2-14: Proposed operational model for procurement servicing processes

The analysis of Stage 1 led to the identification of a list of recommendations, from which the initiatives in scope for Stage 2 were selected<sup>14</sup>, as indicated in the list below:

- **Initiative 1:** New procurement model for managing the initial phases of purchasing actions.
- **Initiative 2 and 3:** Operational model for the implementation of procurement actions in partnerships with other UN agencies. (These initiatives consisted in identifying and implementing synergies with other Rome based agencies to jointly procure common goods and manage a joint insurance portfolio).
- **Initiative 4:** Empowerment of regional and local officers in managing local procurement.
- **Initiative 5:** Transfer of transactional activities to the SSC.

### 2.6.1.1. New procurement model for managing the initial phases of purchasing actions

Initiative 1 aimed at enabling AFSP (the Procurement and Asset Management Service) to improve its focus on core activities, particularly for Projects, in order to optimize the timing, timeline, planning and subsequent execution of procurement actions within projects/programs.

The analysis focused on procurement for Projects, redefining the activities of the initial phases of procurement actions, in order to achieve a higher involvement of AFSP, thus improving the current processes.

The involvement of AFSP in the initial phases of purchasing action is considered a fundamental stage for a more efficient implementation of programs and projects. A more structured planning stage, that involves the different actors related to the formulation and execution of projects, will enable a stronger impact of the project itself, as well as a more efficient use of FAO resources.

In analyzing the current activities carried out in managing procurement for projects, the RBR decided to involve stakeholders (mainly Technical Departments and FAORs) from the very beginning of Stage 2. Two workshops were organized in order to collect feedback and views from stakeholders on the opportunity to review project formulation activities, counting on a greater support and involvement of AFSP.

<sup>14</sup> The initiatives In Scope for Stage 2 were discussed and modified in agreement with the FAO's management, and included also initiatives that are conducted in parallel within the IPA .



During the two workshops the RBR provided evidence of both the variety and depth of information sets available in AFSP and of the benefits achievable in sharing these sets of information with internal customers (both at HQ and in the Decentralized Offices) at project formulation stage.

The RBR referred to the current project cycle highlighting that the activities and the information it contemplates do not provide for an effective and formalized involvement of AFSP.

The objective of the initiative was then emphasized as a concrete opportunity to improve the quality of projects formulation (and subsequent implementation and management), providing the best possible advice and information to AFSP's customers by:

- Faster retrieving of vital information, gaining access to AFSP archives and tools, having all the available information on procurement accessible in one place.
- Improving the planning of procurement for projects by the addition of the type of breadth and depth of information provided by AFSP.
- Being realistic in identifying prerequisites, timelines, funding requirements and risks for project success.
- Getting a clearer definition and logical sequencing of inputs, activities, outputs and objectives.
- Minimizing duplication of information sources.
- Sharing knowledge across organizational boundaries.

The detailed information available in AFSP refers to about 650 tenders conducted in a timeframe of one year and a half, which AFSP collected and stored in a dedicated database. AFSP is intent on updating data as generated.

On the basis of this data AFSP developed a business intelligence (BI) tool in order to provide the division AFSP and its customers upon request with up-to-date/real-time procurement information. Further detail on the BI tool and its functionalities are available in Annex D.

In order to enable the involvement of AFSP in the project management activities, the RBR suggested that AFSP and its stakeholders shared the functionalities and the set of information available through the BI tool. In the context of managing and implementing the project cycle, a solution of knowledge sharing is feasible by creating a new advisory function within AFSP. This new function would be responsible for supporting Technical Divisions and Decentralized Offices in the identification of data and information that could be valuable for an appropriate planning of procurement activities within field projects.

#### *The new advisory function of AFSP*

An Advisory Function as a "one-stop shop" to cater to information needs key quantitative and qualitative information sets required at project formulation stage and which constitute the basis for implementing and measuring the project output.

The new Advisory Function of AFSP will provide just enough and just in time updated cross-functional information, and will serve internal customers. The Advisory Function should allow to efficiently addressing, if not remove, the following shortcomings:

- The lack of focal point to foster knowledge and disseminate key information.
- The multiplicity of disorganized and disparate information sources.
- The lack or excess or inaccurate of information.
- The lack of fit-for-use or easily accessible information.
- The length of time spent by staff members to seek information.
- The lack of accuracy in project costing with regard to procurement.

The deliverables of the Advisory Function for procurement encompassing projects will be:

- A timely provision of the latest and most accurate available piece of information.
- The provision of consistent information throughout the organization.
- The self-service access of standard information available across the Organization in a single repository.
- The capture and dissemination of learning.

The Advisory function will be equipped with:

#### *Information Technology*

A web-based platform will store a duplicate of all databases as well as useful information pieces available in the various functions involved at project formulation stage.

A user interface which will allow the users to search sets of information using various criteria, i.e. a project task force wishing to formulate a rice project for Ghana will be able to retrieve in one click a list of relevant information for Ghana sets such as:

- planting seasons;
- rice varieties;
- average price per ton;
- fertilizer applicable and their average price;
- applicable procurement methods;
- local vendor availability;
- time to procure;
- PBE standard applicable costs;
- etc.

The output will always be user specific as opposed to subject specific (i.e. rice in general or previous rice projects etc).

The repository will be monitored, updated with new databases and data on a regular basis.

The information requested by the customer and provided by the system will be recorded by the database and retrieved at project implementation stage.

Ideally, the system would provide for the possibility of feeding back at least procurement information sets at project implementation stage both to update the database and to measure the accuracy of the initial information sets provided.

The system will also have the capacity to hold meeting minutes at project formulation stage for meetings held with AFSP regarding particular projects.

#### *Human resources*

In addition, an Advisory Function acting as a focal point will be performed by AFSP to answer new and specific requests, to provide estimations, critical path and detailed process information. The role of the focal point will be to update and monitor the database, to liaise within or outside AFSP, to secure the requested information and deliver it to the customer.

The focal point will also organize or participate in meetings at project formulation stage to help customers identify and understand the appropriate and most efficient procurement process and resources. It will also secure upfront clearances in principle at project formulation stage. The focal point will develop additional databases along the needs of the customer or add databases when/as they become available.

#### *Performance management*

The measurement of the efficiency and effectiveness of the Advisory functions will be assessed considering the following indicators:

- Number of requests received and addressed by field, HQ or else.

- Timeline for responding vs. procurement type (routine, leveraged, complex, specialized, emergency).
- The accuracy of the information provided by comparison of estimate vs. implemented.
- A regular survey with customers focusing on the customer service provided.

#### *New flow of information for project formulation activities*

The implementation of a new Advisory Function within AFSP would allow to identify a new flow of information and communication at a project formulation stage.

The Figure below describes the current flow of information needed to manage the project formulation stage (according to the description of the project cycle provided in the FPC 2003/04), together with the foreseen AFSP involvement and the information that would be provided by AFSP.

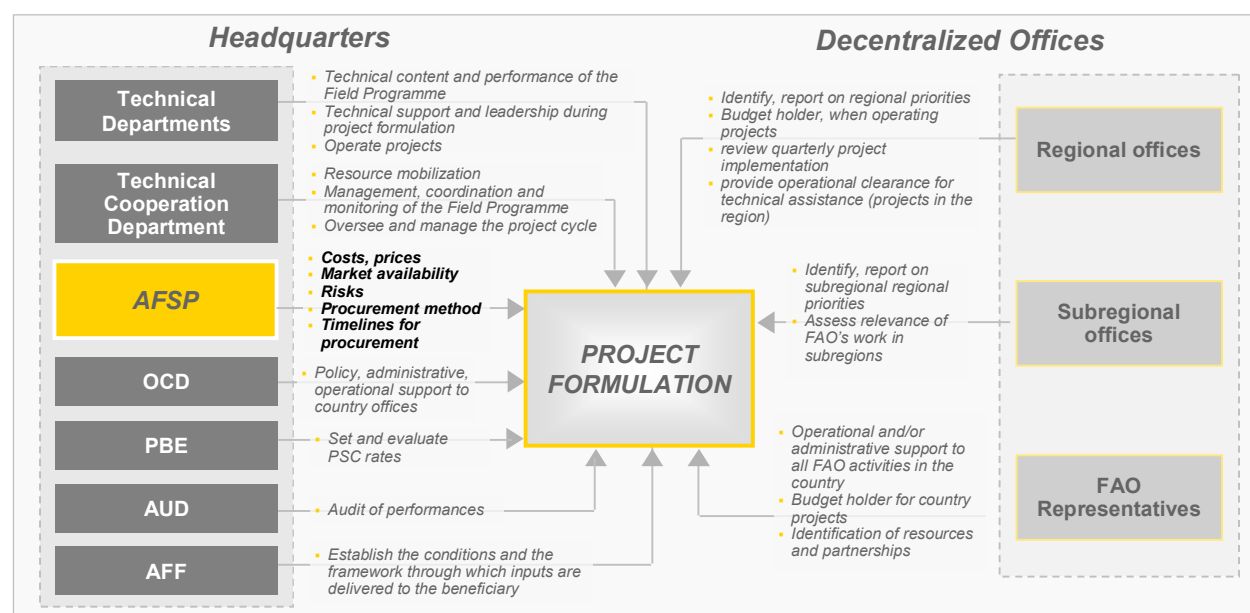


Figure 2-15: New flow of information for project formulation activities

#### **2.6.1.2. Operational model for the implementation of partnerships in procurement actions with other UN agencies**

##### Analysis conducted on AFSP contracts

In order to identify specific opportunities for joint procurement, the RBR reviewed all contracts issued by the Contracts Unit since 2002 including field contracts. It also reviewed significant goods procurement over the same period.

The RBR extracted from each contract the number, the vendor, the purpose, the currency and if available the amount, as well as the start and end date when it was possible.

From the above set of data the RBR collected the requesting division and the year of issuance of the contract, hypothesizing that the contract would expire within 3 years (standard contract duration), and then converted all the amounts into USD.

The actual spending under the contract and with the vendor during the past 4 year period to 2008 was checked in Oracle using the BI tool and the data was entered into the table. The duplicated contracts, i.e. the ones replacing each other over the period, were removed (i.e. a contract for mobile services with TIM in 2004 replaced by one with Vodafone in 2004 or by the same company for 1 year duration contracts);



the largest and most generic purchases of goods (i.e. vehicles, IT equipment, furniture, their vendors and their amounts) were added to the table and all field contracts for which there were no obvious synergies between the agencies (i.e. irrigation dams in Bangladesh or else) were removed.

The RBR checked that the contract was still active (i.e. a payment of comparable size had been made in 2008 and also over the entire period of 4 years) and in this case the contract was classified as on-going. If, on the contrary, there were less years in which payment took place than the supposed duration of the contract, the latter was classified as one-time (i.e. a contract for satellite communications starting in 2006 with no payment in 2007 but with a payment in 2008, was considered one-time).

#### What emerged from the analysis

The potential yearly net additional value (additional to the value already procured jointly to date by any two or more Rome based agencies) for joint procurement that FAO could bring to a partnership is estimated at USD 15 Mil. The conservative (vs. the savings obtained by comparable joint undertakings i.e. by UN agencies in Geneva) savings potential for both on-going and one-time spending is estimated at between 10% and 15% of the total value or USD 1.5 -2.3 Mil.

The total value of this additional potential for joint procurement represents roughly 12% of annual procurement/contracting value in FAO.

The procurement that is already jointly undertaken i.e. 20 contracts amounts for roughly 49 USD million/annum.

Assuming an additional value of USD 65 Mil per annum brought by the other 2 RBAs, the total amounts to USD 160 Mil per annum is the joint procurement total potential.

The number of contracts/procurement actions concerned are estimated at 137 over a 3 year period. All the information on contracts and estimated savings are available in Annex E.

**It has to be underlined that the implementation of the solution identified by the RBR for the joint procurement and the following outcome expected strongly depend on the full commitment of the other Rome-based Agencies involved in the partnership (WFP and IFAD).**

#### The new Joint Procurement Unit: Working procedures between Rome Based Agencies (RBAs) for joint procurement

In order to realize the savings identified and to systematically achieve leverage through joint procurement, the RBR considered the establishment of a dedicated Unit as an opportunity to obtain a concrete commitment from the three RBAs.

It is important to identify first what can be jointly procured between all three RBAs, IFAD, WFP and FAO. In a second step, once the savings and the process are consolidated among the three agencies (IFAD, WFP and FAO) it will be recommendable to try and extend the concept to the remaining RBAs i.e. ICCROM, IDLO, etc.

The working procedures for joint procurement will envisage three modes applicable based on specific drivers.

#### *First model: Joint leveraged tendering (preferred)*

This model is applicable when:

- goods, works and services are of comparable nature and can be leveraged or, in general, commoditized;
- the items are recurrent over a period of minimum 2 years;



- the expiration dates of all existing contracts are within a one-year period maximum;
- markets allow to reduce prices through increased volumes and market players are solid companies offering longer lasting warranties of existence and service;
- the items to be procured are not critical to anyone organizations' core mandate.

These purchases need to be identified, quantified and timed based on the above mentioned parameters for a period of 2 years minimum by the relevant agencies. A tendering plan needs to be developed based on the earliest expiry date. All current satisfactory vendors need to be invited.

The Agency with the largest volumes/value will take the lead and its relevant procurement/contracting procedures will be applicable. However, a lump-sum charge (tbd) will be payable to a common fund by the agencies not leading the procurement process in order to provide for contract monitoring, other expenses such as Dun & Bradstreet checks, site visits, bidder's conferences, etc. The agency leading the process will be bound and measured against the Service Level Agreement (SLA) established at planning stage in terms of timing, number of valid bids and quality of the bid in the case of Value for Money.

The terms of the contract will be the same for each Agency with the exception of statutory clauses which will be different for each Agency. A special clauses and requirements/services sheet will be developed by each Agency for needs above or below the standard proposed by the lead agency.

All three Agency's Representatives to the team will review the list to understand:

- the cost implications;
- the necessity/validity of the requirements;
- the potential improvement to the overall tender/procurement/contract result;
- the potential other sources/modes to satisfy these requirements.

At the end of the process, the jointly validated requirements should be included in the tender.

The opening, evaluation and award should involve the representatives of all participating agencies. Delayed award should be applicable to the contracts that have not yet expired. A phased implementation plan should be prepared not to overburden the contractor and the relevant phases of said plan monitored by each agency.

After award, regular periodic (3 months) performance evaluation sessions based on the Key Performance Indicators (KPIs) established at tender stage should take place to monitor performance. A joint report on savings and other deliverables should be issued.

#### *Second model: Joint differentiated tender*

This tendering method is applicable when the tender addresses the same market or players in the market but the requirements/volumes cannot be summed so as to represent an aggregated package because the underlying requirements, frequencies, criticalities etc. are different. An example are vehicles, which constitute an emergency need for WFP, a short term need for FAO and a medium term need for IFAD. Air services also widely differ between WFP and FAO.

It is proposed that the items that qualify for differentiated tendering should be identified by a team of representatives of each agencies. The objective is to determine both the common largest denominators and the differentiating elements. It is proposed that the common trunk should be tendered jointly as for the procedure listed in the First Model, and that the tender should be supplemented by an individual complementary tender listing the specific agency requirements. The objective is to obtain a leveraged pricing on the common trunk and a marginal cost pricing on the specifics to each agency. An illustration of this type of tender is the tender conducted for actuarial evaluation in 2007.

The process for the common trunk from tendering to performance would be the same for the joint tendering described in the First Model, while the evaluation of the differentiated part would be performed by each agency. It is agreed though that the differentiated portion should not account for more than 20%



neither in the technical nor the financial evaluation. It is also agreed that it is not envisaged to award the differentiated portion to another vendor than the one selected for the common trunk.

In the unlikely event that the award resulting from this tender method result in a cost increase for anyone party under the tender, a portion of the savings achieved by the other participating agencies realized on the common trunk would be allocated to the agency that faces a cost increase to erase said cost increase and to re-establish actual cost basis. This cost re-allocation would be made on the basis of the costs payable to the contractor and should not lead to cross-payments between agencies.

#### *Third model: Tender Piggy Back*

Tender piggy-back consists of one Agency having issued a successful (3 valid and responsive bids delivering a savings vs. previous period if applicable) tender recently (less than one year) and another agency having a newly identified need for the same service/goods/works applying the results of the tender if the volumes, values and requirements (including evaluation criteria) are of similar order of magnitude or relevance.

This method is not a substitute for the first two methods proposed, but a temporary work-around while the contracts are still in force. Therefore, all agencies contracts should provide for this possibility and should provide earlier termination or re-negotiation clauses to allow a more cost-effective piggy-back as well as joint/differentiated tendering should new joint opportunities arise or be identified.

#### Joint Procurement Unit composition

FAO currently has 45 staff members (RP and EBF) dedicated to procuring roughly USD 100 Mil/annum. The total potential for joint procurement of an estimated USD 160 Mil in value would justify setting up a Joint spin-off Procurement Unit, by allocating fixed procurement resources from the current pool to the spin-off entity. The entity would undertake, beside contract and procurement activities, also joint airline fare negotiations especially since all 3 agencies now have the same travel agent.

Since the daily contract monitoring and call-offs would remain with the individual agencies, the spin-off unit should be of a higher grade, but with a reduced number of staff, and it could be as follows:

- one P-5 Procurement and contract officer;
- two P-3 Procurement and contract officers;
- one P-3 Travel negotiations officer;
- two G-5/6 Procurement and contract assistant.

In FAO vs. proposed model as part of initiative 4, with more than 50% of the total value (incl. the medical plan which it already leads), this could mean a transfer in staff by of at least:

- one P-5 Procurement and Contracting Unit;
- one P-3 Procurement and Contracting Unit;
- one G-6 Procurement and Contracting Unit.

The remaining agencies would be left to contribute with two P-3 and one G-5. This proposal would need adjustment up/downwards according to the figures for joint procurement finally committed by the other RBAs.

The commitments entered into by the spin-off could be implemented for FAO in Oracle by the SSC who could also be delegated the task of entering the relevant work/service and call-off orders. This set-up already considers the transfer to these activities to the SSC as proposed under the RBR Initiative 5 and the implementation of the inclusion of Umbrella contracts in Oracle as per on-going AFSP initiative (HLC).

Therefore, this does not provide for an additional savings except for the call-off contracts which are at this stage in time difficult to estimate but might represent one or two additional G-4 staff posts in AFSP.

The advantages of this set-up are numerous:

1. it would not require a modification of the current staffing and budgeting structure of procurement at the agencies but simply require a reallocation of the latter to the spin-off (the resources would remain on the respective agency pay-roll and respond to the respective Chiefs for administrative purposes);
2. there would be limited (negligible) cross charges or payments into a common fund that would require administration;
3. the joint potential and savings would be clearly identifiable as allocated to the portfolio of the spin-off;
4. there would be a unique responsibility for joint procurement/contracts with the spin-off entity;
5. the KPIs of the spin-off would be set jointly by the Heads of procurement of the three agencies;
6. there would be limited room for exercising conflicts of interest, i.e. most large contracts of any Organization (in FAO's case AFSI contracts) would no longer be subject to the approval of one Director but to three Heads of procurement and three Directors.

The following table illustrates the yearly estimated spending (in USD) for the three RBAs.

Table 2-6: RBAs yearly estimated spending

Type of contracts	WFP value	IFAD value	FAO value	Total RBA
<i>On-going</i>	USD 49'820'748	USD 7'972'502	USD 87'230'974	USD 145'024'224
<b>Share</b>	<b>34.4%</b>	<b>5.5%</b>	<b>60.1%</b>	<b>100%</b>
<i>One time</i>	USD 8'083'000	USD 1'066'862	USD 6'180'089	USD 15'329'950
<b>Share</b>	<b>52.7%</b>	<b>7.0%</b>	<b>40.3%</b>	<b>100%</b>

The sharing amount (of each RBA) for the management costs of the new Unit will be initially calculated in reference to the specific volumes of purchase (of each RBA). In a second step (i.e. on a medium term), the amount could be for example reconsidered as a consequence of the percentage of savings that the joint procurement will bring to any one of the three respective RBAs.

It is noteworthy mentioning that such a joint set-up / procurement presents risks related to vendor default, which is increased by the mere pooling of contracts. Therefore, extra-care should be taken to include a back-up plan in every joint procurement action, for example by considering a back-up vendor, an extra-stock, an insurance etc.

### 2.6.1.3. Empowerment of regional and local officers in managing local procurement

During Stage 1 various stakeholders in the field addressed the issue of decentralization as a critical one in FAO. As an answer to this exigency, it was recommended to analyze the possibility for FAO to move towards a more decentralized model also for procurement, both as a need and as an achievable objective. Notwithstanding this, its implementation will be effective only with a parallel increase of purchasing powers, with interventions supporting procurement field officers (training, staffing according to demand and complexity of procurement activities) within an empowerment approach.

In order to evaluate the concrete possibility of delegating further and additional specific responsibilities to the field, the RBR conducted an analysis on:

- the characteristics of different types of procurement process;
- the competencies (basic and advanced) needed in order to manage the different types of procurement;
- the merchandise categories mostly purchased in the field (currently through AFSP/HQ);
- the human resources involved in procurement actions and that are currently available in the DOs (RO, SRO, Field Projects and FAORs).

The analysis was conducted with regard to FAO's worldwide network identifying 44 countries in which the procurement activities managed by AFSP on behalf of these countries between 2006-2008 exceeded 500'000 USD/annum, (which was deemed the minimum value to consider effective decentralization). These countries were grouped considering the average value of the orders managed by AFSP for the field (see Annex F for the list of 44 countries).

The analysis did not consider Iraq, Sudan and DRC (whose procurement activities are particularly significant and are therefore characterized by an ad hoc operational / management model of a local procurement unit under AFSP/HQ direct supervision).

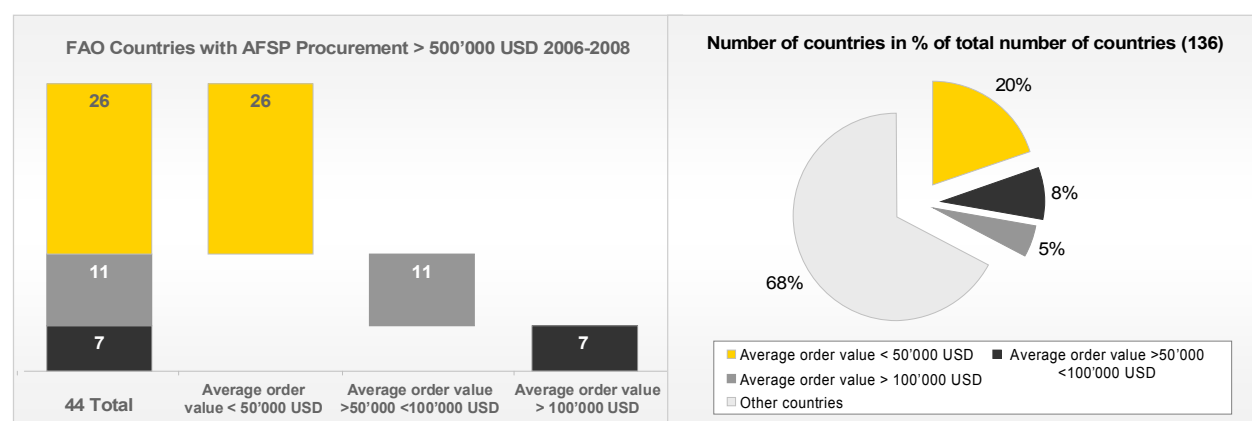


Figure 2-16: Distribution of the 44 countries analyzed

#### Analysis of procurement types and competencies

The RBR carried out an analysis of the possible types of procurement processes and the variables that define the latter. In particular, six different types of procurement processes were taken into consideration (Routine, Specialized, Emergency, Complex, High value, Leveraged), and for each of them it was considered:

- the impact of specific dimensions on the procurement process: i.e. value, timeline, market availability, customer basis, knowledge intensive, life cycle, frequency;
- the effect of the above mentioned dimensions in consideration of each procurement type.

The analysis showed that the dimensions taken into consideration have a less significant impact on routine and specialized procurement, than on other procurement types (e.g. Leveraged):

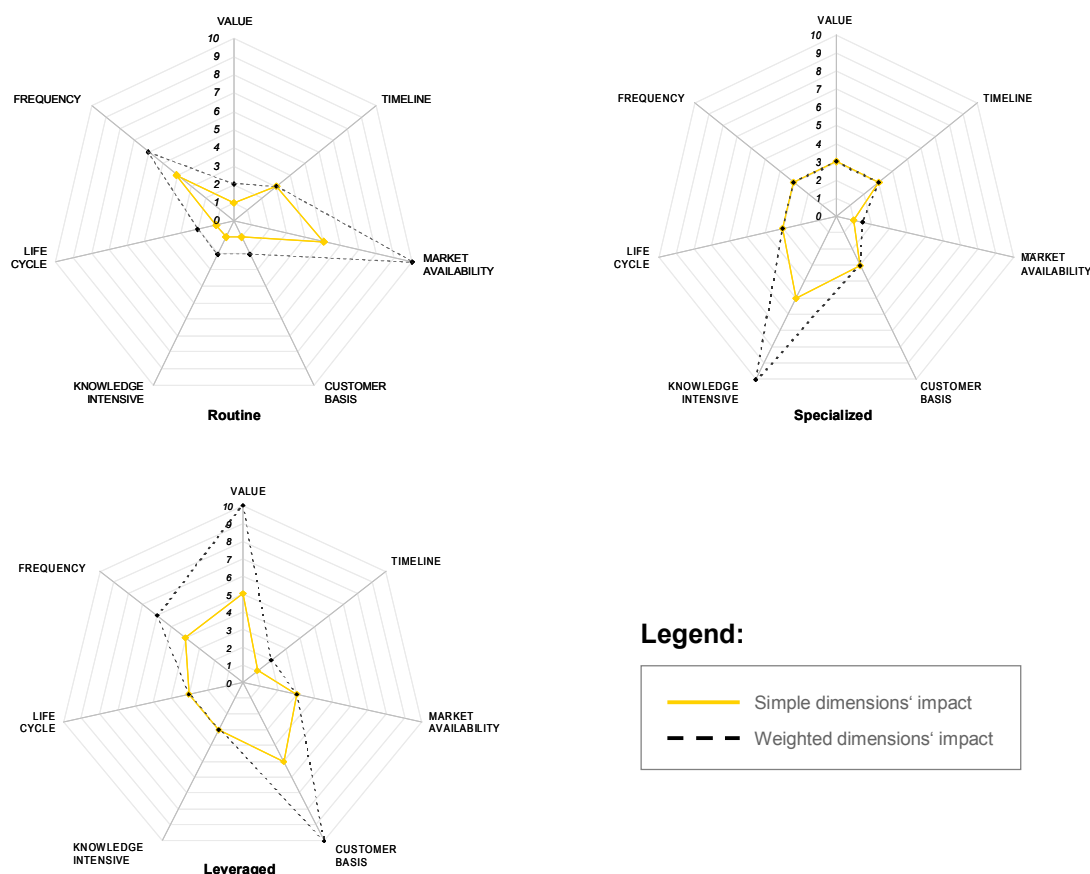


Figure 2-17: Routine, Specialized and Leveraged procurement dimensions

Annex G indicates the results of the analysis conducted on all the procurement categories / types.

These results were consequently matched with the competencies needed to manage the procurement actions (see Annex G for the procurement competency map).

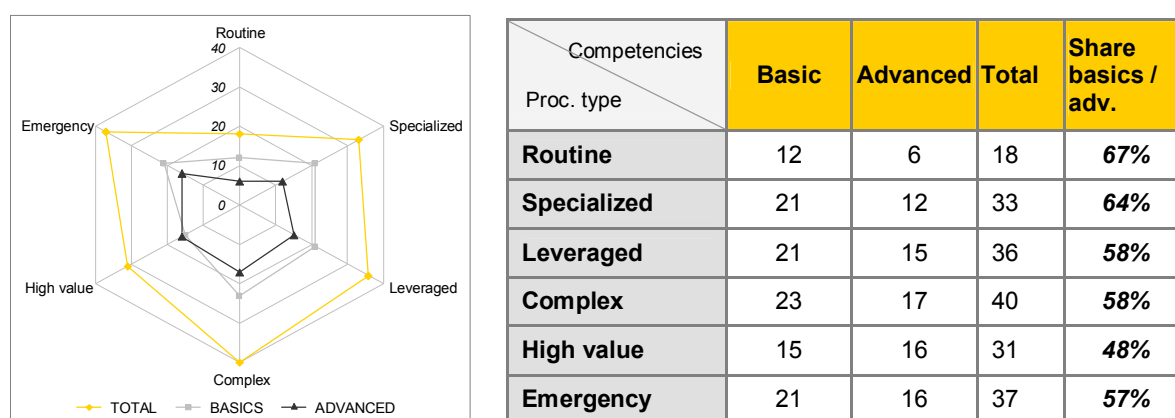


Figure 2-18: Procurement processes and competencies

As the table and the diagram above illustrate, routine and specialized procurement are the two types of procurement process for which a combination of basic and advanced competencies is required, and for which the weight of the advanced competencies requirements is lower.



Annex G also reports the comparison between the most important merchandise categories and the procurement process type.

The considerations discussed above brought the RBR to focus its attention on the routine and specialized procurement, as well as on the basic competencies, in order to be able to evaluate the opportunity to decentralize the purchase responsibilities in the field.

#### Gap Analysis of the resources available in DOs

The objective of the analysis aimed at estimating the resources needed to manage the concerned procurement activities and to compare the findings with the current allocation of resources and competencies in the 44 concerned countries.

In the three different country groups the number of resources needed was based on the average value of purchase orders and on the current threshold of delegation assigned to FAORs and to the Field Project Managers with imprest accounts (i.e. staff members).

In addition, the current AFSP workload (in terms of FTEs) needed to manage the procurement actions of the considered countries, was also examined.

Considering the workload that these procurement actions generate within AFSP, it is possible to estimate the number of resources needed to manage routine and specialized procurement in the 44 countries analyzed.

In order to assure a staffing which will allow to manage the purchase orders in accordance with the criteria of the Organization, and in respect to the principles of segregation of duties, the estimated workload would be equal to:

- 2 resources (staff members) for the FAOR/Field project in the 44 countries in which the procurement activities managed by AFSP (through FPOs and POs) between 2006-2008 exceeded 500'000 USD/annum.

Annex F indicates the number of resources currently distributed in the 44 countries and the gap with the minimum hypothesized requirements (in terms of number of resources).

The analysis showed that, in relation to the minimum hypothesized, some countries seem to have an inadequate number of posts and profiles dedicated to procurement actions.

Moreover, for countries in which no gap (between needed and available resources) has emerged, it has to be noticed that the counted resources refer to administrative roles / posts that normally carry out also different types of activities in the field (e.g. finance and budget related).

It is in fact to be underlined that the data provided by AFHP were selected according to the post descriptions to which procurement responsibilities may be currently assigned.

Besides giving consideration to the number of resources per country, the real presence in the field of adequate competencies (able to manage procurement actions) has to be taken into account and precisely assessed. This could not be done as part of the present desk analysis.

The qualitative review of the applicable on post descriptions cannot be considered exhaustive, as these are not job profiles based yet on a defined and shared competency framework.

It is noteworthy mentioning that a first gap was assessed based on the applicable FAO model for the particular country, for which budget is available in Pires, and the net gap remaining is the one to the model of empowerment and delegation.

### Analysis of procurement theoretical models and comparison with FAO's model

The following table compares three theoretical Procurement Service models (Fully Decentralized, Fully Centralized and Hybrid) with the current operative model adopted by FAO. In particular, the RBR focused on the comparison between FAO and Hybrid model, as it considered the latter as the model to which FAO, for its specific characteristics (of procurement), should aim.

Table 2-7: Comparison between procurement models

	Decentralized	Centralized	Hybrid*	FAO**
<b>Structure</b>				
<b>Organization</b>	<ul style="list-style-type: none"> <li>▶ Sourcing decisions and procurement activities executed at the local level</li> <li>▶ Spending rarely leveraged across sites</li> <li>▶ Procurement reports to unit managers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sourcing decisions and procurement activities executed at central command and control center</li> <li>▶ Spending leveraged centrally</li> <li>▶ Procurement reports to senior procurement manager (AFSP)</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Sourcing coordinated</b> across units/sites</li> <li>▶ Spending leveraged across regions where practical</li> <li>▶ Procurement reports to senior procurement manager (AFSP) or higher</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sourcing decisions and procurement activities <b>executed both at local level and central</b> command and control center (spending analysis)</li> <li>▶ Spending on major categories and expenditures leveraged across regions/sites whenever practical</li> <li>▶ <b>Limited central and local reporting</b></li> </ul>



	Decentralized	Centralized	Hybrid*	FAO**
<b>Process</b>	<ul style="list-style-type: none"> <li>▶ Limited or no process standardization</li> <li>▶ Process efficiency and effectiveness varies greatly by site</li> <li>▶ Limited sharing of resources or best practices across sites</li> </ul>	<ul style="list-style-type: none"> <li>▶ Standardized processes and policies executed centrally</li> <li>▶ Process compliance, efficiency, and effectiveness vary by unit or site</li> <li>▶ Resources and best practices controlled centrally</li> </ul>	<ul style="list-style-type: none"> <li>▶ Standardized processes and policies tailored and executed at local level</li> <li>▶ Process <b>compliance</b>, efficiency, and effectiveness <b>consistent</b> across the enterprise</li> <li>▶ Resources and best practices <b>shared across sites</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Standardized processes and policies tailored and executed centrally and at local level</li> <li>▶ Process <b>compliance</b>, efficiency and effectiveness <b>varies greatly by site (AUD)</b></li> <li>▶ Resources and best practices <b>controlled centrally, limited sharing</b></li> </ul>
<b>Knowledge</b>	<ul style="list-style-type: none"> <li>▶ Skills and category expertise vary across sites</li> <li>▶ Limited visibility into spending, compliance, and performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Skills and category expertise controlled centrally</li> <li>▶ Visibility into spending, compliance, and performance at aggregate level</li> <li>▶ Limited understanding of these factors at local level</li> </ul>	<ul style="list-style-type: none"> <li>▶ Skills, category expertise <b>coordinated across units and sites</b></li> <li>▶ <b>Visibility</b> into spending, compliance, and performance at <b>aggregate and local levels</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Skills and category expertise <b>vary across sites (PLP Survey)</b></li> <li>▶ <b>Limited visibility</b> into spending, compliance and performance <b>except at central level</b></li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>▶ Technology decisions and usage vary by business unit or locally</li> </ul>	<ul style="list-style-type: none"> <li>▶ Technology decision and deployment made at corporate level</li> <li>▶ Technology deployment and usage vary based on schedule and budget</li> </ul>	<ul style="list-style-type: none"> <li>▶ Technology decisions and deployment <b>coordinated across sites</b></li> <li>▶ Technology deployment and usage <b>coordinated across sites</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Technology decisions, deployment and usage <b>vary by business unit or locally (FAS, Oracle)</b></li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>▶ Metrics used vary by site</li> <li>▶ Cost and performance greatly vary across the organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Standard metrics used at corporate level</li> <li>▶ Metric compliance varies across the organization</li> <li>▶ Cost, compliance, and performance vary across the organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Standard metrics</b> used organization-wide, but support for local variances</li> <li>▶ Metrics and incentives <b>shared</b> by procurement, units and sites</li> <li>▶ <b>Cost, compliance, and performance consistent</b> across the organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Non existent both centrally and locally</b></li> </ul>

\* The color blue indicates specific characteristics of the Hybrid model.

\*\*The color red refers to the difference that FAO's system presents in relation to the specific characteristics of the Hybrid model.

### Moving from FAO's current model to hybrid model

By comparing Hybrid and FAO's current model it is possible to highlight the additional features that FAO is missing today, to be able to move from FAO's model to the proposed hybrid one, as shown in the following table:

Table 2-8: Additional features (comparison with Hybrid model)

Additional features missing today	
Organization	<ul style="list-style-type: none"> <li>Local vs. Central procurement delegation matrix</li> <li>Central reporting line to central procurement manager</li> </ul>
Process	<ul style="list-style-type: none"> <li>Process compliance, efficiency and effectiveness framework and implementation</li> <li>Best practices sharing platform</li> </ul>
Knowledge	<ul style="list-style-type: none"> <li>Customized institutional Procurement Learning Program implemented</li> <li>Reporting capability on minimum KPIs at local and central level</li> </ul>
Technology	Technology decisions, deployment and usage coordinated across sites by Procurement
Performance	Standard KPIs framework and AUD methodology/calendar/parameters.

### Proposed FAO decentralization model

It is therefore possible to identify the characteristics and the missing features for a decentralized model defined ad hoc according to FAO's specific characteristics.

Table 2-9: Additional features (proposed model for FAO)

Additional features missing today		
Organization	Delegation Matrix	Local vs. Central procurement delegation matrix by categories based on competency map/procurement process dimension
	Reporting lines	Staff processing procurement in the field functionally responding to central procurement acc. to delegation matrix
Process	Compliance, efficiency and effectiveness framework	Procurement tools and documentation available in COIN or other internet accessible platform. Enforced usage and update of these tools enforced
	Best practices sharing platform	Mandatory basics of procurement training
Knowledge	Customized institutional	Database of staff members across the organization involved in procurement under central reporting
	Procurement Learning Program	Annual Procurement Training Plan
	Reporting capability	Reporting capability on minimum KPIs on internet accessible platform
Technology	Technology decisions, deployment and usage coordinated across sites by Procurement	Procurement technology plan
		Central reporting KPIs systems
		Roll-out of In-Tend and BI

Additional features missing today		
Performance	Standard KPIs framework	Minimum KPIs for procurement with regular reporting frequency
	Audit methodology parameters for procurement adapted	Local audit briefing

### Guiding principles

While the objective is clearly to move to more empowerment, the move has to be gradual so as to allow:

- retaining a comprehensive and exhaustive view of the overall procurement activity/volumes at central level;
- ensuring harmonization and optimization of procurement processes and documentation across the organization and vis a vis the markets;
- ensuring minimum performance standards/benchmarks in procurement;
- invest on local staff career growth and development;
- minimizing unnecessary or increased risk exposure;
- ensuring one entry point for donor “verifications” such as the EC.

FAOR's procurement staff should be empowered (basics of procurement certification test passed) and be delegated authority to conduct all routine and specialized procurement actions regardless of the value. AFSP shall provide a classification matrix of which procurement actions or categories are to be considered as routine and specialized.

FAOR's procurement staff should be empowered and delegated authority to conduct other procurement actions i.e. non-routine/specialized in agreement with AFSP for a determined period and at certain conditions (training, procurement portfolio, local market/pricing) under AFSP's responsibility and reporting primarily to AFSP. The capacity to conduct additional procurement actions will be assessed based on the reporting quality, frequency and regularity on routinely delegated procurement actions.

A Procurement information and knowledge sharing platform should be provided and accessible to all in order to record and report procurement data, standards, best practices and KPIs.

As Procurement at HQ has developed, or uses a number of tools (Oracle, BI, In-tend, MSWord based contracting tool and shared Procurement databases) to help it perform its mandate, similar tools should be adapted, developed and rolled-out to guarantee similar performance conditions for FAORs.

Central Procurement should retain the ability to report on the compliance and status of all procurement actions undertaken under for example an emergency project, therefore reporting on procurement should be directly to central procurement. It is not envisaged the reporting should be an additional post-factum task but integrated in the procurement process.

Equally, the assessment of the compliance of procurement processes should be location independent, therefore AUD and the new Regulatory Unit should develop together with AFSP a standard procurement process compliance framework to be followed by the local audit program.

The proposed model provides for the present gaps in human resources that prevails:

- A. vis a vis the staffing model for the respective countries (i.e. excess or missing staff);
- B. vis a vis the staffing required under the proposed model for delegation.



The understanding of the RBR after consulting PIREs is that gap A has 80% budgeted funding under the present PWB. Therefore the analysis and the savings are based on the remaining gap B. (See Annex F for details on costs and savings).

Further, the RBR wishes to provide the following insights:

- While the analysis has concentrated on delegating processes that require a lower and less specialized level of competency and all FAORs and ECs have received the Basics of Procurement Learning Program in May 2008 and should have passed the required certification, it remains that given the variety of profiles/post descriptions currently in use across the organization, it cannot be ascertained whether the present resources meet or will be able to meet the minimum requirements to perform the tasks that the proposed model intends to delegate.
- The proposed model offers a minimum warranty with regard to exposure to risks such as fraud and collusion since it provides for a minimum of two administrative resources involved in procurement, with at least one supervisory resource for subsequent control. The RBR deems this the minimum acceptable set-up for segregation of duty and effective control purposes.

However, it remains that the countries concerned are mostly located in very poor regions of the world and would administer a procurement volume in excess of USD 500'000/annum which is significant by local standard.

The proposed model has been developed on the basis of the Organization's declared ambition to delegate to the field as opposed to given more consideration to issues such as risk minimizations and local marketplace competition / competitiveness.

It is also important to stress that in the absence of a detailed, comprehensive and integrated reporting system for procurement transactions, the information on the Organization's expenditures will decrease in quantity and quality, hence the expenditure control will be further weakened. Therefore, the Organization should consider wherever possible to implement a "light" Oracle module to capture procurement expenditures and increase its ability to report thereupon, if not only improve its audit trail of the latter.

The RBR strongly recommends that the Organization envisages creating a function to supervise and regularly monitor the procurement activity at field level and/or drastically increase and intensify its current local audit program. It is also recommended that the Organization further develops its procurement learning program to accompany the delegation process and possibly prescribes the Procurement Certification as a mandatory requirement for any involvement in procurement matters, as several focus groups of FAORs and Assistant FAORs have confirmed.

Not all of these accompanying measures are included in the cost estimates provided in the analysis since they exceed largely the scope of Procurement and touch upon AUD, IT and HR.

#### **2.6.1.4. *Transfer of transactional activities to the SSC***

The RBR conducted a quick impact assessment on the processes that support the management of the procurement processes, namely on the procurement servicing processes. The analysis intended to evaluate the impact of the procurement servicing processes on AFSP and identify those processes that, after an attentive evaluation performed by FAO, could be suitable to be transferred to the SSC.

The impact assessment was aimed at the:

- Identification of the servicing processes' sub-processes.
- Assessment of the sub-processes impact on AFSP resources, procedures and systems.
- Identification of processes potentially suitable for transfer.

In order to identify the processes that, after an attentive evaluation performed by FAO, could be suitable to be transferred to the SSC, the following processes and their impact on AFSP were considered:

- Contract Administration (Follow up activities for POs)
- Payment Preparation
- Vendor registration
- Insurance Portfolio Management
- Internal recruitment – training programs
- Data quality assurance
- FPO management
- Service/work orders
- PO closing

All the information needed to perform the quick impact assessment was collected through the collaboration with the Chief AFSP and the AFSP team, the analysis of procurement web pages as well as the desk analysis of several documents such as MS 502, FAO Insurance Programme for 2008, Field Programme Circular – Marine Cargo Insurance.

The assessment considered the risk of disruption in case of transfer of a process to the SSC, the possible savings by AFSP, and the manageability from afar.

The quick impact assessment was carried out through the following phases:

1. The processes were analyzed in order to identify, for each process, the characterizing sub-processes and activities.
2. The sub-processes were then grouped in order to evaluate their impact on three defined dimensions:
  - *Processes*, in terms of: link with core procurement processes, link with Technology Divisions at HQs, compliance with segregation of duties.
  - *Organization* (resources), taking into consideration: if the transfer would lead to savings in terms of Full Time Equivalent (FTE), if the sub-process is characterized by transferable competencies, if it is possible to reallocate the person currently responsible of the sub-process.
  - *Systems*, taking into consideration: if the sub-process is managed through Oracle, if the sub-process is characterized by easily transferable specific tools, if in the sub-process AFSP is used as an interface to systems.
3. The impact assessment was then performed assigning to every sub-process a grade (from 1 to 3) for each dimension leading to an overall evaluation of each process, as shown in the following figure:

Assessment Dimensions		
Processes	Organization	Systems
Not linked to core procurement: 1 Strictly linked 3 Not linked	FTE savings 1 Low 3 High	Managed through Oracle 1 No 3 Completely
Not linked to Tech. Divisions at HQ 1 Strictly linked 3 Not linked	Transferable competences 1 Hardly 3 Easily	Specific tools easily transferable 1 No 3 Completely
Segregation of duty compliant 1 High risk 3 Low risk	Possibility to reallocate 1 Hardly 3 Easily	AFSP utilized as interface to systems 1 No 3 Always and only

Figure 2-19: Assessment Dimensions

As a result of the described analysis, each of the analyzed process was classified as:

- *Suitable for transfer*
- *Not suitable for transfer*
- *To be evaluated*

As previously stated, these results should be attentively evaluated by FAO, in order to be sure that processes are really transferable to the SSC, remaining manageable form afar without disruption.

The processes that were identified as suitable, together with their related competencies and activities, are described in the following table.

Table 2-10: Assessment results

Process	Quick Impact Assessment result	Comments
<i>Vendor Registration</i>	<b>Suitable</b>	<ul style="list-style-type: none"> <li>- Competences connected with the process are relatively easy to transfer</li> <li>- There could be a possibility to reallocate the staff members responsible for the process in AFSP</li> </ul>
<i>FPO management</i>	<b>Suitable</b>	<ul style="list-style-type: none"> <li>- Activities are not linked to Technical Divisions at HQ, but on the contrary refer to procurement actions in the Field</li> <li>- AFSP is used as an interface to systems as the process is managed through Oracle</li> </ul>
<i>Work Orders</i>	<b>Suitable</b>	<ul style="list-style-type: none"> <li>- Activities are only remotely connected with Core procurement</li> <li>- Activities are managed through Oracle and other easily transferable tools</li> </ul>
<i>Service Orders</i>	<b>Suitable</b>	<ul style="list-style-type: none"> <li>- Competences connected with the process are easily transferable</li> <li>- Activities are managed through Oracle and other easily transferable tools</li> </ul>
<i>PO closing</i>	<b>Suitable</b>	<ul style="list-style-type: none"> <li>- Activities are not strictly linked to core procurement nor to Technical Divisions at HQ</li> <li>- Competences connected with the process are relatively easy to transfer</li> <li>- Activities are managed through Oracle and other easily transferable tools</li> </ul> <p><i>PO closing should be performed by the divisions themselves as opposed to AFSP or the SSC</i></p>

The results for the other processes in scope, as well as the details of the quick impact assessment, are available in Annex I.

However, it is worth noting that a future and in-depth analysis on the activities identified as suitable for transfer is however strongly recommended. It will allow to describe the exact impact that the transfer of services to the SSC will have on the current Manual Section, on KPIs and SLAs, on the organization and system requirements of AFSP.

If the processes identified as *Suitable for transfer* by the RBR were to be confirmed by FAO management as really transferable to the SSC, this would entail savings in terms of Full Time Equivalents (FTE), as the staff members currently working on those processes would be off-shored to the SSC, reemployed on other processes/areas or could decide not to work any longer.

The number of FTE to be off-shored to the SSC entails monetary savings connected with the difference in the salary scale being applied in Rome and with the one applied in Budapest.

As presented in Annex I, the total possible savings connected with the transfer of the selected processes to the SSC is estimated at between USD 258'448 and 293'680.

### **2.6.1.5. Organizational impacts**

A re-design of AFSP organizational chart is suggested, resulting in the following changes:

#### *Proposal in support of Initiative 1 of the RBR: new Advisory Function*

A new Advisory Function dedicated to project planning, as well as ad hoc profiles, should be established in AFSP, acting as a focal point to answer customers' requests, provide estimations, critical path and detailed procurement information. The cost of this new entity should not exceed USD 290'000 (see Annex D for additional costs and savings estimations).

#### *Proposal in support of Initiatives 2 and 3 of the RBR: new Joint Procurement Unit*

As already described, joint procurement activities will be managed through a Joint spin-off Procurement Unit, by allocating fixed procurement resources from the current pool to the spin-off entity.

AFSP will contribute out of its current resources to the Joint Procurement Unit and the appropriate contribution level is estimated at USD 500'000 (amount that, on the other hand, will no longer be a cost for AFSP once the new Joint Procurement Unit will be established).

This contribution out of existing resources will of course require a review of the current unit split in AFSP (in particular the Contracts Unit which currently handles all HQ service/works contracts).

In addition, the same revision should apply to AFSP Purchasing Units. Therefore, the Contract Unit and the 2 Purchasing Units should be re-organized as follows:

- the current Purchasing Units 1 and 2, as well as the Contracts Unit, should be split along the lines of HQ and non-HQ procurement/contracting: HQ Procurement (goods) and Contracts (services/works) should be under a different responsibility line than Field/Project procurement/contracting.
- HQ procurement and contracting functions should handle the remaining procurement that does not lend itself to partnership (which will not be handled by the new Joint Procurement Unit).

#### *Proposal in support of Initiative 4 of the RBR: Empowerment and delegation*

New responsibilities related to procurement for projects should be assigned and new processes should be set up, including the following activities:

- collecting, analyzing and monitoring data and statistics of procurement actions conducted in the field;
- monitoring, supervising and assisting field procurement activities under the new empowered and delegated authority;
- conducting procurement and contractual actions when expenditures exceed the delegated financial authority of the Authorized Official in Non-HQ Locations (as stated in Manual Section 502).

It is worthwhile mentioning that there is an estimated additional cost in support of this initiative at field level. This cost is estimate at USD 150'000 and does not include the accessory costs of empowerment such as training, control, risk assessment/management and systems requirements (see Annex F for additional costs and savings estimations).

As an overall recommendation, FAO should reconsider the whole internal structure of AFSP taking into consideration the following elements:

- the on-going transfer of the Information Management Unit to the SSC;
- the feasibility of transferring additional servicing processes to the SSC as a result of RBR Initiative 5;

- the opportunity to re-allocate the competencies of the resources currently in charge of the processes to be transferred and to dedicate these competencies to the new AFSP functions proposed by the RBR (with appropriate counseling and training activities);
- the implications for AFSP resulting from the possible establishment of a Regulatory Unit and the new HR Competency Framework, with regard to its' training and staff development mission.

A rough attempt to cost the organizational changes within AFSP, taking into consideration all the above and the business cases in the Annexes, estimates the additional funding requirement at USD 150'000.

## 2.6.2. Transition map

This section includes a roadmap for the implementation of the new proposed models, defining the necessary actions to be undertaken by the organizational units involved, as shown in the following table:

The RBR conducted an assessment of the actions, evaluating the actions considering three variables:

- *impact*: organizational impact in all regards;
- *complexity* (of implementation): the number of changes required and stakeholders involved;
- *timeframe*: of execution distinguishing between short (<6months), medium (>6 months <3 years) or long term (>3 years).

Table 2-11: List of actions for transition

List of actions	Impact	Complexity	Timeframe	Resulting Priority
<b>Overall</b>				
Assess competencies, profiles and responsibilities of the Procurement Service, considering the on-going changes and the RBR initiatives	High	Medium	Short	High
Align the organizational structure of the Procurement Service according to the new functions and responsibilities that (the implementation of) the RBR initiatives will introduce	High	Medium	Short	High
<b>Initiative 1</b>				
Identify the resources to be dedicated to the new model	High	Low	Medium	Medium
Implement the additional features in the BI tool	Low	Medium	Short	Medium
Share with internal stakeholders the modalities to implement the Advisory Function	High	High	Medium	Medium
Formalize the new project planning processes	Medium	Low	Short	Low
<b>Initiative 2 and 3</b>				
Share with IFAD and WFP the analysis results, the characteristics and the operative procedure of the proposed Joint Procurement Unit	Low	High	Short	Medium
Share with the Top Management of the three RBAs the solution suggested for the joint procurement and formalize the new operational procedure	Medium	Medium	Medium	High
Plan the steps forward for the implementation of the suggested solution	High	Medium	Short	Medium

List of actions	Impact	Complexity	Timeframe	Resulting Priority
<b>Initiative 4</b>				
Certify and confirm RBR data and conclusions by an assessment in the field, involving the Decentralized Offices	Low	High	Medium	<b>Medium</b>
Confirm and formalize the suggested framework for the new DoA (in terms of authority limits to be reviewed based on types of procurement processes, actual spending and most important merchandised categories)	High	Medium	Short	<b>Low</b>
<b>Initiative 5</b>				
Further analyze the processes suitable for transfer, taking into consideration the impacts on the current Procurement Service's organization, systems and procedures	Medium	Low	Short	<b>Medium</b>
Evaluate the opportunity to review the processes identified in the initiative 5 as "to be evaluated" (e.g. payment verification)	Medium	Medium	Short	<b>Low</b>

### 2.6.3. Costs & savings

The following table shows the saving/efficiency gains and costs estimated for the implementation of the RBR initiatives. Costs (for additional HR needed) are always considered as per their highest estimation (when applicable). Potential savings for joint procurement are estimated at between 10% and 15%.

Table 2-12: Estimation of savings at 10% in USD:

	Costs (C)	Savings / Efficiency gains (S)	TYPE
<b>Initiative 1: New procurement model for managing the initial phases of purchasing actions</b> ALL EXTRA BUDGETARY FUNDS			
Implementation costs (new functionalities of the existing BI tool)	30'000	-	One time
Data base maintenance	5'000	-	On-going
Resources needed in AFSP (1 P3, 1 G7)	293'700	-	On-going
Efficiency gain in the lead-time between PR and tender issuance	-	27'866	On-going
<b>Initiative 2 - 3: Operational model for the implementation of partnerships in procurement actions with other UN agencies</b> 50% REGULAR PROGRAMME - 50% EXTRA BUDGETARY FUNDS			
On going contracts	-	1'426'005	On-going*
One time contracts	-	85'585	One time
Other contracts renewable (On-Going contracts)	-	3'731'802	On-going*
Other contracts renewable (One time contracts)	-	19'146	One time
AFSP Resources to be released	-	217'824	On-going
	-	154'080	On-going
	-	123'468	On-going
New agency (resources needed)	217'824	-	On-going
	154'080	-	On-going
	123'468	-	On-going
Start up	16'667	-	One time
<b>Initiative 4: Empowerment of regional and local officers in managing local procurement</b> ALL REGULAR PROGRAMME FUNDS			
AFSP Resources to be released (1.9 FTEs)	-	185'274	On-going
Adjustment of the model (in terms of No/Cost of posts needed in the Field/Duty Stations)	138'116	-	On-going
<b>Initiative 5: Transfer of transactional activities to the SSC</b> ALL REGULAR PROGRAMME FUNDS			
AFSP Resources to be released (prudential estimation, difference in cost HQ vs SSC)	-	258'448	On-going
	<b>Sub-total C</b> 978'855	<b>Sub-total S</b> 6'229'498	<b>(C-S)</b> 5'250'644

\*These costs are on-going, but it has to be noted that they shall vary depending on market conditions, negotiations result, etc.

Table 2-13: Estimation of savings at 15 % in USD:

	Costs ( C )	Savings / Efficiency gains (S)	TYPE
<b>Initiative 1: New procurement model for managing the initial phases of purchasing actions</b> <b>ALL EXTRA BUDGETARY FUNDS</b>			
Implementation costs (new functionalities of the existing BI tool)	30'000	-	One time
Data base maintenance	5'000	-	On-going
Resources needed in AFSP (1 P3, 1 G7)	293'700	-	On-going
Efficiency gain in the lead-time between PR and tender issuance		27'866	On-going
<b>Initiative 2 – 3: Operational model for the implementation of partnerships in procurement actions with other UN agencies</b> <b>50% REGULAR PROGRAMME – 50% EXTRA BUDGETARY FUNDS</b>			
On going contracts	-	2'139'008	On-going*
One time contracts	-	128'378	One time
Other contracts renewable (On-Going contracts)	-	5'597'702	On-going*
Other contracts renewable (One time contracts)	-	28'719	One time
AFSP Resources to be released	-	217'824	On-going
	-	154'080	On-going
	-	123'468	On-going
New agency (resources needed)	217'824	-	On-going
	154'080	-	On-going
	123'468	-	On-going
Start up	16'667	-	One time
<b>Initiative 4: Empowerment of regional and local officers in managing local procurement</b> <b>ALL REGULAR PROGRAMME FUNDS</b>			
AFSP Resources to be released (1.9 FTEs)	-	185'274	On-going
Adjustment of the model (in terms of No/Cost of posts needed in the Field/Duty Stations)	138'116	-	On-going
<b>Initiative 5: Transfer of transactional activities to the SSC</b> <b>ALL REGULAR PROGRAMME FUNDS</b>			
AFSP Resources to be released (prudential estimation, difference in cost HQ vs SSC)	-	258'448	On-going
<b>Sub-total C</b> 978'855		<b>Sub-total S</b> 8'860'767	<b>(C-S)</b> 7'881'913

\* These costs are on-going, but it has to be noted that they shall vary depending on market conditions, negotiations result, etc



#### **2.6.4. Final recommendations**

In order to guarantee an effective improvement of the services provided by AFSP and ensure the effective implementation of changes, the RBR recommends to:

- Implement the solutions proposed within the five initiatives in a well-coordinated and integrated way, in order to guarantee the consistency of the actions affecting organization, processes and human resources and the continuity of current performance in the meantime.
- Integrate and prioritize the actions of the transition map, including also the on-going initiatives of the Procurement Service.
- Actively involve the Field in the implementation of solutions that will impact the activities of Decentralized Offices.
- Conduct an assessment, re-allocation or realignment of skills and competencies within AFSP, in order to adjust the Procurement Service to the changes introduced by RBR.

## 2.7. IT work-stream

### 2.7.1. Background Information

The central high-level recommendation of RBR Stage 1 was that IT activities should be consolidated into one Chief Information Office under a Chief Information Officer. It is useful to note that this is not a new finding, and its meaning is similar to:

- CL131/18, the “FAO Reform” proposals of 2006, which at paragraph 232 states “KCT would stem from the present Information Systems and Technology division in AF, supplemented with information technology staff at regional and sub-regional offices, and incorporate a phased integration of information technology staff from headquarters departments to provide immediate support for information systems concepts and planning and to ensure effective and integrated systems development and support activities across the Organization.”
- The IEE Report (C 2007/7A.1), whose recommendation 8.11 (paragraph 1358) begins with “The IEE supports the concept of a Chief IT Officer and consolidation of all IT functions into one division (the Information and Communication Technology division – see chapter 6) under him/her.” Footnote 360 specifies the source of this new division’s people as being “inter alia IT units in technical departments and KCEW, KCT, OCD (IT) and PBE.”

However, at the Waicent Committee WC/7, November 2007, an implementation proposal for this approach was rejected by the senior management of FAO (the Waicent Committee is comprised of all ADGs and chaired by the DDG). After all, there are some detail differences in the prior recommendations, and RBR Stage 1 and Stage 2 have explored these in some depth.

The current situation regarding Information Technology within FAO can be described as follows:

- IT activities are widely spread across the organization
- Currently 127 NSHR resources are employed at FAO outside central IT/IM units indicating their skills as Computer Information System Specialist with such sub-specialties as e.g. Application Programmers, Computer Network and Communications.
- No application inventory is available providing information about the entire FAO application portfolio
- Infrastructure (e.g. server) operations are not fully consolidated under the responsibility of one single unit
- Lack of a corporate IT investment and prioritization plan
- There is no comprehensive picture of IT cost within FAO as IT activities (e.g. application development) in departments are not monitored or tracked against a standardized set of definitions of cost elements
- Redundant applications are in place ( e.g. 3 content management systems, 6 meeting applications)
- No trust from Technical Departments in the current IT service delivery units (apart from infrastructure services which are generally well regarded)
- Different organizational units responsible for the same function (e.g. Internet and Intranet service is divided into different units)
- No organization-wide information management established, which has lead to non compatible data exchange between the administrative systems (e.g. duplication of data gathering in FAOR offices could have been avoided)



### **2.7.1.1. Approach**

The Management Response of 30 Oct 2008 to Root and Branch Review Stage 1 report was unclear as to whether work should proceed in Stage 2 on the central recommendations relating to Information Technology, that is, creation of a “One CIO” – i.e. a consolidated division handling all matters related to Information Technology, Information Systems, Information Management and Information Communication. Accordingly to the RBR sought clarification on the point, and this was provided by the Senior Management Team on 03 Feb. 2009. SMT mandated that work should progress and required that wider consultation be carried out and that “options” be developed. The RBR was also required to make observations about “why IT is the way it is” in FAO.

Every Department Head in HQ was invited to nominate a focal point for consultations, who would invite whomever he/she thought desirable to the consultation meeting for that Department. These meetings were held in the period 10 Feb - 6 Mar 2009. A similar process was followed with Regional Offices, and video conference consultations were held on 17 Feb, including also OCD to provide a voice for country offices. Similar meetings were held with service providers in KCT, KCE, and Headquarters Office Technology Coordinators of all divisions. All these meetings started from the RBR Stage 1 recommendation about IT, seeking comments, concerns, and suggestions in dealing with the concerns, and other input, e.g. about the current situation; and an aide-mémoire was produced for each and sent to the participants. Follow-up meetings were held as required with certain subgroups and individuals.

The focal points were also asked to provide an inventory of applications developed within each Department (starting from the list of those maintained by KCT) and costs incurred within Departments for information systems development and support, divided into Regular program and Extra-Budgetary resources.

### **2.7.1.2. Consultation results**

During the process of consultation with internal stakeholders, additional factors were mentioned which in the view of stakeholders justified the continued existence of disjointed information systems efforts. There was a widespread lack of trust that the central Information Technology division (KCT) could meet proposed delivery timeframes for information systems for technical departments, not least because it was perceived that the priorities of KCT were biased towards administrative systems (and as result, the proposal to relocate IT within the new Corporate Services department was not welcomed). Lack of trust in any central IT service provider was widespread, despite the fact that technical departments considered that KCT provided good application hosting and infrastructure-management services. It was said that KCT procedural approach was too rigid, and that the email account used as the point of first request for KCT services was inappropriate for its purpose and that a contact person was required. Some units also noted that resources made available to KCT were inadequate for it to fulfill the role which they foresaw for it.

As result of these factors, several units had had information systems developed by the Knowledge Exchange and Capacity Building division (KCE) instead, as an expansion of its intended role. But the more common response had been to strengthen the information systems capabilities within technical departments, often with significant overlap between knowledge management (functional) and information systems roles within the same individuals. While this has a benefit in minimizing interpersonal communication overhead, it has a high cost in building an inventory of systems which are poorly understood, and re-usable only with some difficulty. In addition, this approach has introduced duplication of effort because of lack of awareness that a solution to be developed may already exist in other Departments of the organization. It may also distract subject-matter experts from keeping the data on



websites up-to-date – this was mentioned as a problem, especially on the Intranet, and clearly must be done by the data owners not anybody else.

### **2.7.1.3. Why is IT the way it is?**

In addition during these meeting the question “Why is IT the way it is?” has been addressed and articulated strongly by the participants.

The use of computers and information systems in FAO started about 30 years ago. From the outset, enthusiasts harnessed the new tools to meet their localized requirements, both in technical and administrative departments. As the tools improved, the systems became larger and more complex, but they remained true to their origins, and as late as the 1990s FAO was running a variety of separate computer centers in various buildings at Headquarters, each supporting systems which facilitated the business of one department, and which systems did not communicate with each other.

As the administrative processes expanded, the information systems unit based in the AF department gradually became larger, and its user base more universal. This was especially noticeable as the financial and HR systems which preceded the present ERP (i.e. Finsys/Persys) were commissioned in the late 1980s. The mandate of the AF computing unit (by then a division, AFC, “Computer division”, later AFI, “Information Systems and Technology division”) was expanded to provide and support office computing services, which led to the rollout of an enterprise Local Area Network (LAN) in Headquarters in 1994-5 to replace workgroup LANs already present in some divisions, followed shortly after by an increasingly-capable Wide-Area Network (WAN) and a LAN in each office to support decentralized operations. The network infrastructure permitted rollout of an enterprise email system, and to rationalize the infrastructure operations such that today only one computer centre remains in Headquarters (although some server computers which should be there are kept in offices).

Although infrastructure and its operation were centralized, little management attention was paid to centralizing the development and support of information systems and databases and they largely continued to be independently specified, developed, and supported. In the context of the World Agricultural Information Centre (WAICENT), some Information systems specialists were relocated from the Statistics division of the Economic and Social Policy Department (ESS) to the central units, but no other similar organizational changes were made to support centralization as a concept, and so application development and support remained dispersed throughout the organization. Technical Departments which did not get the appropriate support from KCT or KCE started to build up their own “IT shops” in order to meet their departmental requirements. The reasons for the poor application development service by KC divisions are complex. Among these reasons are, lack of resources in KC divisions (also noted by IEE, paragraph 1308), or KC not understanding the requirements of the Technical Departments, or just a low prioritization for technical application development. Some technical departments mentioned that they had no wish to be running IT shops but they needed done what they needed done, and if the central units could or would not provide it, they felt obliged to do it themselves.

The central Information Systems shop provided a governance framework within which such operations were to be conducted. However, almost no incentives for good corporate citizenship, nor sanctions against non-compliant behaviors, were implemented. The reality became that upon request, and the sourcing of funds, extra-budgetary projects were carried out by the technical departments, and occasionally “for” them by central units. The governance framework had stakeholder representation via Information Technology Officer (ITO) professionals, one in each Department and Regional Office.



The FAO Reform proposals of 2006 (Council Paper CL 131/18 paragraph 232) proposed a serious concentration of information systems into a single division, which as a result of other parts of that reform package became the Information Technology division KCT – its name is to be interpreted in the broad sense of “information technology” not the narrow infrastructure-only sense. As part of implementing that approach, three of the four remaining ITOs in HQ were transferred (the posts in other departments had already been abolished in one or other of the savings exercises forced on FAO by budget pressures); but when in November 2007 KCT put forward to the IT governance mechanism, the Waicent Committee, an organizational change implementation proposal based on CL131/18 and IEE Recommendation 8.11, it was rejected by other Departments and therefore did not proceed

#### **2.7.1.4. Vision of what the organization needs in the future**

Information Technology is critical to all organizations. Hence it is important for FAO to define the IT strategy and the mandate for this function, which is derived from the organization’s strategic objectives. Furthermore knowledge organizations like FAO must transform Information Technology from simple service delivery into IT organizations that assist the entire Organization to optimize business processes, mastering information management, providing a Management Information System to aid decision-making, and exploiting relationships to fuel collaboration and innovation.

Given today’s environment – the increased IT risks, the push to reduce costs and the increased expectations from Management and Member Nations – FAO should seek to realize greater enterprise value from the significant investments made in Information Technology. In order to fulfill the evolving mandate of IT the IT function needs to:

- Create Value for the entire organization
- Rationalized cost across the organization
- Help the organization to manage its overall risk position (e.g. reputational risk due to publication of poor-quality data)

The current situation regarding Information Technology within FAO can be described as follows:

- IT activities are widely spread across the organization
- Currently 127 NSHR resources are employed at FAO outside central IT/IM units indicating their skills as Computer Information System Specialist with such sub-specialties as e.g. Application Programmers, Computer Network and Communications.
- No application inventory available providing information about entire FAO application portfolio
- Infrastructure (e.g. server) operations are not fully consolidated under the responsibility of one single unit
- Lack of a corporate IT investment and prioritization plan
- There is no comprehensive picture of IT cost within FAO as IT activities (e.g. application development) in departments are not monitored or tracked against a standardized set of definitions of cost elements
- Redundant applications in place ( e.g. 3 content management systems, 6 meeting applications)
- No trust from Technical Departments in the current IT service delivery units (apart from infrastructure services which are generally well regarded)
- Different organizational units responsible for the same function (e.g. Internet and Intranet service is divided into different units)
- No organization-wide information management established, which lead to non compatible data exchange between the administrative systems (e.g. duplication of data gathering in FAOR offices could have been avoided)



The vision of information technology for FAO is that any stakeholder should be able to access the information and systems they require in order to perform their job, irrespective of their physical location. In doing so IT assists in the achievement of the Strategic Objectives of FAO and their lower-level components, which in turn demonstrates a core competency and fulfils a Functional Objective. The stakeholders may be employees of FAO, or external persons using FAO public website facilities, or external entities which benefit from FAO program delivery.

In reviewing the processes of the IT function, which is currently exercised in many locations of the organization, the RBR has applied a results-based approach, framing recommendations designed to achieve that optimum state, or at least approach it as closely as possible given resource and external constraints, e.g. telecommunications regulatory regimes. In some cases, options others than those recommended have been examined in depth – these are documented in the chapter below with the reasons why they were not recommended.

## 2.7.2. Refined Recommendations

Following these meetings, the RBR would be able to refine their recommendations accordingly, provide expansions of the high level recommendations from RBR Stage 1.

### 2.7.2.1. One CIO Division

#### IT responsibilities and IT functions should be consolidated into “one CIO” to improve IT services delivery effectiveness

The recommendation to consolidate IT services into one CIO Division has been the most discussed recommendation during the consultation meetings. In particular, Technical Departments expressed their concern that a centralized IT would not be able to provide the required services or the level of quality required. Furthermore, it was very obvious that there is lack of trust in a centralized IT and these misgivings have originated due to past experiences with IT. Although the RBR is aware of these issues and takes these concerns into consideration in the different recommendations, it is still convinced that a centralized IT will combine cost optimization and value creation for the whole organization. In addition it is important to understand that this recommendation must be taken into consideration in conjunction with the following two recommendations:

- Improving the customer interaction process.
- Enforce IT governance.

This essential interaction between the recommendations can be illustrated when considering the advantages of a centralized CIO Division combined with strong IT governance and increased customer satisfaction. Centralizing or consolidating IT organizations and assets along with IT-supported processes leads to substantial cost reduction and increased effectiveness, provided the other aspects are also addressed:

- optimize collaboration and processes across departments regarding software development, in order to avoid redundant developments and to encourage re-use of software;
- provide cost-efficient application support, through better usage of IT resources in a central support unit;
- ensure better control of compliance to governance and policies that will reduce IT risks and ensure process efficiency;
- build up center of excellence for IT knowledge which promotes technology innovation (e.g. cloud computing);
- provides significant economies of scale, reduction of redundancies and improved management efficiencies.

A centralized IT relies on a governance structure where management reports up through a single chain of command and enables the creation and execution of a shared vision of how IT should support the technical and administrative departments. The core theme of centralization is to remove redundancy and achieve economies of scale.

The CIO division will be responsible and accountable to deliver the following services to the entire organization:

Table 2-14: CIO Division's Services

Network Services	Hardware Services	Communication Services
<ul style="list-style-type: none"> <li>▶ Network Architecture</li> <li>▶ Network planning (physical/logical)</li> <li>▶ Network setup (e.g. install new network application)</li> <li>▶ Network security (e.g. new account)</li> <li>▶ Network upgrade</li> <li>▶ Network performance improvement</li> <li>▶ Network support (e.g. no network connection)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Plan Hardware (e.g. set standards for printer and laptops)</li> <li>▶ Acquire hardware for Corporate usages</li> <li>▶ Progress acquisition and commission of hardware</li> <li>▶ Support hardware</li> </ul>	<ul style="list-style-type: none"> <li>▶ Email support</li> <li>▶ Phone support</li> <li>▶ Fax support</li> <li>▶ Videoconferencing</li> <li>▶ Meeting Support (audiovisual)</li> <li>▶ Emergency telecommunications</li> </ul>
Office Application Services	Application Service (admin, operational, technical)	Help Desk
<ul style="list-style-type: none"> <li>▶ Plan software</li> <li>▶ Provide software</li> <li>▶ Support software</li> </ul>	<ul style="list-style-type: none"> <li>▶ Architecture of application standard</li> <li>▶ Application planning</li> <li>▶ System Analysis</li> <li>▶ Application development</li> <li>▶ Application enhancement</li> <li>▶ Application support</li> <li>▶ Application retirement</li> </ul>	<ul style="list-style-type: none"> <li>▶ Email-account</li> <li>▶ Phone number</li> </ul> <p>*in collaboration with OTC in HQ and IRC in country offices</p>
Web service	Program Management/ Training	Information Management
<ul style="list-style-type: none"> <li>▶ Provide Websites (Intranet / Internet)</li> <li>▶ Provide data content for IT intranet publications</li> </ul>	<ul style="list-style-type: none"> <li>▶ Program Management</li> <li>▶ Provide Project Methodology (Prince2)</li> <li>▶ Provide Support Methodology (Itil)</li> <li>▶ IT specialist Training</li> </ul>	<ul style="list-style-type: none"> <li>▶ Develop, manage, and facilitate Information Management</li> <li>▶ Management Information System</li> </ul>

*\*An application system is the end-to-end delivery of information and data, including all computerized processes and the hardware and software that are needed to satisfy business requirements.*

This “one CIO” solution will allow customers to have one single point of contact for all Information Technology related needs. Consolidation would also help improve skill management and operational efficiency. Moreover, “one CIO” structure would enable a more consistent view on IT strategy, IT budget



and IT procurement control. The difficulties that Technical Departments had to provide figures for IT spending show that FAO had no comprehensive picture of the actual IT spending across the entire organization in the past. In order to manage IT efficiently, it is essential that FAO has comprehensive information about the IT spending in the entire organization, and desirable for this to be validly comparable with spending in other UN Organizations.

The recommendations are as follows:

1. Establish a CIO Division responsible and accountable to deliver the above indicated IT services to the entire organization, in particular to provide application development and application support for all FAO systems. During the IT consolidation project it is important to design the internal organizational structure of the new CIO Division in a way that the IT services will be provided to the clients' needs in an effective and efficient manner. Although largely made up of staff and resources from KCT, KCEW, and the (proposed) Programme Management function in AF which would succeed the AACU, the resulting CIO division structurally would be neither the existing KCT with additions, nor the existing KCEW with additions, but will draw from both, and additionally from other elements around FAO where IT work is now performed.

#### **2.7.2.2. *Customer interaction process should be improved and standardized***

In its role as the provider of IT services to FAO, the Information Management / Technology division must put emphasis on improving its customer interaction process with its clients in HQ and elsewhere. Without significant improvement in this area, the centralized approach cannot succeed. Several of the departments who are clients of IT services have complained about the low Service Mentality of the organizational unit providing IT services in the past, therefore it is even more important that the Information Management / Technology division understands their role as provider of IT services as well as the expectations of their customers.

Today in FAO there are customer interaction processes and procedures formalized for IT services, but the transparency of these processes and procedures is sometimes poor and also too complicated (e.g. 24 different points of contact in place for Help Desk issues of various types) and inappropriate for the level of request (e.g. anonymous email account for requesting new business services). These processes need to be re-engineered and an approach needs to be defined to standardize the procedures and improve communication of these standards within FAO. The re-engineering of the customer interaction process needs also to include a strong focus on the Service Level Agreements (SLA). It is crucial to identify a single point of contact for client requests. In the past clients of IT services were confused as to whom to address in case of web publishing, as the Internet and Intranet were maintained by different entities within FAO.

Currently FAO is using the Information Technology Infrastructure Library (ITIL) as a framework for managing IT services. It is important to follow a structured approach based on ITIL to improve IT service delivery. FAO is also using Prince2 as a framework for managing IT projects. It is important to follow a structured approach to improve project execution performance, and the transparency of project progress.

There are in general two groups the Information Management /Technology division has to deal with: those who pay for and own the IT Services (the Customers) and those people who use the services on a day-to-day basis (the Users). It is important to establish an organizational structure with roles and responsibilities and lean and effective process to identify and support their major needs.



- Solving proactively and in close collaboration strategic & operational requirements of the function (customer interacts with account management of CIO Division)
- solving quickly IT problems which hinder the function in performing their task (user interacts with helpdesk of CIO Division)

The recommendations about client initial contact are as follows:

1. Strengthen processes, procedures and Service Level Agreements (SLA) to deal with IT service client requests. An SLA is essential in any organization so that the level of IT Service needed to support the strategic objectives of the organization can be determined, and monitoring can be instigated to identify whether the required service levels are being achieved – and if not, why not. Service Level Agreements, which are managed through the SLM process, provide specific targets against which the performance of the Information Management / Technology division can be judged.
2. Establish a clear account management structure within the Information Management / Technology division whereby each account manager supports pro-actively their assigned IT client respective departments/offices. The terms of reference for this account manager role are as follows:
  - collaborate closely with the technical and other departments and offices, and initiates meetings/videoconferences on a regular basis on IT matters with his accounts/clients;
  - identify needs and opportunities and provide advice on improvement of the information technology, information management and office automation infrastructure and support services, including workflows related to travel, meetings, publications, etc.;
  - provide advice and support to departmental units on all issues related to IT, assist in the formulation of IT projects, in close consultation with the IT focal point in the department
  - in close collaboration with departmental communication/publication officer, assist in the up-keep, further development and promotion of the departmental internet and web publishing and assist the departments in the technical aspects of their web publishing
  - promote in general, better sharing, communication of, and exchange of knowledge and information, between CIO Division and departments, and investigate pro-actively in emerging technologies and approaches and assess their suitability in improving/enhancing the technical work of the Department
  - organize and lead inter-departmental working groups related to Information Management and Information Technology
3. Establish the Administrative Systems Program Management (ASPM) as a distinct function within the Information Management / Technology division with specific objectives and duties and designated resources. The head of this ASPM unit acts as the account manager for the administration and operational systems.
4. Establish an IT focal point in each department who is a subject matter expert with strong affinity to IT who provides the functional knowledge in discussion with the Account Manager of the Information Management / Technology division. The terms of reference for this IT focal point are as follows:
  - provide support to the department, coordinate the work of divisional OTC's, advise and monitor all support provided by the central help-desk through Service Level Reporting methods
  - communicate problems, gaps and opportunities related to IT solutions used/developed within the department and advise the account manager



5. Guarantee one single point of contact for Help Desk issues. Emphasis needs to be put on improving the reactive Customer Interaction Process via the Help desk. The Service Desk is the single point of contact between the IT department and the users of IT services, on a day-to-day basis. It is also a focal point for reporting incidents and making service requests. The Service Desk is in the direct firing line of any impact on the Service Level Agreements and as such needs rapid information flows.
6. Merge the web services for internet and intranet into one distinctive web publishing unit, having their specific objectives and their assigned staff, within the Information Management / Technology division. This guarantees a single point of contact for internal client for all web publishing activities.
7. Define clear job description for the OTC role across the Organization, and align their tasks and support processes within the help desk structure. As OTCs are often the first contact to IT service clients, it is important to embed them in the support process flow, so they can provide fundamental information about problems and issues. This first-hand information is crucial for problem analysis and improving the support service to the client.
8. Job rotation on a regular basis should be encouraged by HR policies and FAO culture as the close interaction between the functions and the CIO Division can be improved if staff can cross the line easily between these two organizational units. Nowadays, many employees can produce a skill set which encompasses both subject matter expertise and IT experience. Depending on their interests and focus it is often possible to be employed in both areas.

The recommendations about working methods for systems development and support following initial customer contact are as follows:

9. Standardized working methods for systems development, evolution, and support should include a variety of approaches. These would include Rapid Application Development with developers working physically alongside subject-matter teams (but kept informed by the CIO Division of developments elsewhere which may be leveraged, to avoid redundant development), and traditional development according to a specification of user requirements, and in this case part of the work may be performed offshore (see later recommendation). Other options may emerge in particular cases. Choice of the appropriate work-execution method would be made on a case-by-case basis by the CIO Division in close consultation with the relevant client.
10. Periodic progress reporting must be instituted, the nature of which will depend on client needs (which may be influenced by donor requirements in the case of extra-budgetary funded activity) and by the working methods adopted. This would normally be part of the responsibilities of the assigned CIO Division project manager, but the account manager would be kept informed and would act as the point of escalation in eventual cases of client dissatisfaction.
11. To the extent possible, standardized formats should be applied to both reporting to clients and to requests emanating from clients.
12. Periodic customer satisfaction surveys should be conducted by or for CIO Division, to ensure that its service becomes and remains aligned with client expectations (within the usual budgetary constraints).



### **2.7.2.3. IT governance in the organization should be strengthened**

In today's complex and constantly changing work environment, IT alignment to the business and IT governance is high on the agenda of management. Strategic planning based on the alignment of IT goals to functional goals is a key component in business/ IT alignment. It is important that an enterprise start with a clear view of its mission and a thorough definition of its supporting strategic and functional goals. This then needs to be translated into goals for the CIO Division, which are the basis for the IT strategy. Finally, the supporting IT processes must be carefully planned to translate the IT strategy into action. For these planning efforts, organizations may be looking for guidance to identify the set of important business goals and IT goals, and how they interrelate. This guidance will be provided by IT governance, which is defined by the IT Governance Institute (ITGI) as follows:

"IT Governance is the responsibility of the board of directors and executive management. It is an integral part of Enterprise Governance and consists of the leadership, organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategies and objectives."

Currently FAO is applying COBIT (Control Objectives for Information and Related Technology) as the framework for information technology governance. It is highly recommended to continue the use of COBIT key concepts and principles and in the term "use" is meant the move from a strategic perspective to an operational roadmap with emphasis on the 34 IT processes covered by COBIT. Only through the adoption and comprehensive implementation of COBIT can effective and efficient IT processes be achieved FAO should continue to use the COBIT IT governance framework to enforce IT governance.

The RBR recommends the immediate implementation of the "Proposed New Structure from the Governance of Knowledge Management Services" which was endorsed by the Waicent Committee WC/7 in November 2007, to allow operational experience with those governance structures to be acquired. The committees proposed by that document replace a larger number of existing committees, but they will need to establish their working methods and most importantly define a set of delegations to allow routine decisions to be taken by the Secretariats of the committees, or by the CIO Division, as appropriate. When the new structure of the Organization is agreed (which is to be effective 1 Jan. 2010), adjustments will be necessary in those arrangements (e.g. at their paragraph 50 which lists membership of the main committee) to reflect the new organizational entities. However, it is considered that no conceptual adjustment is required to those arrangements as a result of the changes to the Organizational structure. The implementation of this proposal provides the starting point for further IT governance steps.

The recommendations are as follows:

1. Implement the November 2007 IT governance proposals with immediate effect, to operate while the existing Organizational structure is in place and to allow operational experience with them to be acquired. Consideration: During 2009, they should be revised to take account of proposed revised Organizational structure for 2010-2011, but no substantive change is required
2. Align the IT strategy plan with the Organization's Strategic and Functional Objectives. Determine what has to be done in the Information Management / Technology division to meet these strategic objectives
3. Define a core portfolio of administrative and operational applications which will serve the needs of all functions and departments across FAO, including in decentralized offices.
4. Establish a transparent criteria-based prioritization process for all application development to ensure that administrative, operational and technical systems are in line with the Organization's Strategic and Functional Objectives.
5. Linking the budgeting process to a medium-long term strategy plan of the IT investments. The life cycle of software and applications covers 3-5 years so that it is important to define an IT strategy that provides visibility of resources over a two years period at minimum.



6. Participate in the discussions about Common Standards & Costing Working Group lead by the Chief Executives Board (CEB) of the United Nations system, and considering the adoption of the developed template to capture ICT related costs making them comparable between units in FAO and between other UN agencies.
7. Establish a chargeback model, i.e., the accounting mechanism for allocating central IT Costs to departments, offices, and extra-budgetary funded budget entities.
8. Establish an Investment Approval Process, in order to ensure that IT Investments generate significant returns to the company relative to alternative investment opportunities;
9. The IT resource planning has to start with the definition of medium-long term needs of the internal customers, going through the resource allocation based on the productivity, finally ending with the acquisition of NSHR or external consultants if extra capacity is required.
10. Set up an application inventory overview in order to get control of the fragmented application landscape within FAO. The Information Management/Technology division can only manage effectively what they know about. This low-effort task is the basis for significant future efficiency gains.
11. Involve the Information Management/Technology division in Project Task Force (PTF) in case there are relevant Information Technology aspects formulated in the project requests. Through this it is ensured that project requests with IT components can be evaluated from Information Technology point of view at an earlier stage of process which supports idea of re-use of software kernels.
12. Enforce project management processes for application development according to IT project methodology (e.g. Prince2) with focus on review points during the project phases, and thorough planning of resources for IT and function.

IEE Recommendation 8.12 (c) (paragraph 1360) specified that life-cycle costs of systems should be considered up-front. RBR considers that the same principle should be applied to the infrastructure upon which the systems operate, and that budgetary processes must ensure that there is adequate allowance made for sustainability of the IT infrastructure. For example application server maintenance, where the warranties for these servers after approximately 4 to 5 years run out of standard maintenance coverage and the future maintenance arrangements are unclear.

The recommendations are as follows:

13. Develop with PBE/AFF assistance an alternative funds-management method to cover the aspect of full software lifecycle costs
14. Establish SLA for software application maintenance, but also for hardware equipment (e.g. PC, printer, server). When hardware reaches its book life, its “owner” must strike an explicit SLA with the Information Management / Technology division, because it is not a zero-cost to the Information Management / Technology division for the equipment to continue in use. The network port could be released for other purposes, and for servers the backup tape count could be reduced, room space released etc...
15. Existing work by the current IT division to capture needs for information systems described by clients through PWB 2010-2011 process (which is starting) should be progressed.

In addition to ensure that the IT governance is adhered to, throughout the organization it is important to also have the means in place to enforce all the rules and policies of IT governance.

The recommendations are as follows:



16. Consider extending PEMS to assess individuals compliance to IT guidelines along with other Organizational guidelines
17. Include in the FAO Manual, a section on dealing with minimum requirements within IT, similar to what is already present for Procurement, Finance, and other functions. These requirements could for example then act as a basis upon which disciplinary sanctions could be applied. Issues, such as adhering to regulation relating to security guidelines, should be covered in the section – but the section in the Manual should be as brief as possible, with details and guidance contained in Intranet.

Beside all the above mentioned positive results of effective IT governance, it is particularly important for FAO to get control over the fragmentation of applications throughout the organization. There has never been a single clear view of all the applications which are currently in use or those that have been decommissioned across the entire organization. In future, it will be important to avoid redundant application development and ensure compatibility between systems where needed.

#### **2.7.2.4. IT Support Officers in Regional and Sub-Regional Offices**

*The IT Support Officers in Regional and Sub-Regional Offices should be maintained within the “one CIO” structure*

This would strengthen support capabilities from Headquarters and compliance through central procedures in the field. It is important to maintain and improve the control of resources and IT skills in the countries and the rules in order to avoid behaviors not compliant to FAO. Standardizing resources and procedures will support a better governance of the decentralized people.

This recommendation from RBR Stage 1 was followed up with care because it responds to a situation where the IEE report contains two contradictory recommendations, and a choice must be made as to which has precedence.

1. IEE Recommendation 6.20 (paragraph 1041) states “All Professional Staff in Regional Offices would report to the Regional Office and not to their headquarters divisions”.
2. IEE Recommendation 8.11 (paragraphs 1358/9) recommends “consolidation of all IT functions into one division” and then goes on to include in such functions “field, regional, and liaison office applications” and “user support group”.

This second IEE recommendation is more in line with the 2006 FAO Reform package CL 131/18 (paragraph 232) cited above.

The present situation is that the IT Officers (in Regional offices not covered by the FAO Reform process) and IT Support Officers (ITSOs: in Regional and Sub-regional offices which are within the ambit of FAO Reform) are for “Planning” purposes within KCT, but for “operational” purposes within the office in which they are physically located. This means that the salary for the post is within the budget of that office. On the other hand, the General Service staff who make up of the rest of the IT support unit in each office exist purely within the organizational structure and budget of the office concerned, although they are supervised by the relevant IT professional.

This split of responsibilities is recognized by the wording of the ITSO Position Descriptions which begins “Under the direct supervision and functional guidance of KCT and the day-to-day administrative supervision of the Sub-regional Coordinator (or for Regional offices, the Senior Administrative Officer, ASU), the Information Technology Support Officer (ITSO) will assume responsibility for the support of information technology and telecommunications activities of the office, in compliance with established policies and procedures to meet the requirements of the office.” The split is also recognized in the



recruitment process description issued by AFH, which for these posts is different from all other posts in specifying that KCT should chair the interviewing panel and present the case to the PSSC, and that Endorsement of the PSSC result is by the ADG of KC not by the Regional Representative.

The P-4 ITO incumbents in the non-Reformed Regional Offices have been in place for several years. On the other hand, the incumbents have taken up duty within 2009 for NPO-3 ITSO posts in Reformed ROs and N-2 ITSO posts in SROs, or are still in process of recruitment; therefore there is little experience in how well these “matrix” arrangements will work in practice.

The position description specifies that formally the responsibility of an ITO or ITSO is for support of users in that office – with no responsibilities for support of FAORs etc in other countries of the region or sub-region. In fact, the Manual Section describing what duties can be assigned to National Professional positions prevent that possibility. Each country office has or will have an Information Resource Clerk (IRC) G-4, but little or no professional IT help except from a locally-engaged contractor and from KCT and OCD in HQ, who work normal working weeks and do not have 24/7 coverage. It is obvious that for some offices in Asia-Pacific, and Latin America and Caribbean, this can impose delays in resolution of some problem types because of time-zone differences, but the same point also applies to offices (mostly in Near East) which work the Muslim working week Sunday-Thursday, if such a problem arises on a Sunday. As noted by IEE paragraph 1321, present arrangements do not provide a satisfactory and homogenous level of service and that redesign of IT support mechanisms in decentralized offices is required, with a focus on providing acceptable quality, timeliness, and consistency of support to FAORs. This will become even more important as more-complicated information systems such as Oracle ERP are rolled out to FAORs in compliance with various IPA projects.

The recommendations are as follows:

1. In order to maintain the accountability chain for the IT facilities of FAO, and in recognition of the real-time operational role of the ITO/ITSO regarding those facilities, RBR confirms the Stage 1 recommendation that the reporting line of the ITO/ITSO should be to the CIO Division, and not to the Regional or Sub-regional location in which the position is physically located.
2. The CIO Division must fund and implement a proper induction and maintenance-training program for the decentralized ITO/ITSO staff, and this must include periodic visits to Headquarters so that the decentralized CIO Division staff build and maintain relationships with colleagues to supplement formal systems for information flow and problem solving.
3. The CIO Division must implement in practice what is already foreseen, i.e. a Service Management approach within the ITIL methodology, focusing on Service Level Agreements between it and the Regional and Sub-Regional Office managements, to clarify rights and responsibilities of both parties, especially funding arrangements for the tools and equipment required in the RO/SRO to permit effective discharge of CIO Division responsibilities.
4. First-line professional-level support for the FAOR offices should be provided by an outposted member of CIO Division in the Regional office in those Regions where the FAOR reports directly to the ADG/Regional Representative, and by an outposted member of CIO Division in the Sub-regional Office in those Regions where the FAORs report to the Sub-Regional Coordinator. (It is understood that Europe is an example of the first arrangement and Africa an example of the second). This should be done by reconsideration of the types of duties which can be assigned to a National Professional Officer, to include duties outside his/her country of residence, in conjunction with ICSC. Should this not be feasible, consideration should be given to converting the National Professional Officer ITSO posts at Regional Offices to International Professionals of similar status, i.e. N-3 to P-4 which would lead to cost implications (estimated USD 300'000 per annum).

## 2.7.2.5. Information Management Process

Information Management Process throughout FAO should be developed, managed, and facilitated through consolidation of administrative and technical information management into “one CIO”

FAO is a knowledge organization; consequently the role of Knowledge Management to organize and access the Organization’s intellectual assets is crucial for executing its mandate.

Aside from Knowledge Management, there are also the disciplines of Information Management and Information System Management which are relevant for FAO, so it is important that the organization has a clear understanding of the roles and responsibilities of these areas. Only by understanding these differences can the organization be capable of organizing itself to exploit their full capabilities.

Definition of Knowledge Management – Information Management – Information Systems Management

Table 2-15: Terminology and definitions

Terminology	Definition
Information System Management (IS)	“Information system management (or computer-based information system) refers to the specific application software that is used to store data records in a computer system and automates some of the information-processing activities of the organization” (Wikipedia)
Information Management (IM)	“Information management (IM) is the collection and management of information from one or more sources and the distribution of that information to one or more audiences. This sometimes involves those who have a stake in, or a right to that information. Management means the organization of and control over the structure, processing and delivery of information” (Wikipedia)
Knowledge Management (KM)	“Knowledge Management (KM) comprises a range of practices used in an organization to identify, create, represent, distribute and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organizational processes or practice. KM efforts typically focus on organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, and continuous improvement of the organization. KM efforts overlap with Organizational Learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge” (Wikipedia)

Another way to better understand these disciplines is by showing the interaction between these areas:

- Information System Management enables Information Management to collect structure, store and retrieve the information with the help of applications/systems.
- Information Management enables Knowledge Management to create knowledge from structured information and share this knowledge
  - IM limits its scope to information assets, which are explicit — that is, digitized or captured in some way.
  - Knowledge management includes explicit, implicit and tacit knowledge of people. In a knowledge management program, you are considering both tacit and explicit intellectual assets, which are a superset of information assets

- Information System Management enables Knowledge Management to share this knowledge via system technology. Information systems enhance knowledge processes and support knowledge workers in several ways:
  - Ready access to organized information
  - Better communications and interaction with fellow knowledge workers (either individually or in groups)
  - Access to personal knowledge support tools (such as cognitive mapping tools)
  - Use of specific point solutions (e.g. risk analysis in lending)
  - Group decision support systems that facilitate decision making processes.

*The organizational question about Knowledge Management – Information Management – Information Systems Management*

Knowledge Management, Information Management, and Information System Management are closely linked. It is often impossible to locate Information Management in a single organizational entity, as it is a chain that entails a range of different and complementary disciplines, normally spread across substantive (e.g. knowledge) and service departments. In order to clarify the activities/task between Knowledge Management and provision of IT services, the following table shows the different tasks for role and function.

*Table 2-16: Tasks for role and function*

<b>Role</b> <b>Function</b>	<b>Knowledge workers</b>	<b>Communication and advocacy experts</b>	<b>Information Managers</b>	<b>Information Systems and Technology experts</b>
Information Management	<ul style="list-style-type: none"> <li>▶ Generate information through knowledge</li> </ul>	<ul style="list-style-type: none"> <li>▶ Provide guidelines, graphical and editorial services to package and convey information to relevant audiences</li> </ul>	<ul style="list-style-type: none"> <li>▶ Provide guidelines, information substantive framework (e.g. common terms and categories) to organize and relate information across the organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Provide needed tools, information systems and technology, e.g. to enable the storing and retrieving of information generated and used by the other three roles</li> </ul>
Knowledge Management	<ul style="list-style-type: none"> <li>▶ Learns and experiences in a proper work environment facilitated by Knowledge Managers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Facilitates formulation and delivery of KM messages and initiatives to be promoted within the organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Participate in the Knowledge management initiatives to adapt information frameworks to receive new knowledge</li> </ul>	<ul style="list-style-type: none"> <li>▶ Provides needed tools, information systems and technology, e.g. to support knowledge workers and communication in the work environment</li> </ul>

As regards Knowledge Management and Information Systems the responsibilities can be clearly assigned in the FAO organizational structure. Within FAO all Knowledge Management activities about the substantive work of the Organization will be under the responsibility of the DDG Knowledge and all Information Systems activities will be performed by the Information Management / Technology division, consequently under the responsibility of the DDG Operations.

### Information Management and Enterprise Information Management

The ultimate goal of Information Management is to ensure that information is stored and retrievable while the ultimate purpose of Knowledge Management is to share knowledge also with stakeholders outside FAO. Information Management does not really focus on information sharing and is more oriented toward the control, preservation, and retention of information.

In the past the role of Information Management has been performed in different departments on different levels across FAO which has lead to information silos. As Information and the structuring of information are essential for a knowledge organization, the RBR recommends establishing Enterprise Information Management (EIM) which has a broader holistic view of Information Management.

*Definition: Enterprise Information Management (EIM) is an integrative discipline for structuring, describing and governing information assets, regardless of organizational and technological boundaries, to improve operational efficiency, promote transparency and enable business insight. (Gartner)*

The definition already highlights the benefits of this holistic organization-wide approach for

- Combining technology, knowledge workers and organizational disciplines to exploit information as a strategic asset and to overcome existing information "silos".
- Eliminating redundancy in data and processes
- Enabling the lineage of information assets across the applications portfolio and establishes the common information infrastructure required to management information systems.

Information Managers are working in administrative or technical departments as they have the specific knowledge in their area about the information categories and information structure. Nevertheless it is important for Enterprise Information Management to be a cross-departmental function required to manage and facilitate the different information on an organization-wide level. The RBR recommends that Information Management should be developed, managed, and facilitated through the Information Management / Technology division, as this unit provides a central view on information and information systems at the same time.

The system Briefs Online is an example which proves that information management needs to be carried out centrally across the organization and not dispersed across the individual departments This system incorporates information from administrative, operational and technical systems.

The recommendations are as follows.

1. Establish a central Information Management unit which develops, manages and facilitates the Information across FAO. As the structure of Information is closely linked with Information Systems, the RBR recommends that this unit should be located in the Information Management / Technology division. The ownership of the content remains under the responsibility of the Departments or Offices (therefore responsibility for data update also remains with them). The Information Management unit has the technical responsibility on data management and content storage and retrieving. Business knowledge and knowledge policy responsibilities are not included under the Information Management / Technology division responsibilities. This unit will work close with the Office of Knowledge Exchange, Research and Extension to support their Knowledge Sharing activities.

### **2.7.2.6. Support services and software development delivered in Bangkok (OSDSC)**

#### **Increase the range of support services and software development delivered from KCT offshore centre in Bangkok**

KCT is using currently OSDSC as an offshore center to perform application development and support activities. Considering the cost advantage of areas like Bangkok it would be negligent for FAO not to exploit this cost saving opportunity.

The recommendations are as follows.

1. Responsibilities and processes off-shored to the office in Bangkok should be improved and clarified. Appropriate skill management and retention processes must be implemented in order to deliver effective services in a sustainable way. The off shoring of IT services has to be evaluated according to a strong IT skill Management. In order to further develop Bangkok, it is crucial to review the typology of the decentralized services, considering the difficulty of acquiring specific skill set and of dealing with the customers. Based on those two variables the IT services portfolio in Bangkok has to be analyzed along with the overall IT strategic plan.
2. The CIO Division should explore with Human Resources the use of additional staffing modalities to supplement PSA staffing (e.g. National Project Personnel), in order to broaden the scope of activities which could validly be undertaken within OSDSC while retaining its cost advantages

Observations:

1. The key point is “offshore” rather than “Bangkok” – therefore, if for any reason another location becomes more suitable (e.g. civil unrest imperiling employee safety), there should not be reluctance to relocate the offshore centre, after a balanced discussion of pros and cons of alternative locations.
2. An offshore location is not likely to be suitable for urgent/immediate interventions. Therefore, if activities are offshore which include a fraction of such rapid-response requirements, some capability and capacity must remain in place in HQ even if (say) 80% of the routine actions are off shored.
3. The method of providing human resources in the offshore location should be consistent with the type of work performed there, e.g. ongoing work with high continuity requirement should not be assigned mainly to NSHR who are necessarily volatile.

### **2.7.3. Options**

As requested in the Management Response, the RBR has put forward alternative recommendations to those originally proposed in Stage 1. These options have been developed where strong concerns have been expressed by the consulted parties during the consultation workshops.

#### **2.7.3.1. Scope of “one CIO”**

RBR Stage 1 suggested that the responsibility for all information systems should fall under the “one CIO”. During the consultation meetings concerns have been raised by the Technical Department that the “one CIO” would not be able to fulfill their needs regarding Technical application development. Instead of centralizing IT, many of them considered that it would be preferable to enforce stronger IT governance in order to get better control of the vast and dispersed application portfolio within FAO.



The discarded options, as outlined above, are:

- A. Split the responsibility for information systems. “One CIO” would be responsible for administration and operational systems, in contrast all technical systems remain under the responsibility of the respective Technical department.

Foremost the enforcement of strong IT governance and control in IT spending is much easier and effective through one single IT unit. A partition of responsibility and organizational entity for application development does not allow gaining IT cost savings through economies of scale, and synergies.

- B. Consolidate into “One CIO” all OTCs in HQ. “One CIO” would be responsible for first-line support in all divisions of HQ.

The main reason for rejection of this option is that while some of the OTCs are full-time or formal-part-of-position duties, many of them are not, instead performing OTC roles under “other duties as directed”, in conjunction with other duties which are unquestionably within the scope of their present division. The complexity of determining what resource base should be transferred to the Information Management and Technology division argues against this approach, and in favor of continuing with a federated model of user support, within an improved governance framework for the roles and responsibilities of the OTCs.

- C. Consolidate into “One CIO” the GS staff in IT units in Regional and Sub-Regional Offices and IRCs in Country and liaison offices. “One CIO” would be responsible for first-line user support in all offices of FAO world-wide.

The main reason for rejection of this option as applied to the Regional and Subregional offices, despite the recommendation that the ITO/ITSO should be in CIO Division, is the perceived difficulty of having a whole unit in each such office which does not report to the local Manager. In relation to the IRCs, the same argument applies, and additionally it is recognized that their duties while largely related to functions of CIO Division, do include two other heads of duty with different HQ correlate divisions.

- D. Have “One CIO” procure and own all client-side IT equipment (alternatively, all *standard* client-side equipment) in HQ and/or decentralized offices, and lease it out to using divisions on a cost-recovery basis

This modality for procurement of such equipment is used by IFAD and WFP. It is rejected for FAO by RBR mainly because the necessary unified budgetary approach does not yet exist, though its adoption is recommended elsewhere in this report and in IPA activities. It is suggested that this option be reconsidered by FAO in 2 years, when there has been some degree of experience with revised financial approaches.

Adopting it would imply that divisions would need to identify in their allotments the resources necessary for such equipment rather than meeting such needs with opportunistic savings, and that there would be less flexibility in timing of purchases to suit funds availability year-on-year. There are likely to be some transactional savings to FAO as a result of issuing fewer but larger Purchase Orders, and in avoiding the procurement workload peak (currently 70% of PCs bought by FAO are bought in the 4th quarter of each year), but it would be difficult to quantify and harness these in any way. There may be additional savings due to more effective hardware-investment decisions, but granted the relatively low unit cost of this hardware (a PC costs less than an office desk), these are unlikely to be significant.



### **2.7.3.2. Information Technology Officers in Headquarters**

In 2006, the FAO Reform paper CL 131/18 mandated consolidating the existing Information Technology Officers (ITOs) into KCT, and three of the four surviving posts were moved from 2007. The IEE, however, recommended (paragraph 1359) that ITOs should be re-established in each Department, which would mean an increase in their numbers. During discussion with Member Nations in 2008, the Secretariat suggested as a compromise position that there be one ITO per Deputy Director-General, and this suggestion was favorably commented on by the Council Committee on IEE follow-up, and was also articulated in RBR Stage 1 (under the “improve client interface” recommendation). These are essentially the alternatives to the Focal Point described above.

During the consultation process in RBR Stage 2, there was clear consensus that the duties of the “ITO” needed to be radically updated to focus more on Knowledge Management and Information Management. The view was also expressed by clients that locating such a position in the office of each DDG would guarantee that the occupant would be unable to make a significant contribution about the work of any particular department, because it would be too high-level. Each department would need to provide a focal point for that person to interact with (and a very diverse department like Agriculture might need more than one).

The RBR’s view is that the CIO Division should perform all systems development and support in FAO, to specifications from or in partnership with subject-matter specialists. Therefore, a situation where IT resources are independently available to Departments risks to continue the existing fragmentation, because there is quite likely not enough specification and requirements work in any given department to make a full-time job, and the risk is that the new ITOs would start doing systems as distinct from defining them.

Therefore, RBR Stage 2 has suggested instead of ITOs that there be subject-matter focal points (IT focal points), who are practitioners in the relevant technical area but devote a fraction of their time to the focal-point role (whatever fraction is needed), as primary points of interface with the Account Manager from CIO Division.

### **2.7.3.3. Organizational affiliation of the IT professionals in decentralized offices**

RBR recommends that the ITOs and ITSOs in Regional Offices and Sub Regional should be full members of the CIO Division, including that the funding should be provided with the CIO Division for their salaries and on-costs, in full compliance with the approach of the FAO Reform paper CL 131/18 and IEE Recommendation 8.11.

The discarded options, as outlined above, are:

- A. the exact opposite approach, which would conform with IEE recommendation 6.20; and
- B. the status quo where they are for “planning” in KCT and “operational” purposes in the Office in which physically located.

Neither of these maintains with the CIO Division the clear and explicit accountability for the IT infrastructure and its operational integrity. The concerns of the Regional and Subregional Offices that the CIO Division person will not meet their needs for service should be addressed by SLA and other mechanisms under the recommendation for “Improved customer interface” rather by structural adjustments. However, if FAO decide to take one of these options considered by the RBR to be less desirable than the recommended approach, (B) is less undesirable than (A) because it continues to give the CIO Division a strong-enough voice in the technical pattern of work of the individuals concerned.



#### **2.7.3.4. Provision of service to FAOR offices without IT onsite professional**

RBR recommends that the primary method of delivery of CIO Division services to the FAORs should be via the outposted officer in the Region or Subregion, and accepts the implication that this is only feasible if changes can be made in the description in the FAO Manual of the role of an NPO – otherwise, in the interest of cost-containment for replacement of National Professionals with international professionals, it should be done always from the Regional Office by an International Professional.

The options which were considered and discarded were:

- A. to make no changes to current support arrangements. This was rejected because it has already been noted by the IEE that they are inadequate now, and they will become even more unfit for purpose as more-complex applications are rolled out to FAORs, as is foreseen by IEE, IPA, and by other Workstreams in RBR;
- B. to recommend creation of an NPO-1 IT support post in every FAOR. This was rejected as a universal approach principally for reasons of cost, but also because in smaller offices there may simply not be enough professional work to be done of a variety which should be done in an FAOR. However, this approach may be valid in selected countries where the FAO presence (both RP and EB funded) is large, and/or the operating environment is difficult.

#### **2.7.4. Transition map**

The transition maps show a timeline and phases for implementing the following recommendations:

- 1. IT responsibilities and IT functions should be consolidated into “one CIO”
- 2. IT governance in the organization should be strengthened
- 3. Increase the range of support services and software development delivered from KCT offshore centre in Bangkok

##### *IT responsibilities and functions should be consolidated into one CIO*

The RBR is convinced that IT centralization provides cost savings, but is also aware that parts of the recommendation, in particular those with organizational and process change implications, will face possible barriers in some areas of the organization.

The move towards a “one CIO” structure does not mean just moving software and hardware around. It is also about establishing trust, communication channels, relationships, organizational structure and processes. All these tasks in combination with the lack of trust in the current IT division unit require a well-designed phased transition to the “one CIO”. Therefore a two-phase approach has been chosen. During the first phase (until 1Q2010) the CIO Division will consolidate administration and operational applications, whereas in the second phase (until 1Q2011) the consolidation of technical systems will complete the IT consolidation. In the first phase the future internal-structure design of the CIO Division will be defined and the new CIO Division will have to regain lost trust by the Technical departments.

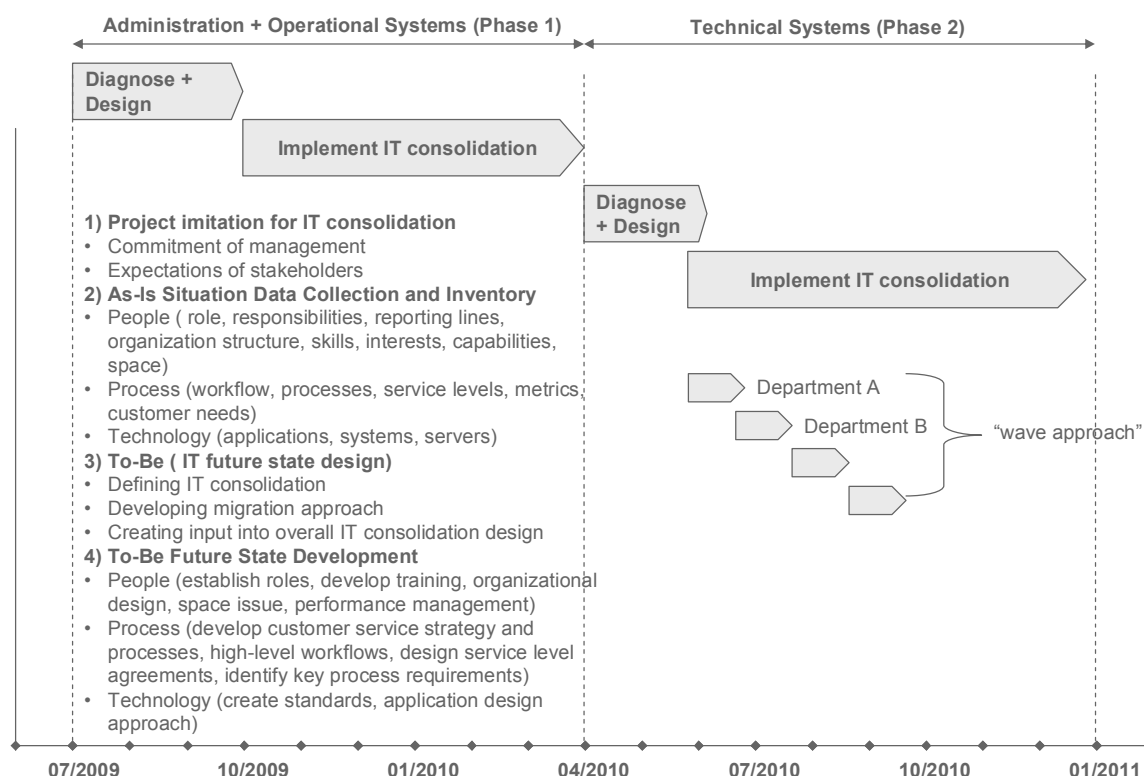


Figure 2-20: Transition Map - IT consolidation

IT governance in the organization should be strengthened

The RBR recommends implementing the proposal concerning the "Proposed New Structure from the Governance of Knowledge Management Services" from 2007, as soon as possible. In addition, FAO should set up an IT Governance project to ensure that the IT governance approach is complete and not only partly or "half-hearted" implemented. The framework for this IT governance will be COBIT. During this project existing IT governance elements will be identified, reviewed against IT governance objectives and adopted if required.

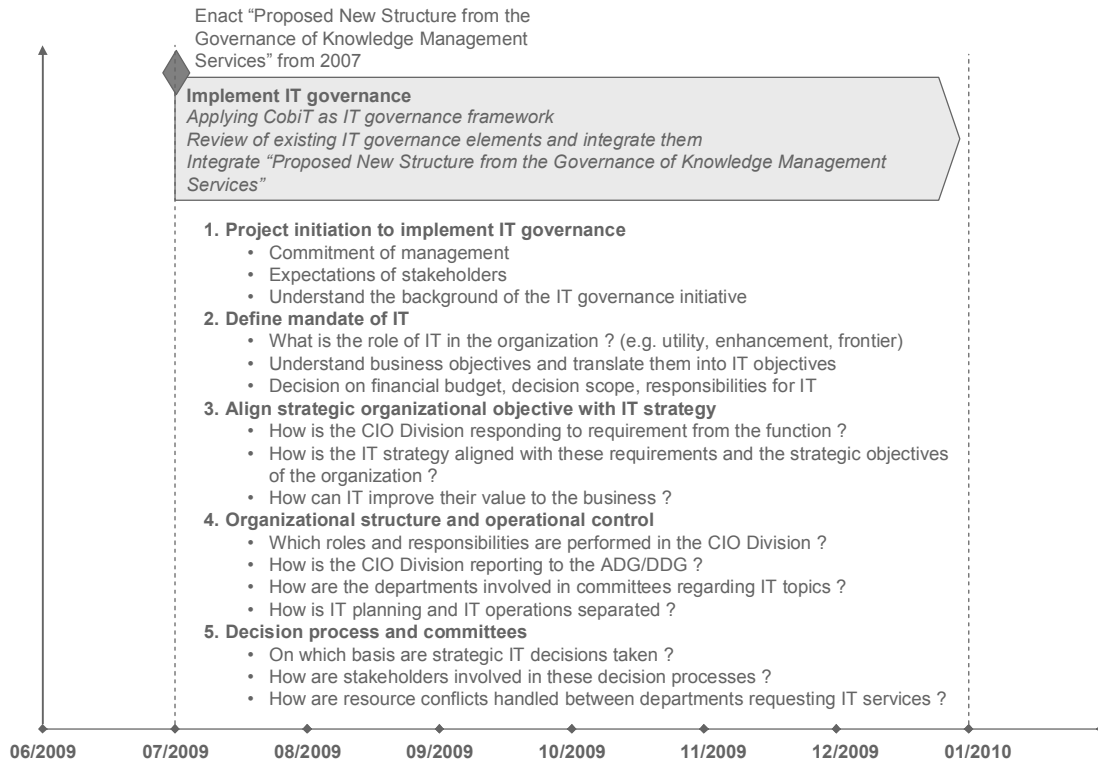


Figure 2-21: Transition Map - IT Governance

**Increase the range of support services and software development delivered from KCT offshore centre in Bangkok**

The current facility and availability of IT skilled resources in Bangkok give FAO the possibility to provide IT services in a more cost-efficient way. Therefore it is essential for organization with application development and support activities to review on a continuous basis if parts of these activities can be transferred to low-cost areas. The RBR recommends that these reviews are carried out every two years in line with the FAO biennium budgeting process.

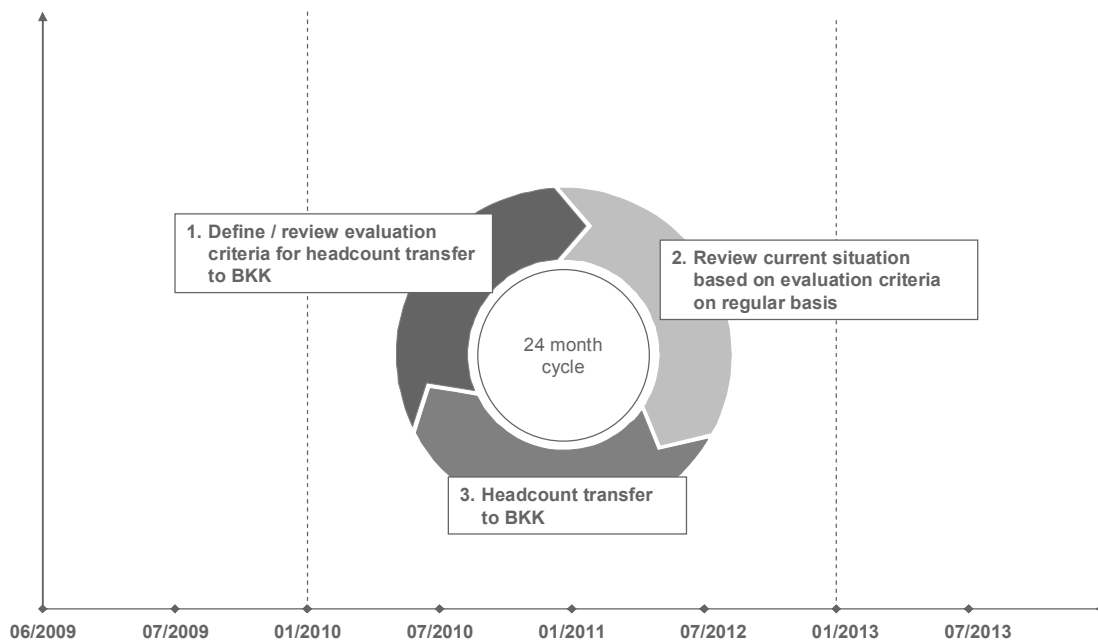


Figure 2-22: Transition Map - Headcount transfer to BKK

## 2.7.5. Costs & savings

In the following chapter the cost & savings regarding the recommendations are described with the respective underlying calculation basis.

Recommendations:

1. IT responsibilities and functions should be consolidated into one CIO
2. IT governance in the organization should be strengthened
3. Increase the range of support services and software development delivered from KCT offshore centre in Bangkok

### Current IT situation

Currently IT services are spread throughout the whole organization, e.g. application development activities in technical departments, IT support in departments and decentralized offices. In order to get a clear picture of cost & savings for the recommendation about IT consolidation, it is important to have a common baseline. This cost baseline includes all the IT services which should be provided by the Information Management/ Technology division with view on current FTE and costs.

Table 2-17: Current IT situation

Department	Contract type	# total (FTE)	Cost <sup>15</sup> / year [ USD]
KC	Staff	110 <sup>16</sup>	13'620'000
KC	NSHR / work orders	92 <sup>17</sup>	7'980'000
KC	Vacant position <sup>18</sup>	16	0
Other department	Staff	6 <sup>19</sup>	1'140'000
Other department	NSHR	127 <sup>20</sup>	8'840'000
Other department	staff (OTC,ITO, deployment)	47,5 <sup>21</sup>	3'100'000 <sup>22</sup>
Decentralized Offices	staff (ITO,IRC, IT clerk)	90 <sup>7</sup>	3'750'000 <sup>23</sup>
		<b>488,5</b>	<b>38'430'000</b>

Not included are the following types of IT activities:

- External contracts for software development
- Letter of agreement and memorandum of understanding for software development

### IT responsibilities and functions should be consolidated in one CIO

A key measure of IT support to a business is the percentage of IT employees in an organization compared to the total number of employees. According to a 2008 Gartner survey<sup>24</sup> about IT staffing, this ratio came to 1:18 for Organizations from the state, local and federal government as well as government-

<sup>15</sup> Pires rates based on different levels and NSHR on Financial Management Food and Agriculture Organization (FAO) Monthly Consultant Cost Worksheet

<sup>16</sup> Including KCT and KCEW

<sup>17</sup> Including NSHR (KCT, KCEW) and work order from the Consultant Information System (CIS), date of 31/12/2008

<sup>18</sup> The standard cost of vacant positions (USD x – to be calculated) has not been included, because it is assumed that those funds are used to provide NSHR whose terms of reference cover the duties of the vacant positions. Similarly, the count of FTE involved in IT does not include the vacant positions, because it is assumed that each such vacancy is covered by NSHR, and if a position is filled, one NSHR would be relinquished.

<sup>19</sup> Including Information System Specialist outside KC division

<sup>20</sup> Including NSHR not part of KC with specialty "Computer information systems specialists, date of 31/12/2008"

<sup>21</sup> Considering non full-time OTC, IRC etc. through FTE calculation

<sup>22</sup> See Annex M for details on costs calculation

<sup>23</sup> See Annex L for details on costs calculation

<sup>24</sup> IT Spending and Staffing Report, 2009



affiliated. The current rate for FAO amounts to a ratio of 1:14. It is important to note that FAO due to its nature as a knowledge organization and decentralized organization structure, resulting in need for on-site IT support in many decentralized locations, does require more IT personnel than standard national government organizations. The RBR notes that benchmark survey always contains elements of inaccuracy due to diverse potential interpretations but they also give a first indication and could lead to further analysis.

The following saving calculation is based on the consolidation of IT activities into the Information CIO Division. Economics of scale are the main factor for the headcount reduction resulting in a future ratio of 1:16.

#### Cost saving activities:

Headcount reduction (FTE) through...

- ▶ efficient employment of resources in application development
- ▶ streamlined application support structure
- ▶ leverage enterprise-wide competencies

This headcount reduction is only based on resource optimization through bundling into one unit and not through reduction of redundant application development.

#### Cost implication

- ▶ implementation cost for transition (e.g. transfer of responsibility of systems, people and processes, establish communication and relationships)

As IT consolidation is confined to Headquarters, the focus on the following savings calculation is also confined to Headquarters. During the transition phase in 2009 no savings will be made. According to general experiences a 5% headcount reduction of NSHR at headquarters is realistic for 2010 and a headcount reduction of 10% in 2011, due to economies of scale and synergy of resources. This headcount reduction takes into consideration that among these 202, some NSHR provide skill sets which cannot be leveraged and are reduced during an IT consolidation (e.g. mainly in the infrastructure area). At the end of 2010 the IT consolidation should be completed.

In addition to the expected efficiencies in NSHR use such that the same outputs could be delivered with a reduced level of resource, it is expected that there may be some synergies within the CIO Division by comparison with the present situation which could be reflected in staff counts. However, in order to achieve the desired improvement in Information Management across a wider scope of FAO information than is presently covered, the staff effort required will undoubtedly increase – consequently no change to staffing levels is proposed.

OTCs and staff in the Decentralized offices are not part of the IT consolidation in Headquarter, therefore no tangible savings are considered. However the proposed improvements in the processes which they use should lead to a measurable improvement in their effectiveness at delivering the user support services, hence in users' ability to contribute to Strategic and Functional Objectives.

The transition cost for the IT consolidation project amount to USD 200'000 containing fees for external organization-design experts.

Table 2-18: Costs & Savings 1

Department	# total (FTE)	Cost <sup>25</sup> / year [USD]	Saving 2009 [USD]	Saving 2010 [USD]	Saving 2011 [USD]	Saving 2012 [USD]
CIO Division (staff, HQ)	116	14'760'000				
CIO Division (NSHR, work orders HQ)	202 <sup>26</sup>	16'250'000		812' 500	1'625'000	
CIO Division (NSHR, outside HQ)	17	570'000				
<b>Cost implication</b>			-100'000	-100'000		
<b>Total saving (net)</b>			<b>- 100'000</b>	<b>712'500</b>	<b>1'625'000</b>	

IT governance in the organization should be strengthened

In particular the FAO situation where application development has been performed in a more or less uncoordinated way throughout different departments provides significant efficiency gains in this area.

Cost savings activities

- ▶ reduction of duplication of applications
- ▶ reuse of existing applications
- ▶ exploitation of functionalities with current applications

Cost Implications:

- ▶ implementation of the “Proposed New Structure for the Governance of Knowledge Management Services”
- ▶ system harmonization cost

This calculation is based on the total IT spending on application development and support across FAO in the 08/09 biennium. The RBR has requested these figures - IT costs for application development and support -from each department (see Annex K). The RBR is aware of the difficulties for Technical Departments in segregating pure IT application development and support costs from subject-matter Knowledge Management activities. Nevertheless the provided figures give an indication as to the opportunities where savings can be made. In order to get an initial perception of the potential savings that could be made, an analysis of all applications has been performed.

Preliminary results of the analysis have shown that, in the first year it is unlikely that savings could be achieved, however, thereafter an overall saving of 20% in the costs of new development and 35% in the costs of support and maintenance could be obtained. (See Annex J) As this analysis is very high-level, the RBR recommends that a more detailed analysis of the current application landscape within FAO is carried out. Nonetheless a conservative estimation would expect that savings of at least 10% can be achieved when application development and support have been centralized.

In the following table annual savings have been calculated, with emphasis on capital expenditure (reduced saving percentage of 5% due to stricter approval process), regular program budget and extra-budgetary resources. These calculations also show the cost implication for this recommendation. The cost implications encompass costs for implementing IT governance and costs for harmonizing systems.

<sup>25</sup> Pires rates based on different levels and NSHR on Financial Management Food and Agriculture Organization (FAO) Monthly Consultant Cost Worksheet.

<sup>26</sup> CIO Division (NSHR, work orders HQ) excluding NSHR in BKK.

Table 2-19: Costs &amp; Savings 2

IT spending on application development/ year		Saving 2009 [USD]	Saving 2010 [USD]	Saving 2011 [USD]	Saving 2012 [USD]
Capital Expenditure (Chapter 8 <sup>27</sup> )	2'990'000		149'500	149'500	
Regular Budget	1'170'000		117'000	117'000	
Extra Budget	674'000		67'400	67'400	
IT spending on application support / year					
Capital Expenditure (Chapter 8)					
Regular Budget	3'170'000		317'000	317'000	
Extra Budget	514'000		51'400	51'400	
Cost Implication					
Implementation of IT Governance structure		-100'000			
Harmonization of systems (per year)			-200'000	-200'000	
<b>Total saving (net)</b>		<b>-100'000</b>	<b>502'300</b>	<b>502'300</b>	

#### Dependencies:

Theoretically the enforcement of IT governance can be done independently from the recommendations of “one CIO”. Practically it is much easier to imply and control IT governance if IT activities are consolidated into one unit.

#### Increase the range of support services and software development delivered from KCT offshore centre in Bangkok

It is important for FAO to review on a regular basis the possibility to transfer IT activities to a low cost location. It is self-evident that careful and appropriate selection of these activities is required.

The savings related to NSHR as part of 2008-09 PWB have already been harvested.

In the current case, the calculation is based on a saving of USD 33'000/ per NSHR transfer per year from the HQ in Rome to Bangkok. But it can also be assumed that this cost difference would also be valid for other low cost locations, if a move from Bangkok were to become desirable. An estimated headcount transfer of 10 NSHR based on the total number of 172 NSHR in 2011 to low cost locations in 2011 onwards is achievable.

<sup>27</sup> The Capital Expenditure Facility was established by Conference Resolution 10/2003 First implemented in the 2006-07 biennium. Its purpose is to provide financing for major items of a capital nature. Unlike other regular program funds, unspent CapEx funds can be carried over into the next biennium, under Financial Regulation 6.11.

Table 2-20: Costs &amp; Savings 3

# of headcount transfer	saving per NSHR headcount transfer/ year	Saving 2009 [USD]	Saving 2010 [USD]	Saving 2011 [USD]	Saving 2012 [USD]
10	33'000			330'000	
<b>Cost Implication</b>					
On board training				-25'000	
<b>Total saving (net)</b>				<b>305'000</b>	

#### Dependencies:

The consolidation of IT function support the opportunities to transfer IT activities to Bangkok. The more IT activities are bundled into the “one CIO”, the higher the possibility of transferring substantial headcount numbers of IT works to Bangkok. However, the present accommodation has a finite capacity and the 10 headcount described here almost exhausts it. Further such transfers would require investment in fit-out of larger accommodation for OSDSC.

In the following table the total savings are consolidated on a biennium basis.

Table 2-21: Total savings

Recommendation	Saving 2009 [USD]	Saving Biennium 10/11 [USD]
IT responsibilities and functions should be consolidated into one CIO	- 100'000	2'337'000
IT governance in the organization should be strengthen	- 100'000	1'005'000
Increase the range of support services and software development delivered from KCT offshore centre in Bangkok		305'000
<b>Total saving (net)</b>	<b>- 200'000</b>	<b>3'647'000</b>

## 2.7.6. Final recommendations

The following table gives an overview of all the recommendation made in the previous chapter.

Table 2-22: Final recommendations

#	Description
<b>1</b>	<b>IT responsibilities and IT functions should be consolidated into “one CIO” Division to improve IT services delivery effectiveness</b>
1.1	Establish a CIO Division responsible and accountable to deliver the above indicated IT services to the entire organization, in particular to provide application development and application support for all FAO systems. During the IT consolidation project it is important to design the internal organizational structure of the new CIO Division in a way that the IT services will be provided to the clients’ needs in an effective and efficient manner. Although largely made up of staff and resources from KCT, KCEW, and the (proposed) Programmed Management function in AF which would succeed the AACU, the resulting CIO Division structurally would be neither the existing KCT with additions, nor the existing KCEW with additions, but will draw from both, and additionally from other elements around FAO where IT work is now performed.
<b>2</b>	<b>Customer interaction process should be improved and standardized</b>
2.1	Strengthen processes, procedures and Service Level Agreements (SLA) to deal with IT service client requests. An SLA is essential in any organization so that the level of IT Service needed to support the strategic objectives of the organization can be determined, and monitoring can be instigated to identify whether the required service levels are being achieved – and if not, why not. Service Level Agreements, which are managed through the SLM process, provide specific targets against which the performance of the Information Management / Technology division can be judged.
2.2	Establish a clear account management structure within the Information Management / Technology division whereby each account manager supports pro-actively their assigned IT client respective departments/offices. The terms of reference for this account manager role are as follows: <ul style="list-style-type: none"> <li>collaborate closely with the technical and other department and initiates meetings on regular basis on IT matters with his accounts/clients;</li> <li>oversee and further develop, in close collaboration with function the IT services servicing the department;</li> <li>identify needs and opportunities and advice on improvement of the information technology, information management and office automation infrastructure and support services, including workflows related to travel, meetings, publications, etc.;</li> <li>provide advice and support to departmental units on all issues related to IT, assist in the formulation of IT projects, in close consultation with the IT focal point in the department;</li> <li>in close collaboration with departmental communication/publication officer, assist in the up-keep, further development and promotion of the departmental internet and web publishing and assist the departments in the technical aspects of their web publishing;</li> <li>promote in general, better sharing, communication of, and exchange of knowledge and information, between CIO Division and departments, and investigate pro-actively in emerging technologies and approaches and assess their suitability in improving/enhancing the technical work of the Department;</li> <li>organize and leads inter-departmental working groups related to Information Management and Information Technology.</li> </ul>

#	Description
2.3	Establish the Administrative Systems Program Management (ASPM) as a distinct function within the Information Management / Technology division with specific objectives and duties and designated resources. The head of the ASPM unit acts as the account manager for the administration and operational systems.
2.4	<p>Establish an IT focal point in each department who is a subject matter expert with strong affinity to IT who provides the functional knowledge in discussion with the Account Manager of the Information Management / Technology division. The terms of reference for this IT focal point are as follows:</p> <ul style="list-style-type: none"> <li>provide support to the department, coordinate the work of divisional OTC's, advise and monitor all support provided by the central help-desk through Service Level Reporting methods;</li> <li>communicate problems, gaps and opportunities related to IT solutions used/developed within the department and advise the account manager.</li> </ul>
2.5	Guarantee one single point of contact for Help Desk issues. Emphasis needs to be put on improving the reactive Customer Interaction Process via the Help desk. The Service Desk is the single point of contact between the IT department and the users of IT services, on a day-to-day basis. It is also a focal point for reporting incidents and making service requests. The Service Desk is in the direct firing line of any impact on the Service Level Agreements and as such needs rapid information flows.
2.6	Merge the web services for internet and intranet into one distinctive web publishing unit, having their specific objectives and their assigned staff, within the Information Management / Technology division. This guarantees a single point of contact for internal client for all web publishing activities.
2.7	Define clear job description for the OTC role across the Organization, and align their tasks and support processes within the help desk structure. As OTCs are often the first contact to IT service clients, it is important to embed them in the support process flow, so they can provide fundamental information about problems and issues. This first-hand information is crucial for problem analysis and improving the support service to the client.
2.8	Job rotation on a regular basis should be encouraged by HR policies and FAO culture as the close interaction between the functions and the CIO Division can be improved if staff can cross the line easily between these two organizational units. Nowadays, many employees can produce a skill set which encompasses both subject matter expertise and IT experience. Depending on their interests and focus it is often possible to be employed in both areas. <sup>28</sup>
2.9	Standardized working methods for systems development, evolution, and support should include a variety of approaches. These would include Rapid Application Development with developers working physically alongside subject-matter teams (but kept informed by CIO Division of developments elsewhere which may be leveraged, to avoid redundant development), and traditional development according to a specification of user requirements, and in this case part of the work may be performed offshore (see later recommendation). Other options may emerge in particular cases. Choice of the appropriate work-execution method would be made on a case-by-case basis by the CIO division in close consultation with the relevant client.

<sup>28</sup> See chapter HR processes in HR Workstream

#	Description
2.10	Periodic progress reporting must be instituted, the nature of which will depend on client needs (which may be influenced by donor requirements in the case of extra-budgetary funded activity) and by the working methods adopted. This would normally be part of the responsibilities of the assigned CIO Division project manager, but the account manager would be kept informed and would act as the point of escalation in eventual cases of client dissatisfaction.
2.11	To the extent possible, standardized formats should be applied to both reporting to clients and to requests emanating from clients.
2.12	Periodic customer satisfaction surveys should be conducted by or for the CIO Division, to ensure that its service becomes and remains aligned with client expectations (within the usual budgetary constraints).
<b>3</b>	<b>IT governance in the organization should be strengthened</b>
3.1	Implement the November 2007 IT governance proposals with immediate effect, to operate while the existing Organizational structure is in place and to allow operational experience with them to be acquired. Consideration: During 2009, they should be revised to take account of proposed revised Organizational structure for 2010-2011, but no substantive change is required.
3.2	Align the IT strategy plan with the Organization's strategic and functional objectives. Determine what has to be done in the Information Management / Technology division to meet these strategic objectives.
3.3	Define a core portfolio of administrative and operational applications which will serve the needs of all functions and departments across FAO, including in decentralized offices.
3.4	Establish a transparent criteria-based prioritization process for all application development to ensure that administration, corporate, operational and technical systems are in line with the organizations strategic objectives.
3.5	Linking the budgeting process to a medium-long term strategy plan of the IT investments. The life cycle of software and applications cover 3-5 years so that it is important to define an IT strategy that provides visibility of resources over a two years period.
3.6	Establish a chargeback model, i.e., the accounting mechanism for allocating central IT Costs to departments.
3.7	Establish an Investment Approval Process, in order to ensure that IT Investments generate significant returns to the company relative to alternative investment opportunities.
3.8	Participate in the discussions about Common Standards & Costing Working Group lead by the Chief Executives Board (CEB) of the United Nations system, and considering the adoption of the developed template to capture ICT related costs making them comparable between units in FAO and between other UN agencies.
3.9	The IT resource planning has to start with the definition of medium-long term needs of the internal customers, going through the resource allocation based on the productivity, finally ending with the acquisition of external consultant if extra capacity is required.
3.10	Set up an application inventory overview in order to get control of the fragmented application landscape within FAO. The Information Management/Technology division can only manage effectively what they know about. This low-effort task is the basis for significant future efficiency gains.
3.11	Involve the Information Management/Technology division in Project Task Force (PTF) in case there are relevant Information Technology aspects formulated in the project requests. Through this it is ensured that project requests with IT components can be evaluated from Information Technology point of view at an earlier stage of process which supports idea of re-use of software kernels.

#	Description
3.12	Enforce project management processes for application development according to IT project methodology (e.g. Prince2) with focus on review points during the project phases, and thorough planning of resources for IT and function.
3.13	Develop with PBE/AFF assistance an alternative funds-management method to cover the aspect of full software lifecycle costs.
3.14	Establish SLA for software application maintenance, but also for hardware equipment (e.g. PC, printer, server). When hardware reaches its book life, its “owner” must strike an explicit SLA with the Information Management / Technology division, because it is not a zero-cost to the Information Management / Technology division for the equipment to continue in use. The network port could be released for other purposes, and for servers the backup tape count could be reduced, room space released etc.
3.15	Existing work by the current IT division to capture needs for information systems described by clients through PWB 2010-2011 process (which is starting) should be progressed.
3.16	Consider extending PEMS to assess individuals compliance to IT guidelines along with other Organizational guidelines
3.17	Include in the FAO Manual, a section on dealing with minimum requirements within IT, similar to what is already present for Procurement, Finance, and other functions. These requirements could for example then act as a basis upon which disciplinary sanctions could be applied. Issues, such as adhering to regulation relating to security guidelines, should be covered in the section.
4	<b>The IT Support Officers in Regional and Sub-Regional Offices should be maintained within the “one CIO” structure</b>
4.1	In order to maintain the accountability chain for the IT facilities of FAO, and in recognition of the real-time operational role of the ITO/ITSO regarding those facilities, RBR confirms the Stage 1 recommendation that the reporting line of the ITO/ITSO should be to the CIO Division, and not to the Regional or Sub-regional location in which the position is physically located.
4.2	The CIO Division must fund and implement a proper induction and maintenance-training program for the decentralized ITO/ITSO staff, and this must include periodic visits to Headquarters so that the decentralized CIO Division staff build and maintain relationships with colleagues to supplement formal systems for information flow and problem solving.
4.3	The CIO Division must implement in practice what is already foreseen, i.e. a Service Management approach within the ITIL methodology, focusing on Service Level Agreements between it and the Regional and Sub-Regional Office managements, to clarify rights and responsibilities of both parties, especially funding arrangements for the tools and equipment required in the RO/SRO to permit effective discharge of CIO Division's responsibilities.
4.4	First-line professional-level support for the FAOR offices should be provided by an outposted member of the CIO Division in the Regional office in those Regions where the FAOR reports directly to the ADG/Regional Representative, and by an outposted member of the CIO Division in the Sub-regional Office in those Regions where the FAORs report to the Sub-Regional Coordinator. (It is understood that Europe is an example of the first arrangement and Africa an example of the second). This should be done by reconsideration of the types of duties which can be assigned to a National Professional Officer, to include duties outside his/her country of residence, in conjunction with ICSC. Should this not be feasible, consideration should be given to converting the National Professional Officer ITSO posts at Regional Offices to International Professionals of similar status, i.e. N-3 to P-4 which would lead to cost implications (estimated USD 300'000)

#	Description
5	<b>Information Management Process throughout FAO should be developed and managed through consolidation of administrative and technical information management into “one CIO”</b>
5.1	Establish a central Information Management unit which develops, manages and facilitates the Information across FAO. As the structure of Information is closely linked with Information Systems the RBR recommends that this unit should be located in the Information Management / Technology division. The ownership of the content is under the responsibility of the Departments. The Information Management unit has the technical responsibility on data management and content storage and retrieving. Business knowledge and knowledge policy responsibilities are not included under the Information Management / Technology division responsibilities. This unit will work close with the Office of Knowledge Exchange, Research and Extension to support their Knowledge Sharing activities.
6	<b>Increase the range of support services and software development delivered from KCT offshore centre in Bangkok</b>
6.1	Responsibilities and processes off-shored to the office in Bangkok should be improved and clarified. Appropriate skill management and retention processes must be implemented in order to deliver effective services. The off shoring of IT services has to be evaluated according to a strong IT skill Management. In order to further develop Bangkok, it is crucial to review the typology of the decentralized services, considering the difficulty of acquiring specific skill set and of dealing with the customers. Based on those two variables the IT services portfolio in Bangkok has to be analyzed along with the overall IT strategic plan.
6.2	The CIO Division should explore with Human Resources the use of additional staffing modalities to supplement PSA staffing (e.g. National Project Personnel), in order to broaden the scope of activities which could validly be undertaken within OSDSC while retaining its cost advantages.



## 2.8. Administrative services work-stream

In Stage 2 of the RBR, the Administrative Services work-stream has explored four initiatives:

- Registry
- Translation Services
- Printing Services
- Travel

The initiative “Alternative Business Model for Security” has not been carried out because the Security Function was already object of another concomitant review.

### 2.8.1. Registry

#### 2.8.1.1. *Current Registry Model*

The current registry model is composed of 28 central registries, 3 departmental registries and 26 divisional registries including the ODG registry. This model evolved over the past years, as many departments decided to maintain their own registry. The system used for the central registries is based on Microsoft Exchange / Outlook, which isn't normally intended to serve as a registry system. The decision to use this system for registry purpose was taken, because of a lack of funding. Multiple procedures are prescribing the use and need of a registry:

- MS 601 Maintenance and disposition of records
- MS 603 Guidelines for the preparation and dispatch of correspondence
- AC 94/34 Policy on the use of Organization's IT resources
- Guide to Registry DRMS HQ and FAOR and Handbook
- Guide for coding project correspondence
- Programme prefixes of fund projects

The listed procedures are only outlining the use of registry, but they aren't enforcing the use of the registry. The use of registry is currently voluntary and not mandatory. Further are documents currently stored in the registry without the identification of a retention period. The staff assigned to the registry is managed through AFSI but they report to the divisions where they reside. This discrepancy often results in inflexibility of staff allocation and management. The location of the registry service within AFSI was in the past mainly driven by the fact that most correspondence for the registry was paper based and AFSI also includes the Mail & Pouch group and is managing the Archiving spaces within the Rome HQ. The registry at the Rome HQ is composed out of 49 GS posts of which 42 are currently filled. Overall in FAO are 102 posts for registry whereof 86 posts are filled.



The staff costs of registry including all posts are around USD 6'500'000. Considering only the posts located at the HQ the staff costs for all post is around USD 4'389'732, whereof the currently filled position cost USD 3'721'140.

The registry at HQ currently processes the following volume per day:

- 4000 emails
- 1000 paper documents
- 1000 paper documents
- 150 faxes
- 900 bundles for archives

65% of the current data is stored digitally, whereof 80% have a digital master copy and 20% a paper based master copy.

AFSI recently launched a reform of the registry and started to identify possible scenarios and alternative applications for registry. The project was in an early stage at the beginning of the project and the RBR took the first results of the reform into consideration for the proposed model of the registry. The main issues identified by AFSI during their assessment of the registry are outlined in the following points:

- *Audit*: AUD officers experienced some lacks of information while performing their duties as the involved staff members didn't copy the registry on a regular basis.
- *Redundancy*: Activities are replicated across Registries, no economies of scale are allowed, high running costs and limited lesson learned.
- *Duplication*: The same e-mail is usually copied to more than one Registries therefore it is stored several times wasting resources (i.e. storage) and time (i.e. coding performed by Registry Clerks). Estimated as 25% of the whole.
- *Process uniformity*: Registries follow high level common rules but there are a lot of specific rules bonded to the peculiar environment of the Division.
- *Quality uniformity*: Service delivered has floating quality among Registries since there isn't a common "direction" and knowledge gets lost from turnover.
- *No Orientation*: The use of Registry is neither mandatory nor well ordered; its being copied is up to staff members or to Registry Clerks' personal initiative.
- *Field separated*: No way to systematically share information and build a common organization and structure among HQs and Field Offices.
- *Frozen process*: No administrative control means, no way to make changes happen.
- *Low quality search service*: Very weak search capabilities of the present system (DRMS). Ability to find too much dependent from Registry Clerks' ability to code and file. Very low performances while surfing Public Folders.
- *Digitalization*: The present system (DRMS) has not digitalization capabilities integrated with registry equipments.

In a questionnaire other UN agencies were asked to inform the RBR about their registry systems and staff. The following replies were received by the RBR:

United Nations:

- **System**: HP TRIM is being used for record managements. Other in-house developed systems using SQL platforms to monitor contracts and financial instruments (e.g. performance bonds) received by Registry.
- **Staff**: 5 GS staff members to perform the Registry Functions



UNICEF:

- System: Lotus Notes Database, FLS/SAP, Excel
- Staff: Within the QA Centre and 2 staff handle the registry function

WIPO:

- System: unknown
- Staff: 10 to 12 assigned from various departments

WFP:

- System: Electronic Record Management (not further specified)
- 5 S/M's in the department OD and HR, 2 S/M's in Archives

### **2.8.1.2. Proposed Registry Model**

The RBR agrees on the need of a registry, as FAO is considered to be a knowledge organization and needs to ensure that information is available and retrievable. The future model of the registry should leverage the knowledge and systems available on the market. The RBR supports the reform initiated by AFSI regarding the registry and acknowledges the efforts which have been undertaken. Although some good progress has been made, the RBR investigated some shortcomings in the project preparation and development. Before initiating the reform of the registry, the policies for the registry need to be updated and streamlined to reduce the current workload. For the identification and implementation of a new registry system the RBR recommends that this initiative will be managed through the new One CIO Organization.<sup>29</sup> The department would be responsible of identifying the functional requirements for the new registry system, for the collection of the user requirements across all department and Offices, the vendor selection process, a pilot test and the implementation. The project should be driven by the business and their needs, but managed through the IT department. The new system should enable all staff members of FAO to store, manage, search and retrieve information by themselves.

After the implementation the HQ in Rome the IT department would also be responsible for the implementation and the deployment of the system across FAO.

The RBR recommends that all registries across FAO will have to use the same registry system. The harmonization of the systems would allow an easier maintenance and update/upgrade of the system. A further benefit would be an easier connection and integration of all registries. The policies defined for the registry should be applied in consistent manner and across the organization to ensure the highest possible benefit of the system.

The registries system should be installed on servers within the HQ and the regional offices. The benefit of registry system installation in the regional office would be a minimization of the risk of network failures between the HQ and the regional offices. To ensure a seamless connection between the registries in the regional offices and the HQ the IT department needs to test and ensure the bandwidth capacity of the available network.

The updated policies and procedures and the new registry system should allow to further increase the efficiency of the registry. The new system should enable FAO to reduce the headcount of FTEs of the registry in HQ by around 60%. This reduction would save FAO around USD 2'200'000. After the complete rollout of the system in FAO including the regional and sub-regional offices the head count cost could be reduced by around USD 3'100'000 in total. Around 60% of the registry staff members working in decentralized offices could be redeployed by the technical units. The overall head count would therefore be reduced to around 35 fulltime staff members.

<sup>29</sup> For further information about the One CIO Organization please refer to the section 'One CIO' of the Information Technology work-stream.

### 2.8.1.3. Responsibilities

In the proposed registry model the IT department would be responsible for the implementation and maintenance of the new registry systems. All users of the registry system would be responsible for storing and retrieving the relevant and needed information. The registry staff would be responsible for supporting all users of the registry and for managing the contents within the registry. One main responsible of the registry staff would be to enforce retention periods of documents in the registry and the movement of documents at the end of their retention period into the archives.

### 2.8.1.4. Registry procedures & requirements

As part of the ongoing reform AFSI started a review of the current policies of registry. The new policies need to clearly identify the records to be stored within the registry. FAO needs to ensure that the records are maintained in a manner that ensures their integrity, authenticity, accessibility, reliability and usability throughout their retention. It is mandatory that FAO understands the regulatory implications of electronic records prior to implementing the system so that policies can be built into the system to ensure compliance.

During the reform AFSI amended the current policy for registry and identified the following objects to be stored in the registry.

Table 2-23: Objects to be stored in the registry

#	Description	e-mail	Form	Office Memorandum	Transmittal Slip	Other
1.	Delegation of Authority	X	X	X		
2.	Procurement Committee Meeting - Agenda					Agenda
3.	Procurement Committee Meeting - Summary Record					Minutes
4.	Procurement Committee by Circulation	X				
5.	Submission to Procurement Committee Direct Procurement		X			
6.	Submission to Procurement Committee Evaluation Criteria for a Technical Proposal		X			
7.	Submission to Procurement Committee Request for amendment/Renewal of Contract		X			
8.	Submission to Procurement Committee Exceptional Award/Other		X			
9.	Procurement Missions - Back-to-Office-Report					Report
10.	Mission Terms of Reference	X				
11.	Cancellation of Mission	X				
12.	Extension of Mission	X				
13.	Contracts Procedures	X				
14.	Contract					Contract
15.	Contract Service Request – CSR (including Request for clearance)		X			
16.	Contract Service Reply – CSR (including Final clearance received)		X			
17.	Commercial Reports/Business Information Report	X				
18.	Maintenance Certificate/Project de certificat d'entretien		X			
19.	Evaluation Criteria for Contracts		X			
20.	Contractor Performance Appraisal Report		X			
21.	Transmission of Priced Bids Received			X		
22.	Transmission of Evaluation of Priced Bids / Technical recommendation			X		
23.	Approval of contract award to other than the lowest Bidder			X		
24.	Submission to the Procurement Committee			X		

#	Description	e-mail	Form	Office Memorandum	Transmittal Slip	Other
25.	Note regarding tender opening process					Note
26.	Final Letter of Intent					Letter
27.	Performance Bond /Bank Guarantee					Letter
28.	Information on Contract Conditions				X	
29.	Purchase Requisition – PR		X			
30.	List of invited Bidders / Supplier's list		X			
31.	Bid / Invitation to bid		X			
32.	Evaluation chart / Resume of bids / Commercial chart		X			
33.	Tender		X			
34.	Tender proposals/bids	X				
35.	Purchase Order - PO incl. "Internal version"		X			
36.	Field Purchase Order - FPO		X			
37.	Payment Request Form - PRF		X			
38.	Report of equipment purchased locally		X			ADM 41
39.	Property transfer for regular programme		X			PC 9/e
40.	Bill of sale		X			
41.	Unserviceability of property	X	X			ADM 83
42.	Disposal of equipment written-off	X		X		
43.	Surplus disposal of equipment	X		X		
44.	Report of Loss, Damage or Unserviceability of Property		X			ADM 85
45.	Surplus Property			X		
46.	Correspondence from/to Auditors	X				
47.	Audit Report					Report
48.	Letters of Agreements/Memoranda of Understanding	X		X	X	
49.	Work Orders/Ordine di servizio		X			
50.	Certificate of Completion/Project de certificat d'achèvement des travaux /Verbale di completamento Opere		X			
51.	Invoices		X			ADM 232
52.	Procedures/Change of Procedures/Exception to procedures	X				
53.	Guidelines	X				
54.	AFSP Work Plan/Travel	X				Plan
55.	Amendments of FAO Manual	X				
56.	Staffing Action Request Form		X			ADM 160
57.	Submission to GSSSC/PSSSC		X	X		
58.	Request for waiver			X		
59.	Vacancy Announcement		X			AFH 37, ADM 213
60.	Meetings					Minutes
61.	Regular Programme Budget (correspondence on)	X				
62.	Designation of Budget Holders	X				
63.	Periodical Budget Reports					Report
64.	Personal History Form (PHF)		X			
65.	Root & Branch Review	X				TORs, Minutes
66.	Senior Management Meeting (SMM)					Minutes
67.	Working Group (Participation/Contribution to)	X				
68.	Finance Committee (Participation/Contribution to)	X				
69.	Programme Committee (Participation/Contribution to)	X				
70.	Standard Fraud Control Plan	X				
71.	Delegation of Duties during Absences / Leave Plan	X				
72.	Staff Development Registration Form		X			
73.	Staff Development Plans	X				
74.	TOR	X				

The RBR recommends a critical review of the list again and in addition identifying a recommended retention period for the objects listed prior to the implementation of a new system. Once the registry retention period is reached, documents should be moved into the archive.



The archive should hold documents up to a certain final retention period before disposal. The common practice is to hold e.g. financial documents, contracts and legal documents for around 10 years. Personal records should be kept for around 5 years after staff has left FAO in the archive before disposal. After the retention period FAO should consider to digitalize the documents before disposal. This procedure would allow to free storage space and to have documents easily stored in electronic format. The current stored documents should be evaluated regarding the above criteria and wherever possible digitalized and disposed. No records beyond their retention period should be kept within the registry to avoid the overloading of the registry system. In best cases the owners of documents get automatically contacted via email before disposal of documents. Through the electronic signature system owners could approve the disposal or extend the retention period.

#### **2.8.1.5. Tools and technology**

The new registry system should ensure certain functionalities to enhance usability of the system. The users should be able to store and retrieve information themselves without the support of registry staff. The search capabilities of the system should enable all users of the system to find relevant data in short time and ensure the relevance of the search results. Further should the new system support as many of the functional and user requirements identified without costly customization of the system. This will ensure an easier rollout or later upgrade of the system. Especially important for the new system will be the migration of the data stored within the current Microsoft Exchange / Outlook registry. Estimated 10'000'000 records are currently stored in the registry and need to be migrated into the new system to avoid the need of having two systems run in parallel. Before the migration an evaluation of the current records need to be undertaken to identify the records to be transferred, to be archived or to be disposed.

Many documents have an electronic master copy and can be stored directly in the registry. The possibility to store documents with a paper based master copy in electronic format should be further evaluated together with the Legal and Audit department. This could be achieved through the implementation of a system for electronic signature. Such a system would allow FAO to radically reduce their storage of paper based copies within FAO and could ease the handling of such documents.

### 2.8.1.6. Transition map

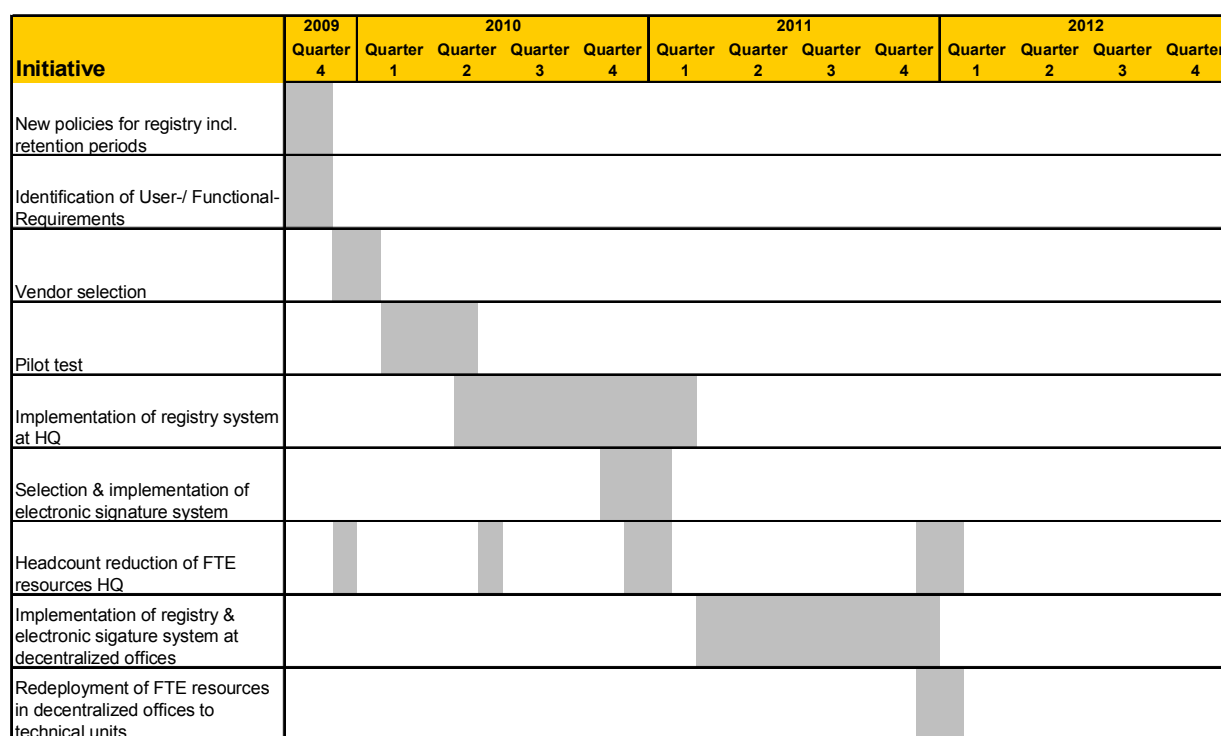


Figure 2-23: Transition map for Registry

### 2.8.1.7. Costs & savings

Table 2-24: Costs & Savings for Registry

Initiative	2009		2010		2011		2012	
	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD
<b>New registry model</b>								
Implementation of registry system			800'000					
Implementation of electronic signature			100'000					
Headcount reduction of FTE		250'000		500'000		1'700'000		2'200'000
Redeployment of FTE resources in decentralized offices technical units								900'000
<b>Total per year</b>	-	250'000	900'000	500'000	-	1'700'000	-	3'100'000



## 2.8.2. Translation Services

### 2.8.2.1. Current Translation model

#### Mandate and Structure of KCCM – Translation Services

The Meeting Programming and Documentation Service was established following the decisions of the Programme and Finance Committees which approved, at the May 1996 session, the document PC 74/2-FC 84/4 – Sup.1 Proposals for the Implementation of a New Financial Framework for FAO Publications and Documents. The document proposed the abolition of the Publication Division, GIP, and the assignment to GIC (KCC from January 2007) of responsibility for “translation, final typing and internal printing of meeting documentation and correspondence”.

The Service was established in order to deal with the many different elements involved in programming meetings (interpretation services, document translation and processing, meeting room facilities, official calendar of meetings), producing the high volume of documents for sessions and ensuring quality control of all language versions, including the screening and maintenance of rosters for both interpreters and translators.

The restructuring carried out in 1996 was mainly driven by the need to reduce costs and increase efficiency in carrying out the Publications Programme of the Organization while minimizing the impact on staff and using to the maximum extent all available resources. Up to 1996, a fixed non-fungible percentage of funds was earmarked for “Publications” and services were delivered on the basis of Key Unit Costs (basically a back charge rate).

Another important requirement was the need for more accurate financial control of the largest “pool” account of FAO (the language services are funded via charge-back of services to Divisions) which was operating in deficit. Since 1996 the Service has assumed additional responsibilities in managing accreditation of delegates for major sessions, in Rome and outside Italy, the organization and management of all non-FAO meetings hosted by the Organization.

The Meetings Programming and Documentation Service ensures the effective programming of the Organization’s meetings, to which it provides translation, interpretation and other relevant services. It processes and prints meeting documents including official correspondence channeled through KCCO, and arranges for documents to be translated and/or printed externally, as required.

Programming and Reference functions were subject to a further analysis and an internal reorganization of services carried out in 2002, merging the two groups. The Service is now structured as follows:

- Office of the Chief
- Programming, Terminology and Reference Group which includes the Internal Printing Unit
- Arabic Translation Group
- Chinese Translation Group
- English Translation Group
- French Translation Group
- Russian Translation Group [phased introduction approved in 2007]
- Spanish Translation Group
- Interpretation Group

## KCCM – Translation Services: Human Resources

### Arabic Translation Group

#### *Professional*

At the beginning of 2002, only 2 professional posts were filled out of 5 posts established. In the two following years this ratio increased to 3/5 in 2003 and 4/5 in 2004 and reached for a few months 100% in mid 2005. From 2006 onwards, there has been a constant decrease in the number of professional posts, which fell to just one at the end of 2007, following the resignation of the Senior Reviser.

#### *General Service*

The number of GS positions has been substantially constant, with a decrease of 2 positions over the period in observation (6 at the beginning of 2002, 4 at the end of 2007)

### Chinese Translation Group

#### *Professional*

There were 4 professional posts at the beginning of 2002, which became 5 with the filling of the position of Terminology and Workflow Officer: following the retirement of a translator in mid 2003 and the post abolishment in PWB 2006-07, the professional positions returned to 4 and no further change has been observed thereafter.

#### *General Service*

Following the promotion of a GS staff to Professional at the beginning of 2002, the number of GS positions was reduced to 4 and has been constant until 2007.

### English Translation Group

The staffing situation in the English Translation Group - 1 professional and 1 GS staff – has remained unchanged throughout the period observed.

### French Translation Group

#### *Professional*

At the beginning of 2002, the positions encumbered were 5 (out of 7), which became 6 at the end of the year following the establishment of the position of Translation Workflow Officer. This position was then abolished at the end of 2006. The situation remained unvaried until mid 2007, when two positions became vacant following the transfer and retirement of two translators, reducing the number of encumbered Professional posts to 3 (one of which had been seconded to UN New York from September 2006 to March 2008).

### Spanish Translation Group

#### *Professional*

At the beginning of 2002 the positions encumbered were only 3 (out of 6), but the recruitment of 3 translators brought the number of posts to 6 in mid 2004. Then the trend indicated a constant decrease through the beginning of 2005 (5 in 2004 and 4 in 2005). As of mid 2006 and following the recruitment of a Senior Reviser, the number of posts returned to 5 and remained constant thereafter.

#### *General Service*

The number of GS positions has been the same over 2002-07 (4 posts), although a new position was filled during 2003. At the beginning of 2004 the staffing returned to the previous level (4) following the retirement of a staff member and remained unvaried until the end of 2007.

Summary of staff positions 1 January 1996 – 1 January 2009

Table 2-25: Staff level development of KCCM

Group	1 January 1996		1 January 2009	
	Prof.	GS	Prof.	GS
Arabic	11	9	5	4
Chinese	9	5	5	4
English	3	2	1	1
French	18	8	5	6
Spanish	14	6	5	4
Russian (phased introduction)			1	1
Typing Pool [EFS, dismantled in 1996]		26		
<b>Totals</b>	<b>55</b>	<b>56</b>	<b>22</b>	<b>20</b>

The functions of the typing pool have been assigned to the Translation Groups since 1996.

KCCM - Translation workflow

KCCM has established the following workflow for translation requests. The workflow has 8 steps until the finalization of a document.

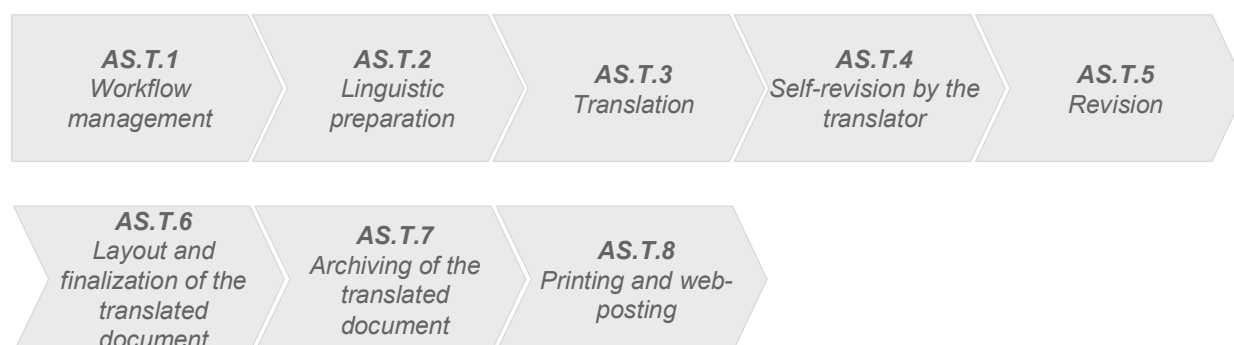


Figure 2-24: Translation workflow

1. **Workflow management:** this stage involves the examination of the request for translation, the assessment of the technical feasibility as well as the review of its adequate scheduling in the workflow of the service. It also includes the insertion or approval of the request in the E-DPR system, the corporate document workflow management system used in FAO to ensure an appropriate follow-up, monitoring and tracing of all document processing requests in the Organization.
2. **Linguistic preparation:** for each translation request, referencing of the document submitted is carried out, with a view to retrieve all relevant information available in past documents. In addition, a terminology analysis is made so that all technical terminology and titles appearing in the document to translate are already available and validated in the FAO terminology database. If applicable, the document is also pre-processed using computer-assisted tools with a view to further providing background material for the translation phase. The linguistic preparation ensures consistency in all FAO documentation.
3. **Translation:** the translation request is then assigned to a staff translator or an external freelance translator, depending on the workload in the service. The translator is a native speaker with experience in the technical field and/or affinity with the subject matter. When the translation request is assigned to a freelance translator, the administrative paperwork is prepared and managed by KCCM, from contract arrangements, certificates and payment instructions to final

payment at the end of the assignment. Freelance translators hired by FAO are selected from the official roster of external translators that is maintained and updated by the KCCM translation groups. Certain criteria and processes are applied for the inclusion of external translators on the roster.

4. *Self-revision by the translator*: after spell checking, the translated document is ready for "revision". The translator revises his/her work, i.e. compares the source and target texts, checks the consistency of the technical terms used, checks the register of language, and addresses style issues. This process ensures compliance with the quality criterion of accuracy.
5. *Revision*: the translation is revised by a reviser who is not the translator. This revision includes a comparison of the source and target texts for terminology consistency, register and style. The task of revising implies confronting the translated text with the original, checking whether the translation is accurate, adequate, complete, etc. The reviser will also focus in particular on the legibility and fluidity of the translation, with the purpose of obtaining a final product that reads as an original text in the relevant language rather than as a literal translation.
6. *Proofreading*: this quality control step involves a monolingual review aimed at correcting errors, typos, or technical issues that the translator/reviser might have overlooked. The review is normally carried out without the original document and is followed by a final spell check after all corrections have been entered into the text. This process is mainly concerned with ensuring compliance with the quality criterion of legibility.
7. *Layout and finalization of the translated document*: once the above linguistic controls have been made, the format and layout of the document are checked to ensure that meeting documents fully respect the FAO document template, and that all graphics, pictures and other figures are adequately presented. At the end of this process, a PDF version of the translated document is also generated.
8. *Archiving of the translated document*: at this stage, the translated documents are loaded in the corresponding request on the E-DPR system and in the FAO Corporate Document Repository.
9. *Printing and web-posting*: if requested, the translated document is passed over to the Internal Printing unit, directly through the E-DPR, for printing and distribution to the membership. The final version of the document is also sent to KCE for posting on the relevant website (e.g. Regional Conference).

The following graph illustrates the current distribution of tasks within KCCM. Around 40% of their work is related to translation.

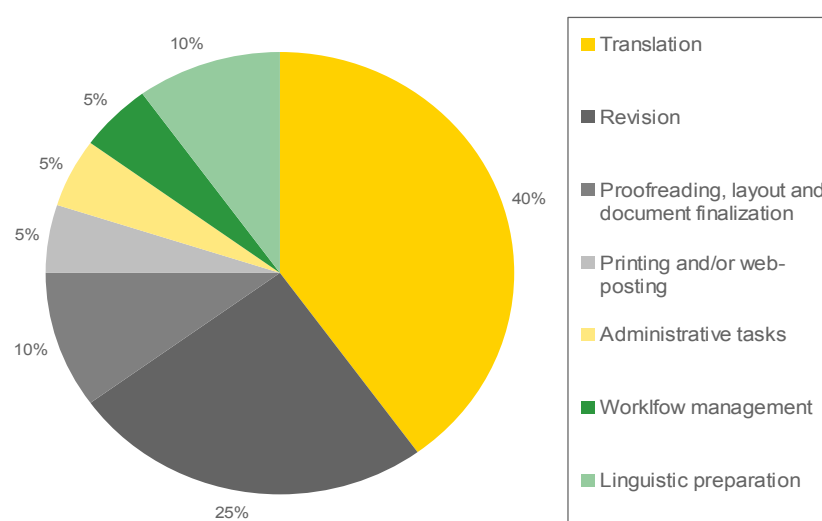


Figure 2-25: Current workload allocation of KCCM

### KCCM – Translation Services: Funding

FAO has decided to fund the expenditures needed to maintain a translation service via a mechanism of back charging. This implies that KCCM requests Divisions using translation services to contribute to the costs in the measure that they use them. The back charging mechanism is meant only to recover costs, and not to make benefits. It must close with a zero budgetary balance at the end of each biennium

Rates are calculated on a biennium basis and the calculations are made on the basis of estimates of expenses and work volume. For official meetings, time-sensitive rates are charged to encourage compliance with the Director-General's stipulated delivery deadlines and to facilitate workflow planning within KCCM. Surcharges are applied to documents submitted late. Time-sensitive rates are intended to reflect the economic impact on KCCM of the increased costs of arranging for a high volume of translation work under short deadlines.

Each biennium KCCM, in consultation with PBE, defines a business plan and set out the rates for the services. Rates are established each biennium on the basis of projected volume of translation and projected cost, the aim being to close the accounts with a zero balance. The proposed rate for 2008-09 is USD 549/1,000 words. All languages are equally treated and the same rate is applied across all languages.

Table 2-26: Current pricing structure of Translation Service

Deadline for dispatch of documents												Start date of the meeting	
Weeks before start date of the meeting for preparatory documents												In-Session Documents	
12	11	10	9	8	7	6	5	4	3	2	1		
Base rate -25%		Base rate		Base rate +25%		Base rate +50%						Base rate	
USD 412		USD 549		USD 686		USD 824						USD 549	

### KCCM Translation services - End year result 2008

The following table summarizes the end-year result for 2008. The overall cost was 5.45 million and it does not include the cost of the Russian Translation Group which will be covered for the period 2009-11 by a contribution of the Russian Government. Several positions were not filled during the year, and Member Countries have in some occasions expressed their concern on the quality of translation for the languages with limited number of staff members.

ACTUAL COSTS (USD)	Grade	A	C	E	F	S	RU	OT	Cm	Arabic	Chinese	English	French	Spanish	Russian	Other	Common	Total
Senior Reviser	P-5		0.08		1.0	1.0					18'152		217'824	217'824				453'800
Reviser	P-4	0.25	1.0	0.75	1.75	2.0		0.25		47'397	189'588	142'191	345'471	379'176		47'397		1'151'220
Translator / Reviser	P-3	0.75	1.0		1.0	1.0				115'560	154'080		18'832	154'080				442'552
Workflow Officer/Translator	P-2		0.5			1.0					65'622			131'244				196'866
Workflow Officer	P-1	0.5								22'404								22'404
Documents Clerk	G-5		1.0		1.0	1.0					108'456		108'456	63'266				280'178
Typist/Proofreader	G-4	2.0	3.0	1.0	3.0	3.0		1.0		232'680	279'216	930'72	279'216	279'216			930'72	1'256'472
Layout/typist	G-3	1.0			1.0					82'642			810'36				65'150	163'678
Information Technology Clerk	G-4								0.7									
Secondments KCCM										19'338								
<b>Total Staff costs</b>										<b>481'346</b>	<b>815'114</b>	<b>235'263</b>	<b>975'610</b>	<b>1'161'906</b>	<b>-</b>	<b>47'397</b>	<b>158'222</b>	<b>3'874'858</b>
External Training																		3'260
Training																		12'330
Overtime										14'812	3'545		38'74	6'623				28'854
Travel											198		490	11'772	125		1'897	14'482
Expendable procurement										110	625		272					1'007
Non-expendable procurement										745	3'079		2'560	6'309			9'632	22'325
General Overhead expenses										2'472	2'178	535	2'058	28	175		5'529	12'975
General Operating Expenses											456		467	1'589				2'512
Temporary assistance (loc)										124'895			8'320	3'365	130'20			149'600
Temporary assistance (int)										18'351	6'553		20'057		37'114			
<b>Total Pool Costs (exc. outsourcing)</b>										<b>642'731</b>	<b>818'642</b>	<b>235'798</b>	<b>1'013'708</b>	<b>1'191'592</b>	<b>504'433</b>	<b>47'397</b>	<b>190'870</b>	<b>4'122'203</b>
<b>OUTSOURCING</b>																		
Total inc. temp. assist.										455'649	119'899	82'79	423'396	166'989	190'921	12'677		
Pos to be closed																		
Freelancers										330'753	119'899	82'79	415'076	163'624	177'901	12'677	1'690	1'229'899
<b>TOTAL EXPENDITURES (USD)</b>										<b>973'485</b>	<b>938'541</b>	<b>244'077</b>	<b>1'428'784</b>	<b>1'355'216</b>	<b>228'334</b>	<b>60'074</b>	<b>192'560</b>	<b>5'421'071</b>
<b>Production words - Jobs backcharged</b>																		
Meeting documentation (a)										1'691'879	1'420'209	180'549	2'045'538	1'937'380	700'187			7'875'741
Non-Meeting docs (Publications) (b)										223'275	222'975	850	316'925	316'925	222'100	1'950		1'305'000
Other Categories (Letters, VAs, TM, ...)										237'600	153'225	158'750	389'100	276'400	117'450	80'250		1'412'775
<b>Total</b>										<b>2'152'754</b>	<b>1'796'409</b>	<b>340'149</b>	<b>2'751'563</b>	<b>2'430'705</b>	<b>1'039'737</b>	<b>82'200</b>		<b>10'593'516</b>
(%) compared to Business plan										98%	92%	226%	99%	98%	311%			105%
Meeting documentation (a)										191%	191%	11%	190%	190%	222%			194%
Non-Meeting docs (Publications) (b)										59%	52%	99%	97%	69%		64%		79%
Other Categories (Letters, VAs, TM, ...)										<b>96%</b>	<b>92%</b>	<b>137%</b>	<b>104%</b>	<b>100%</b>	<b>320%</b>	<b>66%</b>		<b>106%</b>
<b>Total</b>																		
<b>Income - Jobs completed</b>																		
January										86'744	65'063	147'28	127'012	90'766	65'966			450'280
February										78'827	53'714	84'86	108'662	75'683	55'71			330'943
March										69'868	50'206	154'83	58'393	54'494	186'13	1647		288'704
April										60'557	41'621	21'627	93'656	90'637	92'77			317'376
May										181'729	147'665	52'43	189'394	175'875	152'05	289		715'400
June										102'173	70'180	84'97	162'922	155'227	60'163	165		559'327
July										67'515	66'545	57'93	100'832	82'059	194'61	1'977		344'183
August										52'642	45'702	7'544	58'351	64'574	28'221	78		257'111
September										196'591	170'074	11'674	210'558	207'453	103'049	5'317		904'715
October										68'591	64'008	31'646	110'349	103'397	464'16	9'140		433'547
November										88'226	81'378	15'653	112'275	94'190	87'926	6'500		486'147
December										114'228	98'165	11'974	137'485	122'758	82'619	4'118		571'347
<b>(e) Total Income USD</b>										<b>1'167'691</b>	<b>954'323</b>	<b>158'348</b>	<b>1'469'889</b>	<b>1'317'114</b>	<b>542'486</b>	<b>29'228</b>		<b>5'639'078</b>
(%) compared to Business plan										<b>100%</b>	<b>94%</b>	<b>155%</b>	<b>105%</b>	<b>102%</b>	<b>286%</b>	<b>82%</b>		<b>108%</b>
<b>Difference income - expenditures</b>										<b>194'206</b>	<b>157'82</b>	<b>-85'729</b>	<b>41'104</b>	<b>-38'102</b>	<b>314'152</b>	<b>-30'945</b>		<b>218'007</b>

Figure 2-26: KCCM Translation services - End year result 2008



Around 50% of the service of translation is already outsourced to external translators. This figure doesn't include the translations directly given to external translators by the departments. Services outsourced by KCCM are charged to the customer to the regular KCCM rates and not to the actual external rate, which is on average around USD 184/1000 words for 2008. The external rate is therefore around 65% less than the internal rate. The additional services provided by KCCM, if the external translation is managed by them are:

- Direct communication with the external translator
- Engaging translators from the KCCM roster
- Additional revision and proofreading by KCCM
- Layout and finalization of the translated document
- Archiving of the translate document

On the basis of this information an evaluation of KCCM was undertaken and a questionnaire was send to KCCM customers and non-customers, departments that directly engage external translators.

### Evaluation of the Translation Services

During Stage 2 of the Root and Branch Review a questionnaire was distributed to various departments, which are either customers or non-customers of the service. The intention of the questionnaire was to identify the current issues related to the Translation Services. Thirty replies were received by the RBR and included in the analysis.

Around two thirds of the replies were send by HQ staff and one third by staff of decentralized offices. 58% of the replies were received by Technical Officers; the remaining replies were given by Clericals (23%), Budget Holders (16%) and Director – Branch/Service Chief (3%).

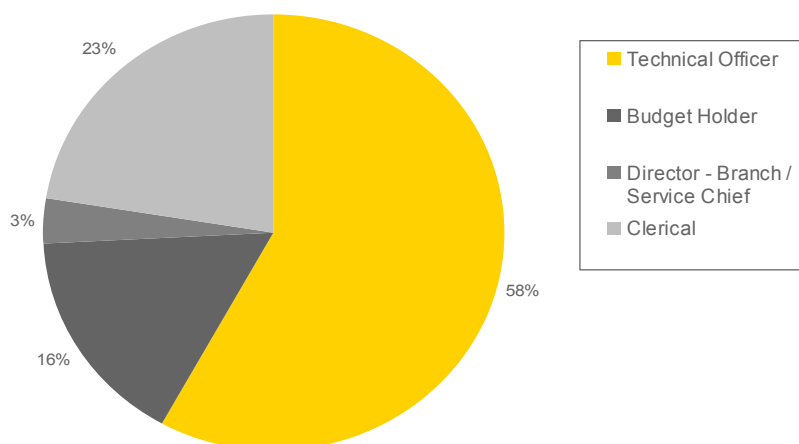


Figure 2-27: Questionnaire replies received

The participants of the questionnaire were asked, what in average their needed turn-around time for translations is. 48% of the replies indicated that the required turn-around time for translation is one week or even less. This aspect is especially important as the current pricing model of the Translation Services only offers the 'Base-rate' for documents submitted 8 to 10 weeks in advance.

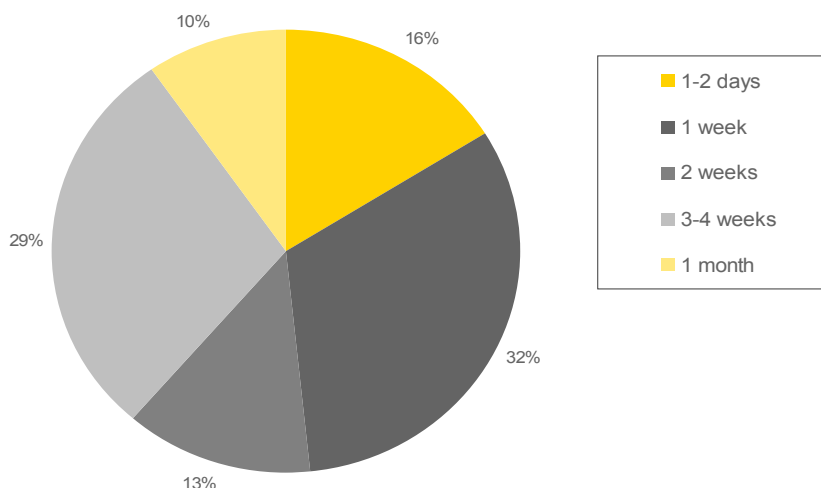


Figure 2-28: Average turn-around time required

Due to cost constraints and timelines for some of the translations, departments work with external translators, which they either choose from the KCCM roster, the roster managed by the Division or through recommendation of other departments. Especially staff of decentralized offices claimed that they have the possibility to engage external translators in the local market to an even cheaper rate than the average rate of USD 184/1000 words for external translators. Further examples of technical units outlined the need for having a direct and close contact to the translator of the document. Some of them work closely with external translators since years and claim that the experience and knowledge for technical translations of these translators is one of the main factors to work with them. Below the maturity model outlines the main reason, why departments decide to work with external translators.

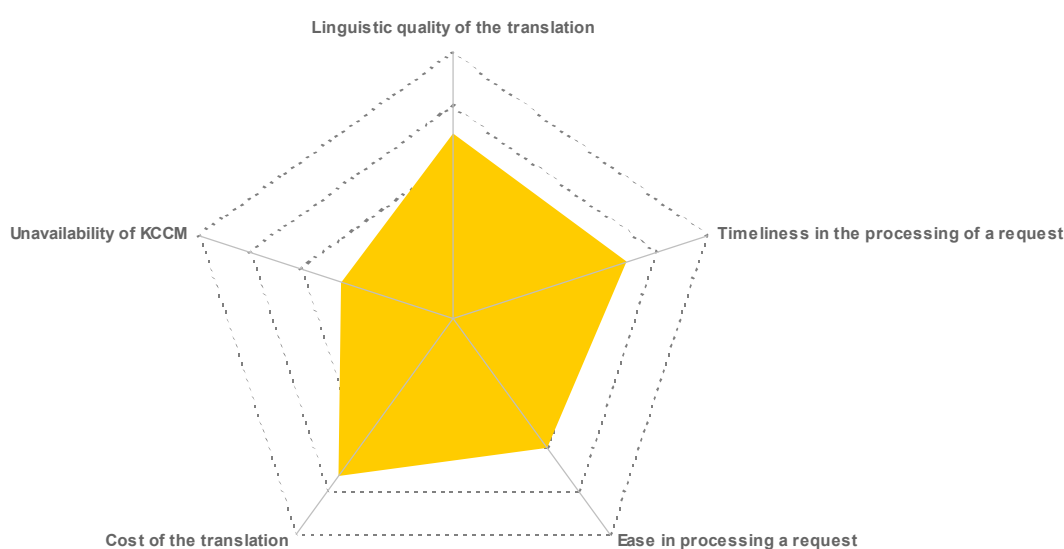


Figure 2-29: Main reasons for external translation

The quality provided by the external translators has been rated very positively. Around 50% of the replies indicated that the quality provided by external translators is the same as provided by KCCM, even 30% of the replies indicated that the quality provided is better than by KCCM. 7% of the replies indicated that the service of external translators is less good than the service provided by KCCM. Around 13% weren't able to give an indication, as they mainly or only work with KCCM.

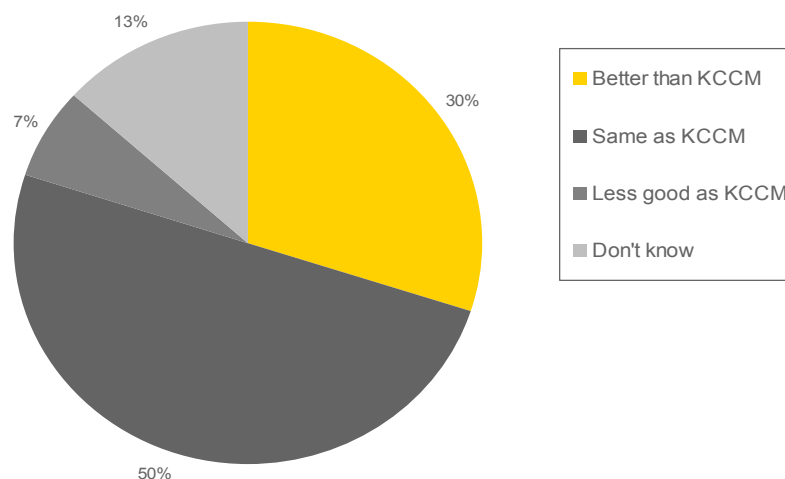


Figure 2-30: Quality external translators in comparison to KCCM

Most of the departments review the received translations no matter if they have been translated by KCCM or external translators. The departments indicated that the received translations are normally reviewed by native speakers within their department or project teams. Further most of the replies indicated that it would be highly appreciated, if KCCM would officially offer such a service.

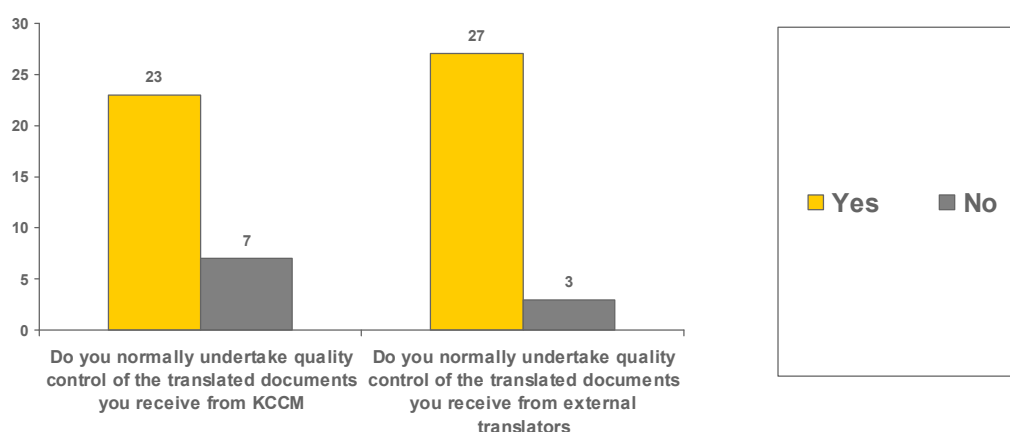


Figure 2-31: Comparison of reviews done of internal and external translation

Further more detailed examples outlined the discrepancy between the costs of external and internal translation services. The cost of external translators is mainly driven through market competition and internally mainly through staff costs. This unbalanced situation is one of the main points for critical replies to the questionnaire. The proposed translation model will take these factors into account.

## 2.8.2.2. New Translation Workflow

### Terminology management

The terminology database provided by KCCM internally and externally is an important factor for outsourcing translation services and for ensuring FAO language and quality. The current terminology database provided to external translators needs to be managed and updated more frequently. The internal terminology database, which is only available to FAO and certain external translators, should be available to all external translators working with FAO. It will be the responsibility of KCCM to update and maintain the terminology database on a regular basis to achieve an accurate overview of the FAO terminology.

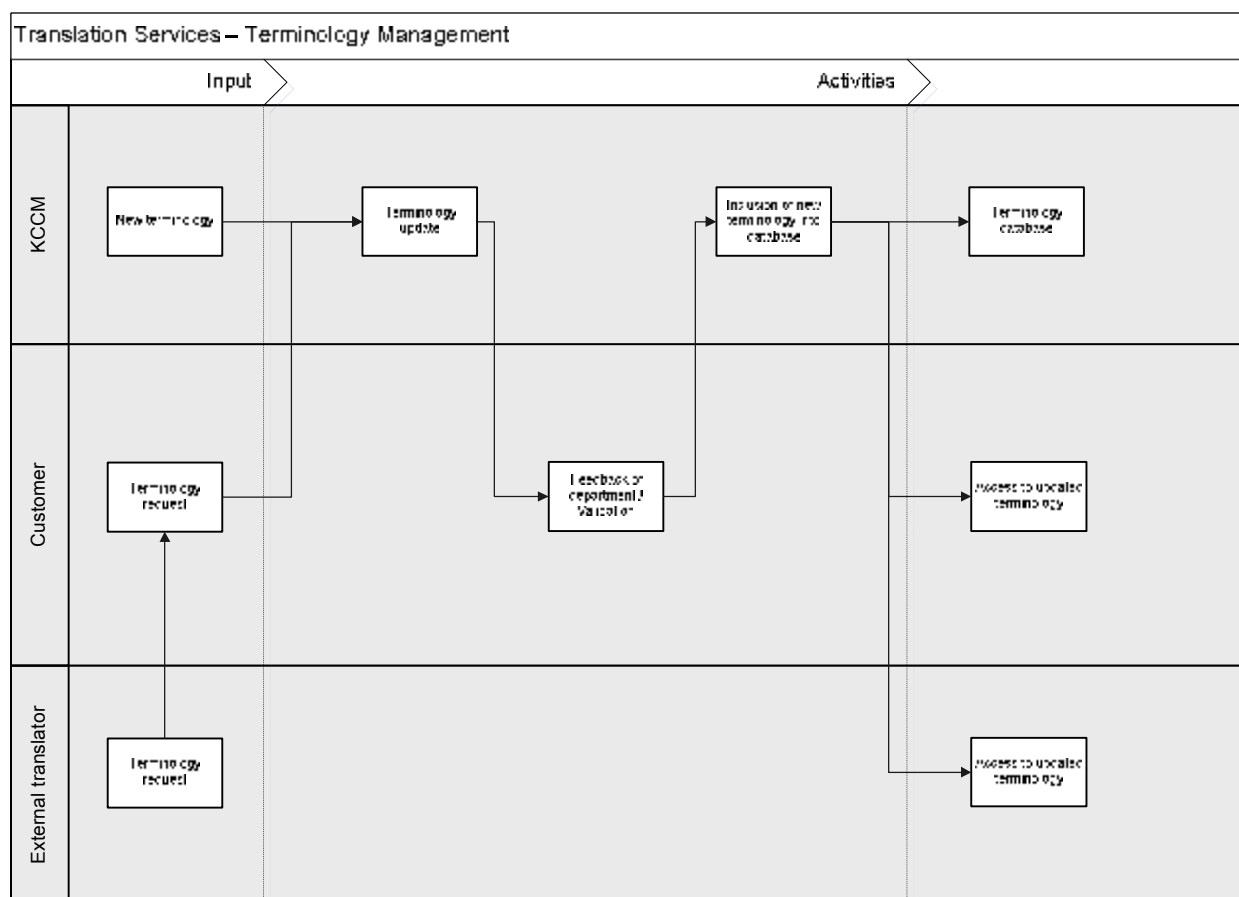


Figure 2-32: Terminology management- Flow chart

### Roster management

The current roster maintained by KCCM needs to be merged with all rosters maintained by other departments. Only one global roster for translators should be left within FAO and maintained by KCCM. It is important that all external translators currently working with FAO are included in the database to provide a most accurate overview. It will be the responsibility of KCCM to maintain and update the roster on a regular basis. The departments will have to submit their roster to KCCM and include information about the translator such as average rate, special knowledge, location, languages, etc.

Translators included in the roster will be rated by KCCM and the departments. KCCM will base their rating on the quality of work reviewed by them. The departments will rate the external translators by the quality, timeline and rate of their service.

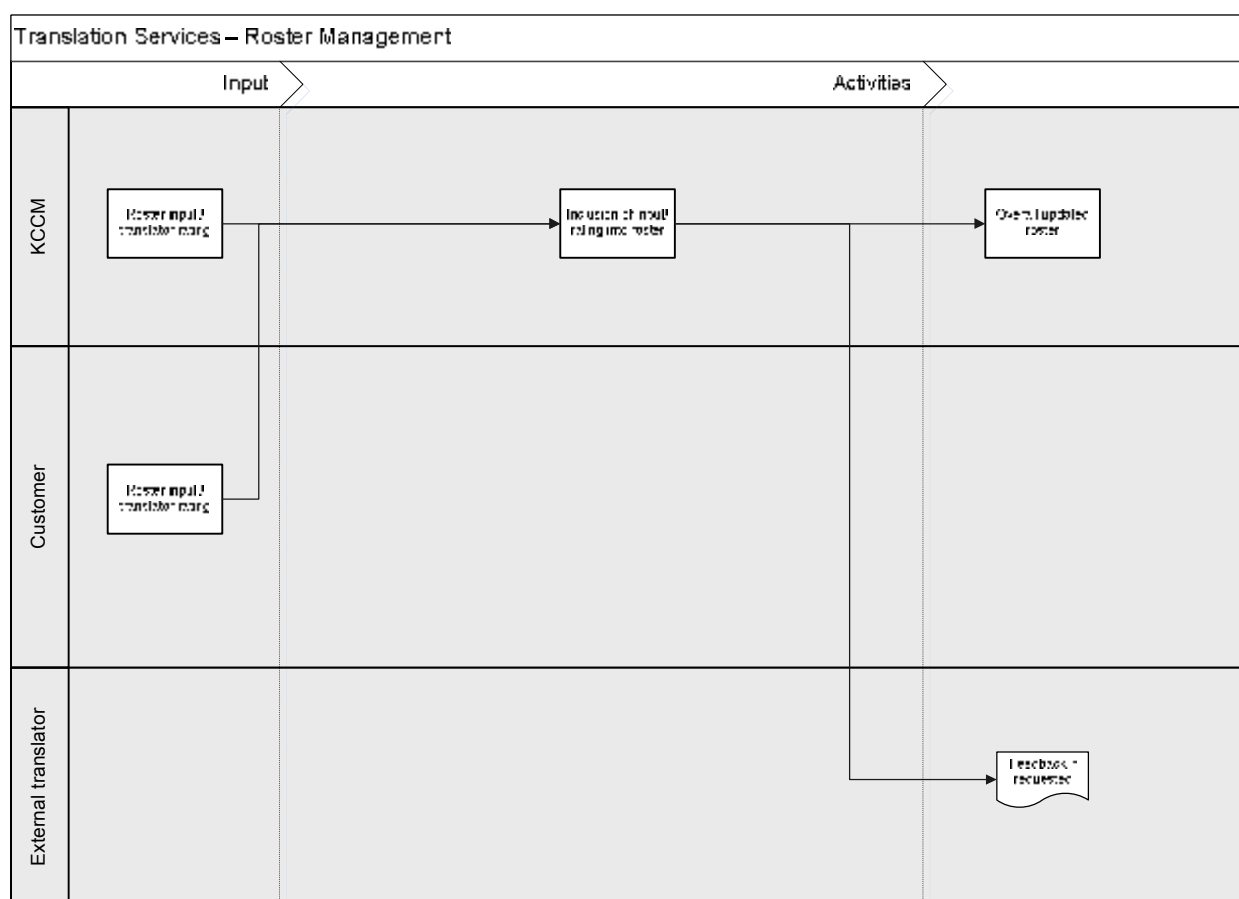


Figure 2-33: Roster management- Flow chart

### Revision and Proofreading

KCCM will provide a revision and proofreading service for all translations done within FAO. The revision and proofreading service will help to ensure the quality of the documents and the right FAO terminology within the documents.

A Service Level Agreement (SLA) will outline the cornerstones of the service done by KCCM. This service doesn't include a retranslation of documents below standard. KCCM will provide the departments with a report about the quality and identified mistakes within the document. It will be the responsibility of the departments to have the document corrected by the contracted translator. This procedure ensures that the external translators can identify the corrections and the quality level required by FAO. The learning effect should help the continuously improve the quality level provided by external translators.

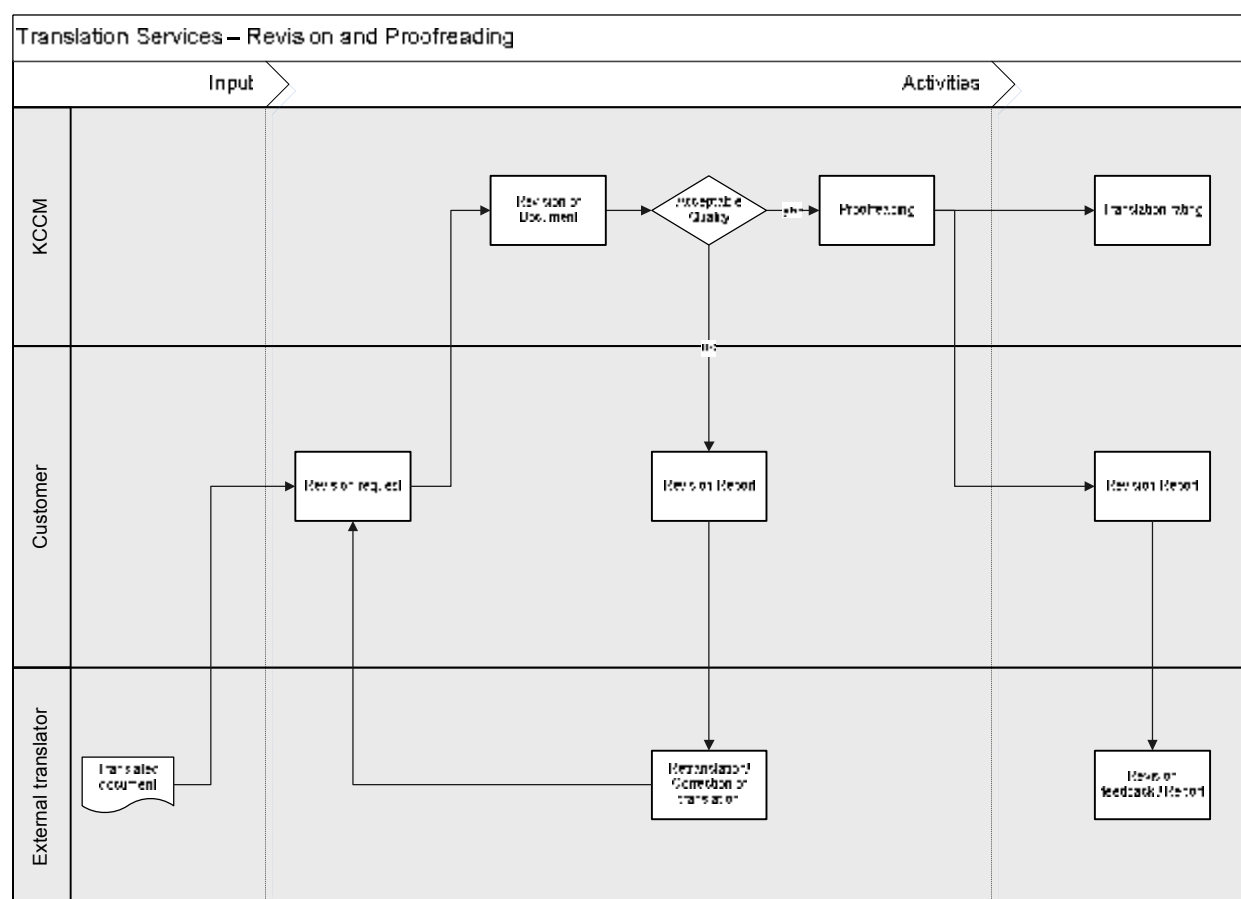


Figure 2-34: Revision and Proofreading - Flow chart

This new model would allow to reduce the workload for KCCM and to reduce the overall cost of translation, as translation would be mainly done through external translators.

#### Cooperation and Resource sharing of Translation & Interpretation

Further discussed during the review has been the option of possibly have a closer connection between the translation and interpretation group. The option would foresee that translators could work as interpreter and vice versa. For the evaluation of this option certain points had to be taken into consideration:

- The current staff working for translation or interpretation are not trained to work in both areas
- Training actions are currently only considered for younger staff
- Latest hires don't have both qualifications
- Recruitment of qualified people in both areas is more difficult

Further has been evaluated if the introduction of such a model would lead to a cost reduction in both services for FAO.

The calculation considered therefore the median of total required days of interpretation for the languages. The median is based on the period of 2002 – 2008.

Table 2-27: Median Interpretation days per year per language

Language	Interpretation days per year (median from 2002 – 2008)
Arabic	957
Chinese	519
English	673
French	604
Spanish	565
Russian <sup>30</sup>	317
Others	52

Further has been evaluated what the average costs of external interpreters including local and non-local interpreters and travel cost is for FAO. Local interpreters are available within Rome and no travel costs are emerging from their engagement. Non-local interpreters are considered to be outside from Rome. Therefore travel costs have to be included into the calculation.

The average costs for external interpreters in USD:

Table 2-28: Average cost for external interpreters per language

Language	Average costs of external interpreters (USD)
Arabic	1339
Chinese	1239
English	827
French	772
Spanish	669
Russian	1484
Others	640

The identified cost of external interpreters has then been compared to the cost of internal staff. The following table illustrates the days an internal interpreter would have to be chargeable as an interpreter to reach the break even point compared to an external interpreter. The calculation has been performed for the staff levels of P2 to P4. The fields marked in grey indicate that the RBR would discourage FAO to use these staff levels for the solution.

Table 2-29: Calculation of internal interpretation days necessary to break even with external costs for levels P2 - P4

Language	Staff level P2 (days)	Staff level P3 (days)	Staff level P4 (days)
Arabic	98	115	142
Chinese	106	124	153
English	159	186	229
French	170	199	245
Spanish	196	230	283
Russian	88	104	128
Others	205	241	296

Further has to be considered that all of the languages need to have at least two interpreters to be available during a meeting. For some of the languages three interpreters need to attend in the meeting. The RBR recommends a careful reconsideration of this model as this would only work for certain languages and only for limited staff levels. The introduction of such a model would need to be closely monitored.

<sup>30</sup> The Russian language service has been introduced in 2008 within FAO. Therefore only data of 2008 was available for the evaluation.

### Translation and coordination of external translation

The new model takes into account that urgent translations or confidential translations could be done by KCCM. The proposed model foresees that KCCM does translate about 10% of the total translation work of FAO. Translation requests sent to KCCM can either be done internally or externally. This service by KCCM should be offered at a rate of USD 250 per 1000 words.

Considering the proposed model for the translation group the cost structure would be:

Table 2-30: Cost structure of proposed Translation Model

<b>COSTS (USD) per Annum</b>				
<b>Position</b>	<b>Grade</b>	<b>FTE</b>	<b>Costs/FTE (USD)</b>	<b>Total Costs (USD)</b>
Senior Reviser	P5	1	217.824	217.824
Reviser	P4	5	189.588	947.940
Translator / Reviser	P3	5	154.080	770.400
Workflow Officer/Translator	P2			0
Workflow Officer	P1			0
Documents Clerk	G5	1	108.456	108.456
Typist/Proofreader/IT Clerk	G4	6,7	93.072	623.582
Layout/typist	G3			0
<b>TOTAL STAFF COSTS</b>				<b>2.668.202</b>
Training		1,35%		36.021
Temporary assistance / Overtime		2,50%		66.705
General Operating expenses		1%		26.682
<b>TOTAL POOL COSTS</b>				<b>2.797.610</b>
Total number of Professional staff				11
Total number of General Service staff				7,7
<b>Production words</b>				<b>Total (words)</b>
Meeting documentation (a)				6.864.000
Non-Meeting docs (Publications) (b)				928.000
Other Categories (Letters, VAs, TM, ..) (c)				1.320.000
<b>TOTAL WORDS</b>				<b>9.112.000</b>
<b>Translation cost / income</b>			<b>Rate</b>	<b>Total Costs (USD)</b>
Estimated income			250	227.800
External translation cost (90% of the volume)			190	1.558.152
<b>TOTAL COST OF TRANSLATION</b>				<b>4.355.762</b>
<b>TO BE COVERED THROUGH REGULAR PROGRAM</b>				<b>2.569.810</b>
<b>RUSSIAN GOVERNMENT CONTRIBUTION (2009 - 2011)</b>				<b>473.296</b>

The new translation model would lead to an annual cost for translation service of USD 4'350'000. This is a saving of around USD 1'100'000 per annum compared to the result of 2008. Around USD 2'550'000 should be covered through the Regular Program to avoid additional cost for departments for the service provided. For the period from 2009 to 2011 the Russian Government is supporting the development of a Russian language group within the translation services. The contribution covers the position of a P5, P3 and one G4. Additionally the contribution covers 20% of the translation cost for translations into Russian.

The savings calculated take not into account the Russian contribution, as it is for a limited period and only for the Russian language group.

### 2.8.2.3. Responsibilities / communication flows

In the new model the Translation group will be responsible for:

- Maintenance of the translator roster (Organization wide, globally)
- Maintenance of the Terminology database and the access rights for all translators listed in the roster
- Quality control and review of translated documents according to clearly defined Service Level Agreements
- Translation of documents in urgent cases

The departments of FAO will be responsible to directly communicate with external translators, if they choose to engage external translators directly. In these cases they'll have to communicate with and engage the Translation group for reviews of translations. The results of the review will be communicated from the Translation group with the departments. If changes are necessary the departments will have to request them directly by the external translators.

### 2.8.2.4. Transition map

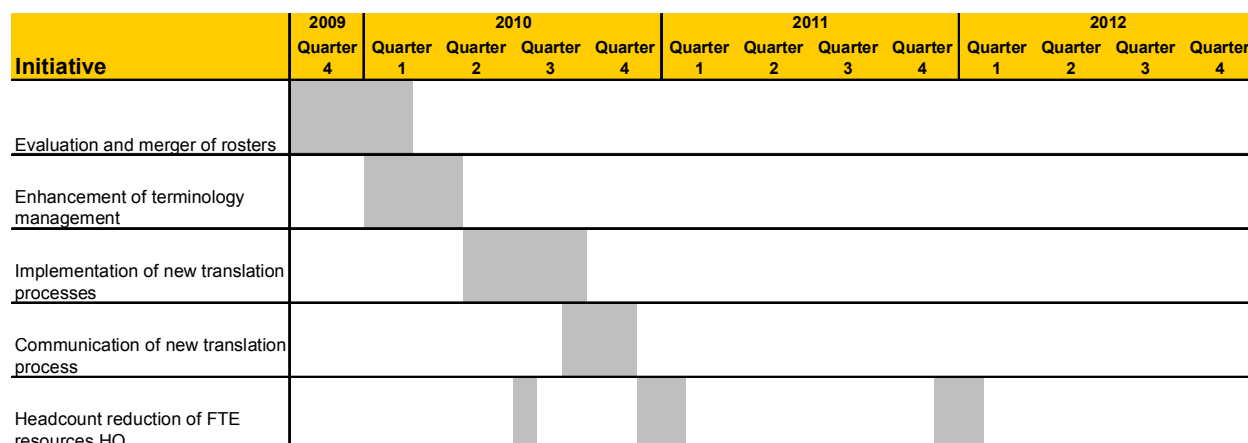


Figure 2-35: Transition map for Translation

### 2.8.2.5. Costs & savings

Table 2-31: Costs & Savings for Translation

Initiative	2009		2010		2011		2012	
	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD
<b>New translation model</b>								
Development and merger of rosters	50.000							
Implementation of new processes			30.000					
Headcount reduction of FTE				100.000		500.000		1.100.000
<b>Total per year</b>	<b>50.000</b>	<b>-</b>	<b>30.000</b>	<b>100.000</b>	<b>-</b>	<b>500.000</b>	<b>-</b>	<b>1.100.000</b>

## 2.8.3. Printing services

The evaluation of the Printing services of FAO included the following areas.

- Workgroup, network and Multi functional printers
- Internal printing (KCCM)
- External printing (KCII)
- Distribution & Warehousing

### 2.8.3.1. *Current Printing model*

#### Workgroup, network and Multi functional printers

Currently within FAO are a number of different floor printers available to the FAO staff. First there are the workgroup printers, which are operated as network printers and available mostly to a certain group of staff members within reach of the printer. Secondly there are a few individual printers, which are directly connected to a certain computer of a staff member.

And third the Multi Functional Printers (MFP), which are mainly located in the corridors within FAO and can be used as copier, printer, scanner and fax machines.

Certain printers have been identified as 'standard' workgroup printers within FAO. The departments of FAO have the freedom to purchase a standard printer without any further approval process. If the departments wish to purchase a non-standard printer above USD 800, they have to seek approval through KCT by providing a justification for the purchase. No approval is required, if the non-standard printer price is below USD 800.

Currently FAO has 1341 workgroup printers in the HQ in Rome in comparison to 2147 staff members in HQ Rome and 585 non-staff members with duty-station in Italy<sup>31</sup>. The ratio of printers to eligible staff is therefore currently around 1:2 for networked printers at the HQ in Rome, in contrast to the proposed ratio of 1:5, which is outlined on the FAO intranet by the KCT department.

552 workgroup printers are still within their book life of 4 years, the other have a purchase date before 2005 and therefore are beyond their book life, but still are working properly.

In the last 10 years between 1998 to 2008 FAO purchased on average 132 new printers per year. On average are 31% of the printers purchased within the last quarter of a year, taking into consideration the biennium planning process it unveils that in years where the biennium ends on average 46% of the new printers are purchased in the last quarter of the year, in contrast to 16% in the last quarter of the first year of a biennium.

At the Rome Headquarter FAO has additionally around 189 Multi Functional Printers (MFP) installed. The MFPs are currently administrated through AFSI and the lease for the MFPs is back-charged to the departments where they reside. Under the current model one MFP is in most cases only assigned to one department. The total lease cost of all MFPs is currently USD 73'410 per month and therefore USD 880'926 per year. Included in this cost are around 16'314'000 black/white prints and 1'278'000 color prints. All additional pages have to be paid as additional costs by FAO. For 2008 the costs for additional pages were around USD 130'000.

<sup>31</sup> As of 31<sup>st</sup> December 2008 according to HRMS data provided.

### KCCM – Internal Printing

Digital Reproduction Service has been established between 1996 and 1998 within FAO. Until 2007 various adjustments were made to the structure of the service and the group. Today two groups are mainly responsible for printing services in FAO. KCCM is responsible for internal printing and is closely connected to the Translation Group. Since 2007 new high volume equipment has been introduced to the Internal Printing Unit.

Regarding the staff levels the Internal Printing Unit has made some progress in the streamlining their staff levels since 12 FTE and 2 Temporary staff in 1999 to 6 FTE and 1 Temporary staff in 2009. The group is financed through a back-charge system of their print jobs. In the year 2008 the group processed 3'534 print jobs in total. The total cost of the group was in 2008 USD 1'190'924; including staff cost of USD 767'481 and equipment and consumable costs of USD 423'443.

The Internal Printing Unit has two professional printing machines, one for black/white printing and one for color printing. The internal printing equipment is leased and the cost calculated on a quarterly basis. The current leasing contracts are for three years, but can be extended. The current yearly lease cost for both machines is around USD 381'684.

Table 2-32: Black/white printing

Black/white printing	USD
n° 1 XYZ Production 144 + n° 1 XYZ Docutech 6135 Quarterly cost including 2,500,000 pages Additional copies	37'050 0.007
n° 1 FreeFlow MakeReady + n° 1 FreeFlow Scanner + n° 1 FreeFlow VI Quarterly cost.	3'751
<b>Total quarterly cost</b>	<b>40'801</b>
<b>Total yearly cost</b>	<b>163'204</b>

Table 2-33: Color printing

Color printing	USD
XYZ Ixxxx full system + XYZ C xxxx VP quarterly cost including 210,000 pages (color) and 150,000 pages (black/white) Additional copies	54'620 Color: 0.075 B/W: 0,005
<b>Total quarterly cost</b>	<b>54'620</b>
<b>Total yearly cost</b>	<b>218'480</b>

In recent years the printing workflow has changed sensibly, both in the time required for preparation and in terms of characteristics of the work required. Much more file processing is requested, as e.g. converting digital source files into PDF format, converting RGB<sup>32</sup> colors into CYMK<sup>33</sup> standards, regulating transparency in Microsoft products, changing documents from color to B&W, etc.

### KCII – External Printing

The External Printing group is part of KCII within FAO. KCII provides broad support to publishing including organizing the external printing of publications, flyers and e.g. CD-ROMs. The External Printing group support originators in printing their publication with external providers. The printing costs are back-charged to the originators and the service provided through the External Printing group is covered through the Regular Program. Currently a tender process is started for each printing request coming through the External Printing group. The costs for the tendering process are not included in the back-charge to the originators. In 2008 the group handled around 1'420 print requests with a total volume of

<sup>32</sup> RGB: Red, Green, Blue (The RGB color model is an additive color model in which red, green, and blue light are added together in various ways to reproduce a broad array of colors)

<sup>33</sup> CMYK: Cyan, Magenta, Yellow, Key (Black). (Cyan, magenta, yellow, and key (black), often referred to as process color or four color - is a subtractive color model, used in color printing)



USD 2'344'813. The staff cost are around USD 870'430 per annum. Considering the staff costs against the number of print request the average administration cost of each tendering process is around USD 613.

The usual high level process flow is as follows:

- The originator of a document fills in the Document Processing Request (DPR)
- KCII compiles required technical & non-technical, information of the publication in order to permit tendering and preparation of print instructions for final print order
- Competitive bidding is used for the selection of an external printing company
  - Currently a roster of external companies is used
  - The decision to print internally or externally is driven mainly by factors as time, amount (pages/copies), costs and quality
- KCII prepares detailed instructions for each print order and liaises with external printer and internal client throughout the production process
- Prior to bulk delivery, the printer provides KCII with an advance copy for quality assurance

Taking the cost of internal and external printing into consideration FAO spent in the year 2008 around USD 5'100'000 on printing for publications, flyers, CD-ROM's etc.

#### Distribution & Warehousing

At the current state originators estimate the number of copies needed for e.g. a publication and print the total estimated amount. As a result of this, around 7000 references are stored within the external warehouse of FAO. In recent years FAO undertook some efforts to reduce the number of references stored within the external warehouse. Unfortunately the report of the Audit department regarding the cleanup cost in the past period couldn't be provided to the RBR as it wasn't available. The RBR was provided with the current warehouse inventory list and evaluated the warehouse based on these lists. The warehouse currently holds around 6'979 references consisting out of 2'982'718 copies with a total weight of 640 tons. The average age of the publications is around 10 years, whereof 207 references are older than 30 years, 1037 references are between 20-29 years old and 2432 references are between 10-19 years old. The total weight of the references older than 10 years is around 147 tons. Further there are in the warehouse around 1'685 references stored which don't have a pick date at all. The average age of these references is 15 years and the total weight is 56 tons. The cost for the storage space at the warehouse was for 2008 in total USD 230'032.

References requested by FAO up to a total weight of 500kg are daily distributed from the warehouse to fixed monthly charge of USD 3'400. Ad-hoc requests up to a volume of 500kg cost USD 6.80. If items picked and send to FAO the cost is for each item is USD 0.11 the total cost for this service was in 2008 around USD 43'285. In 2008 FAO had fixed costs for distribution of USD 585'409 including the FAO staff cost. Taking the warehouse costs and the distribution costs into account FAO has currently costs of USD 815'441.

For the shipment of publications FAO pays a standard rate of USD 9 per kg. The publications are always sent from Rome. The total spent of FAO for shipping the publications was in 2008 in total around USD 550'000.

### **2.8.3.2. Proposed Printing Model**

#### Workgroup, network and Multi functional printers

The RBR recommends that no standard printers will be available as workgroup printers anymore. Accordingly the policies should be adjusted to reflect the change regarding the workgroup printers. Further it is recommended to start charging the service for the network integration of any new workgroup printer within the FAO headquarters. This adjustment would cause that all workgroup printers will have a



purchase price above USD 800 and therefore will need to go through the approval process with KCT or respective the 'One CIO Organization'. The charge for the network integration would also allow recover funds for financing the network upgrade and maintenance. The main goal of this exercise is to reduce the amount of workgroup printers within FAO and to arrive to a ratio of 1:10 at a certain point. To further reduce costs should printers outside of their book life be used until they are defective.

The Multi Functional Printers should come under the administration of the respective One CIO Organization.<sup>34</sup> Therefore the respective resource(s) dedicated to the maintenance of the MFPs should be moved. A review should be undertaken to reconsider the allocation of the MFPs within FAO. The current allocation is mainly driven by the department, who requested a certain amount of MFPs. The RBR investigated that some of the MFPs are located either closely to each other or even located in certain rooms of staff members. The new allocation should consider the staff number allocation on the floor of the HQ. The allocation should be driven by staff members able to use the MFPs and the current printed volume on the MFP. This procedure should allow FAO to reduce the total number of MFPs throughout the HQ in Rome. The current total number should be reduced by around 25% or around 50 MFPs. The ratio of currently 1:14 should be come to at least 1:20. The reduction of the MFPs would save FAO per year around USD 220'000. The RBR further recommends reviewing the lease contracts of the MFPs, as the included number of pages are fairly low compared to the maximum capacity of the MFPs. For example has the Xerox WorkCentre Pro 123 a maximum capacity of 75'000 pages per month<sup>35</sup> and the included volume of FAO is currently only 2'500 pages per month. A higher inclusive volume could lower the additional cost of currently around USD 130'000 caused by additional pages. An introduction of printing cards including a RFID<sup>36</sup> chip would allow a better allocating of costs of the MFPs to the different departments and different budget codes.

#### Internal & External Printing

The printing units within KCCM and KCII should be merged into a new printing unit. The unit would offer internal and external printing out of one hand. Although currently the two groups collaborate with each other on printing projects, they have not exploited their full potential of collaboration. By merging the two groups into one, the new group would be better able to meet the needs of the Organization. The new group would evaluate every incoming job to determine the best method to print the request. One reason that is difficult to do so in the present structure is that the groups are not aware of each other's workloads. Although some collaboration has taken place in the past, it has not been optimized. The future the internal machines should be run at around 90-95% of their capacity to further reduce the costs of internal printing. Low volume of print orders which are printed internally should be moved to medium size printing equipment available within FAO. The internal printing unit had 2008 around 1300 print jobs, which had a maximum of 1000 pages per print job. These jobs represented around 10% of the income of internal printing or around USD 170'000. The movement of these jobs to medium size equipment would further free up capacity of the large digital printing equipment and allow running larger jobs on these machines.

Further the RBR recommends FAO to consider the possibilities a print-on-demand process can offer for the residual volumes after publication launch as opposed to storage and subsequent dispatch. By merging the two groups into one it would have better control of the process, which at the current state is difficult to realize. Print-on-demand would give FAO the advantage to reduce their storage costs (which cannot be forecasted or contained) evolving from printed overcapacities. The publications which could qualify as print-on-demand publications need to fulfill following requirements:

- No special or intricate finishing processes such as spiral binding or case binding)

<sup>34</sup> For further information about the One CIO Organization please refer to the section 'One CIO' of the Information Technology work-stream.

<sup>35</sup> Capacity information taken from the official Xerox datasheet for the WorkCenter Pro 123

<sup>36</sup> An introduction of new staff cards could include RFID chips with the necessary information.



- No items requiring die-cutting (pocket folders);
- No full color throughout publication;
- No non standard formats (nothing larger than A4);
- No special finishing such as UV coating on covers;
- No special size covers (covers that have flaps known as bandelle in Italian).
- No special papers - simple matte coating or uncoated text paper only with different weights available;

Currently evaluations are in progress to identify possible local printers worldwide which could produce publications according the FAOs standards. At the same time local distribution centre worldwide for FAO publications will need to be identified. At present the FAO does not have the capacity to distribute in the regions. All publications published by the HQ need to be distributed by the HQ, which receives the publications from the printers. This becomes cost prohibitive for printing outside of Italy, as the cost to ship publications back to HQ needs to be added to the cost for printing. The advantage to print with local printers around the world would give FAO the benefit to reduce their distribution cost per year. For the realization of this step FAO would need to address staffing requirements needed for the management of printing jobs abroad and invest in work-flow technology that would allow them to send out standardized PDF files which should reduce the need for any further corrections. The additional cost for FAO in the year 2008 for these corrections was around USD 50'000. The RBR further recommends FAO to identify around 5 standard external printers to which the external print jobs within Rome will be allocated. This process is currently already in the planning stage and will be executed in cooperation with the FAO procurement service. The identification of standard printers would eliminate the currently used tender process for each publication and would therefore reduce the workload of the printing department.

The RBR recommends for the new price structure of print jobs to take into consideration following points:

- Print cost
- Warehousing cost (for the period defined through the retention time)
- Distribution cost

For the realization of this model every requester of print jobs has to include the following information: First the requester needs to identify the quantity and the retention period for the publication which will be stored in the warehouse. The warehouse costs will be included in the printing cost for the complete period. Secondly the requester needs to evaluate where the publication needs to be distributed to. To support the requesters with the evaluation of recipients of publications and the quantity required, the RBR recommends the establishment of one position within the FAO to maintain and control the mailing lists. An additional benefit of this would also be that the number of wrongly addressed publications could be reduced, which causes costs of around USD 100'000 per year. Finally the distribution cost should also be included into the printing cost. This step would prevent the situations in which requesters didn't have any budget left for the distribution of publication and therefore stored all printed copies in the warehouse.

The implication of this model is also to connect the distribution group to the printing group, as a close cooperation of these groups need to be assured. A closer cooperation could create further efficiencies gains regarding the warehouse stock and the distribution cost. The distribution cost could be reduced by around 30% if an estimated 80% of the publications would be printed locally and distributed locally throughout the world. The saving of this procedure could be around USD 130'000. It is important to note that in order to achieve these results, originators must add the time necessary for printing abroad when planning their print orders.

The publications stored in the warehouse should be closely monitored and destroyed after the retention period. If departments storing publications wish to extend the retention period the price for the storage should be increased to the initial rate. The current stock of the warehouse holds on average 428 copies of

each publication. This should be reduced by around 40% to an average of 250 copies per publication. The reduction would save FAO around USD 60'000 of rent of the external warehouse. This reduction should also include the publications without any picking date<sup>37</sup> and a total weight of around 56 tons, which cost FAO currently around USD 13'721.

#### Structure of the proposed Printing department

The new Printing & Distribution unit would have around 17 GS staff members and around 1.15 P4 staff supervising the department. The P4 position of Internal Printing is included to 15%, as this post also covers other duties within the Translation group. Not considered in the calculation are five outsourced staffs who are supporting the distribution process. The total cost of the new Printing & Distribution unit would be around USD 2'300'00.

Table 2-34: Structure of the proposed Printing department

<b>DISTRIBUTION COSTS (USD) per Annum</b>				
<b>Position</b>	<b>Grade</b>	<b>FTE</b>	<b>Costs/FTE (USD)</b>	<b>Total Costs (USD)</b>
Distribution	G5	1	108.456	108.456
Distribution	G4	2	93.072	186.144
Distribution	G3	1	81.036	81.036
Distribution	G2	1	62.844	62.844
<b>DISTRIBUTION STAFF COSTS</b>				<b>438.480</b>
<b>PRINTING COSTS (USD) per Annum</b>				
<b>Position</b>	<b>Grade</b>	<b>FTE</b>	<b>Costs/FTE (USD)</b>	<b>Total Costs (USD)</b>
Programming Manage /Publishing Production Manager	P4	1,15	189.588	218.026
Vacant	G7	1	139.620	139.620
Programming Assistant	G6	1	123.468	123.468
Printing Clerk / Publishing Estimator / Vacant	G5	2	108.456	216.912
Foremen / Clerk	G4	3	93.072	279.216
Printing Operators / Control Clerk	G3	3	81.036	243.108
Printing Operators	G2	2	62.844	125.688
<b>PRINTING STAFF COSTS</b>				<b>1.346.038</b>
Training	1,35%			24.091
Temporary assistance	2,50%			44.613
Equipment				417.151
General Overhead expenses				33.000
General Operating expenses				500
<b>TOTAL POOL COSTS</b>				<b>2.303.873</b>
Total number of Professional staff				1,15
Total number of General Service staff				17

Through the restructured processes synergy effects should be realizable, which should allow for the unit to offer additional services such as pre-flight (review of files) and internal proofing. This will further enable the organization to print abroad without the need for additional proofs from the printer. Further should the synergy effects allow FAO to reduce the posts within the new Printing & Distribution unit by an estimated 3 posts and therefore save FAO around USD 300'000.

<sup>37</sup> Picking date: Identifies the last date of a request of the publication. If no picking date is identified the publication has not been requested since stored in the warehouse.

### 2.8.3.3. Transition map

Initiative	2009	2010				2011				2012			
	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Evaluation and new allocation of Multi functional printers													
Merger of internal & external printing and distribution group													
Implementation of software for printing-on-demand and proof corrections													
Improvement of Mailing list new G3 post													
Identification of local printers and distribution providers													
Evaluation of publications stored at warehouse and disposal of outdated publications													
Headcount reduction of FTE resources													

Figure 2-36: Transition map for proposed Printing Model

### 2.8.3.4. Costs & savings

Table 2-35: Costs & Savings for proposed Printing Model

Initiative	2009		2010		2011		2012	
	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD
<b>New printing model</b>								
Reduction of Multi functional printers	10.000			220.000		220.000		220.000
Implementation of software for printing-on-demand and proof corrections	80.000			50.000		50.000		50.000
Improvement of Mailing list new G3 post			80.000	100.000	80.000	100.000	80.000	100.000
Reduction of distribution cost through local distribution						130.000		130.000
Reduction of warehouse costs	10.000			60.000		60.000		60.000
Reduction of staff by 20%						200.000		300.000
<b>Total per year</b>	<b>100.000</b>	<b>-</b>	<b>80.000</b>	<b>430.000</b>	<b>80.000</b>	<b>760.000</b>	<b>80.000</b>	<b>860.000</b>

## 2.8.4. Travel

### 2.8.4.1. Current travel model

During the second stage of the Root and Branch Review conducted a rough analysis of the Travel procedures. In 2008 FAO booked around 10'000 tickets and spent around USD 18'000'000 according to the data of FAO's travel agent Carlson Wagonlit Travel (CWT). Around 42% of the tickets are booked within the last two weeks prior to the departure date, whereof around 23% are booked within the last week prior to departure.

The data provided by Carlson Wagonlit Travel includes the bookings from April to December 2008 and outlines the amount paid by FAO in EUR.

Overall Total											
Tickets used						Paid fare					
7'667						9'948'597					
0 days prior departure			1 days prior departure			2 days prior departure			3-4 days prior departure		
Tickets used	Paid fare	%*	Tickets used	Paid fare	%*	Tickets used	Paid fare	%*	Tickets used	Paid fare	%*
61	65'065	1%	129	142'363	2%	184	235'983	2%	506	643'797	7%
5-7 days prior departure			8-13 days prior departure			14-20 days prior departure			21 + days prior departure		
Tickets used	Paid fare	%*	Tickets used	Paid fare	%*	Tickets used	Paid fare	%*	Tickets used	Paid fare	%*
865	1'069'776	11%	1'442	1'957'077	19%	1'241	1'642'860	16%	3'239	4'191'677	42%

\*: Percentage of tickets used compared to the overall total of tickets used

Figure 2-37: CWT bookings data from April to December 2008

The analysis of the current Travel procedures indicates the following:

#### Systems

Atlas, the system used to process travel requests, has a number of shortcomings:

- Atlas does not provide all the parameters and information sets needed to create a Travel Authorization (TA). These have to be added manually by the requestor and be checked manually by the Travel processing clerks subsequently.
- Atlas does not perform most of the coherence checks it could because of the limited data it holds or receives. Therefore again manual and subsequent verification is required.
- The documentation in support of the users of Atlas is varied, inconsistent and sometimes incomplete.
- The training provided in support of the usage of the system is limited
- The travel agent who is requested through Atlas to provide its quote for the applicable fare, has no ability to make dates or itinerary modifications in the TA and has to resort to communicating necessary changes by email or phone which requires that the TA be reworked by the originator and the request resent to the travel agent. This process may be repeated after the TA has been approved if the fare or itinerary have changed (increased) which requires re-approval of the TA.
- Atlas provides for the traveler deciding upon travel itineraries and dates as opposed to letting the travel agent provide travel itineraries and adjust dates to meet meeting/event/conference timings.

### Travel processing

- The processing of travel requests is split among several functions: AFH, AFDS, the divisions etc. Given the above mentioned major shortcomings of the system especially with regard to coherence and manual data input requirements, the processing of travel requests is quite a cumbersome process
- The process requires to initiate the standard TA (duty travel) that:
  - The travel be authorized on the monthly or quarterly travel plan submitted
  - The travel agent to include a fare and confirm itinerary and dates
  - The TA initiator to forward the TA for approval to the various budget holders
  - The TA is then approved in Atlas by the secretary of the authorized official and considered approved
  - Payment and ticket issuance are then processed.

The workflow for duty travel visualizes the possibility of repetitions in the process (see Annex R of Administrative Services for the flowcharts of the duty travel). Especially for travels which include multiple budget holders' approval and multiple destinations. The fare authorized by the budget holders can be outdated by the time all signatures are received. In these cases the Travel Authorization has to be adjusted with the new fares and has to undergo a re-approval process. This procedure causes delays in the advance booking of airline tickets for the travel and increases to costs. Staff members tend to postpone bookings to the last week of the travel to avoid the re-approval process.

If a travel is subject to a Travel Claim all relevant travel data has to be included in the original TA to document the Travel Expense Claims and the receipt attached. For Lump-sum payments or R&R recuperation leaves in alternative locations i.e. the traveler will have to document that the travel entitlement has been exercised. It appears that every single claim documentation is verified by the requestor and by the receiving entity.

## 2.8.4.2. *Proposed travel model*

### Duty travel

The new model for duty travel should follow certain principles to increase the days of advance booking.

- Authorizations should be based on *detailed monthly or quarterly travel plans* (encompassing all travel plans known at the time of submission) for duty travel and only requires specific authorization if not planned. The travel plans should be updated to confirm the budget codes to be used and the fund availability. Travel plans should be approved within 15 days of their submission.
- Authorization of TAs by the various budget holders in case of multiple budget lines/holders should be performed on a *draft/tentative basis* using *standard airline fares* for the most frequent destinations to be provided monthly by the agency for the duty travel plans period. To avoid requesting a quote and having to rework the TA. Alternatively, historic average fares could also be used.
- The final TAs should be issued and approved in Atlas *when the travel plan is approved* as opposed to when the travel is due, this would generate significant cost savings especially on the applicable fares.
- The payment to the traveler should be performed by the Travel Service as opposed to Treasury.
- TECs should be processed only *by default* i.e. when the traveler has grounds to reclaim reimbursement. If TECs are not filed within 3 months, the TA should be closed and deduction should be made from salaries or attempts to recover the amounts. The traveler should be nevertheless requested to file with the organization all documents relevant to the travel which can be made *randomly checked every month* by the travel service. The travel service could therefore use the sample method used by Audit to indentify the samples.
- TAs should only require re-approval if the actual travel cost exceeds the initially budgeted amount by *more than 20%*.
- The travel plans should provide *the information regarding* the date of the meeting/event or other, hour and ending date/time of the mission to allow reconciling travel duration and allowing the travel agent to provide the best fares to meet these requirements as opposed to meeting the preferred requirements of a specific traveler. The TA will be based and processed on the best fare or total cost to attend the meeting/event as opposed to being issued on the basis of a specific itinerary or airline request by the traveler.

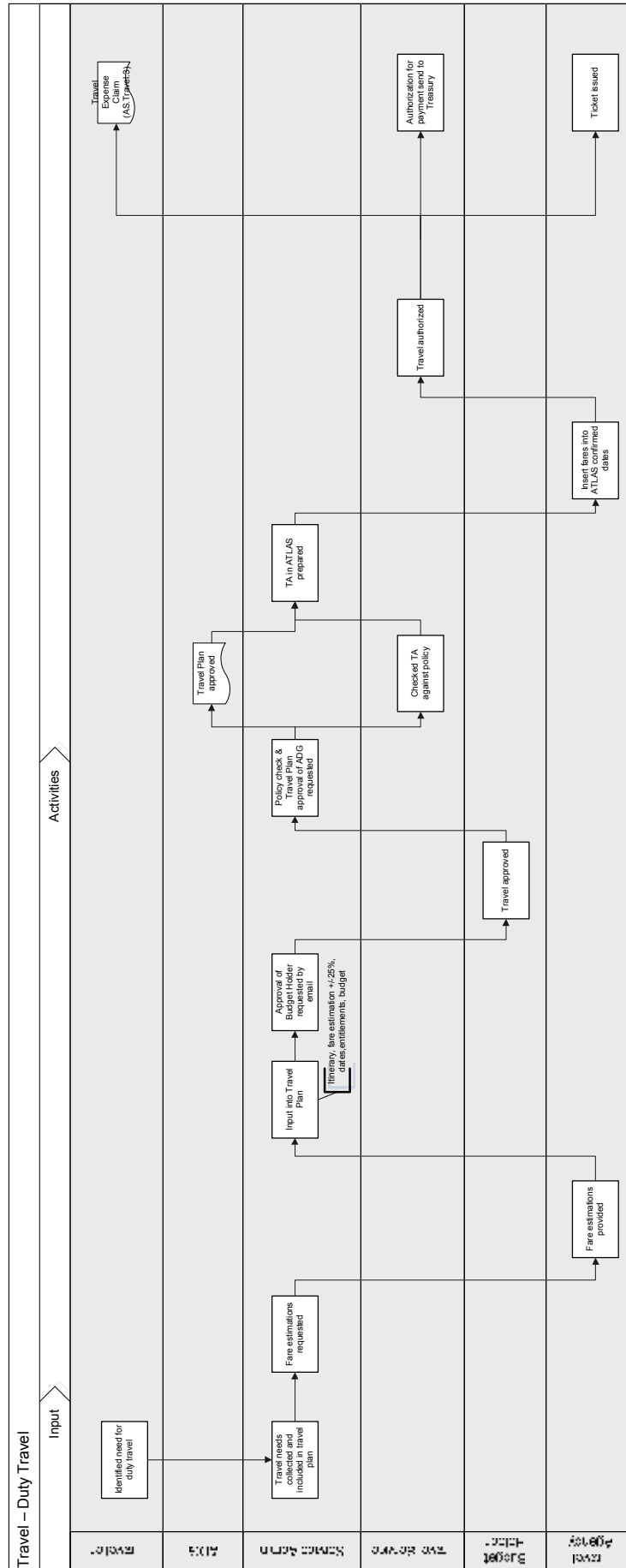


Figure 2-38: Duty Travel – Proposed flow chart

### Entitlement travel

Entitlement travel encompasses all travel that a staff/non-staff is entitled to perform on a regular and pre-determined basis i.e. R&R, Home leave etc. that are either payable as a lump-sum payment or processed by the organization or providing for alternative settlements (i.e. change in destination at no on-cost etc.). The lump-sum option should be offered for these entitlement travels. The current usage of lump-sum arrangements should be assessed to have an idea of their efficiency. In any case, even in the absence of lump-sum payments made available for all entitlement travel, it is advised that the corresponding draft TAs be raised and approved on an estimated basis according to the relevant MS prescribed calendar at least 1 month before due date. The authorization of the draft TA should be provided by the relevant personnel officer. The adjustment to draft TA could be processed through the relevant TECs or through the raising of an actual TA (within the approved amount and applicable policy provisions of the draft TA already approved). The handling of this process should be entrusted to the SSC as opposed to the personnel officer. The payment should be effected by the SSC in lieu of Treasury. The personnel officer should provide the SSC with a tentative entitlement travel calendar with all relevant details. This calendar should also be made available to staff members on the intra/extranet, indicating their need to signal deviating requirements at least 1 month ahead of time.

It is recommended that the authorizations be limited to the budget holders for the travel plan, to the personnel officers for entitlement travel. Senior Management would be provided with monthly reports:

- approved travel plan and costs
- actual travel performed and costs

As a longer term proposal, it should be also considered to discontinue Atlas and move to a simple Oracle based solution. It is also advised to constitute a database reflecting the complicated entitlement scheme of the organization which will serve as a reference and provide historical data since to date it seems to be very difficult to have an exhaustive inventory in one location of all applicable rates and provisions.

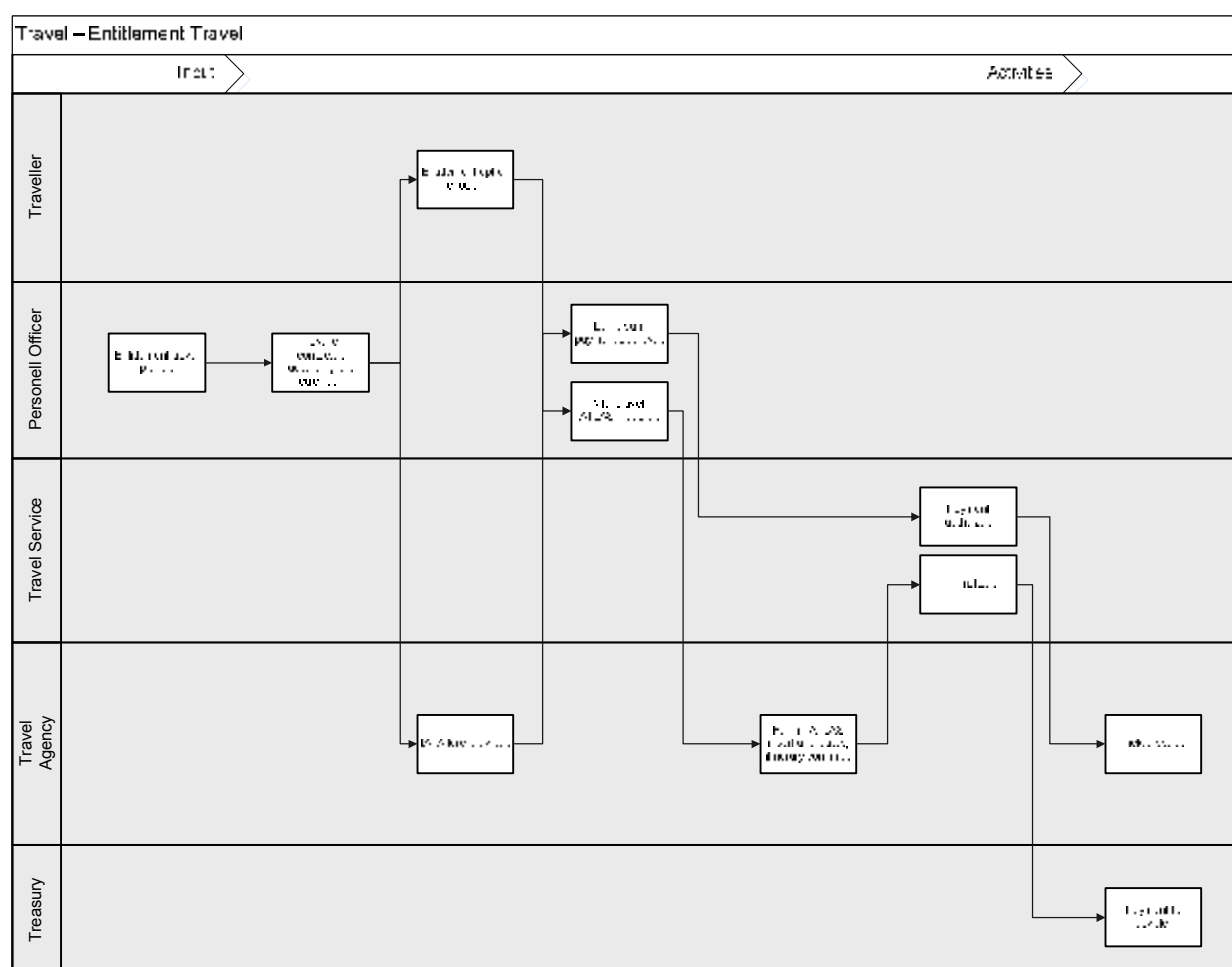


Figure 2-39: Entitlement Travel – Proposed flow chart

The changes in the travel approval process should allow FAO to increase the advance booking time of travels. The RBR recommends a change of FAOs travel policy to request an advance booking time of at least 14 days prior to departure as mandatory. Additionally the use of restricted airfare should be evaluated and wherever relevant be mandatory for tickets.

A study published by Carlson Wagonlit Travel (CWT) outlined that it would be possible to save an estimated 2% per day of the ticket price within the first 14 days prior to departure through advanced booking.<sup>38</sup> Taking into consideration that FAO is developing quarterly travel plans, it would give FAO the advantage to highly benefit from advance bookings provided travel plans meet three key criteria:

- the approval of the travel plan is the basis for issuing the TA/Ticket
- the approval of the travel plan occurs within 15 days maximum from submission
- the travel plan includes foreseeable trips above the monthly or quarterly period

The formula used for the calculation of the possible amount to be paid with an advance booking time of minimum 14 days is therefore:

- $x \cdot (1 - y/100)^n$ 
  - X = The volume to be shifted
  - y = The percentage saved per day, in this case 2%
  - n = The number of days to be shifted

<sup>38</sup> CWT, Playing by the Rules: Optimizing Travel Policy and Compliance, Page 19ff  
Ernst & Young

Table 2-36: Achievable savings through advance booking of 14 days

Advance booking (days)	Amount paid (EUR)	Amount paid with advance booking time of 14 days (EUR)
0	65'065	49'035
1	142'363	109'480
2	235'983	185'179
3-4	643'797	526'029
5-7	1'069'776	928'700
8-13	1'957'077	1'841'985
14-20	1'642'860	1'642'860
21+	4'191'677	4'191'677
<b>TOTAL (EUR)</b>	<b>9'948'597</b>	<b>9'474'946</b>
<b>TOTAL (USD)</b>	<b>13'530'092</b>	<b>12'885'927</b>
<b>TOTAL 12 month (extrapolated)</b>	<b>18'040'123</b>	<b>17'181'236</b>
<b>Difference / Saving (USD)</b>		<b>858'887</b>

Considering an advance booking time of at least 14 days FAO would be able to save around USD 850'000 of their overall travel costs per year which represents around 4.9% of the total volume spent by FAO.

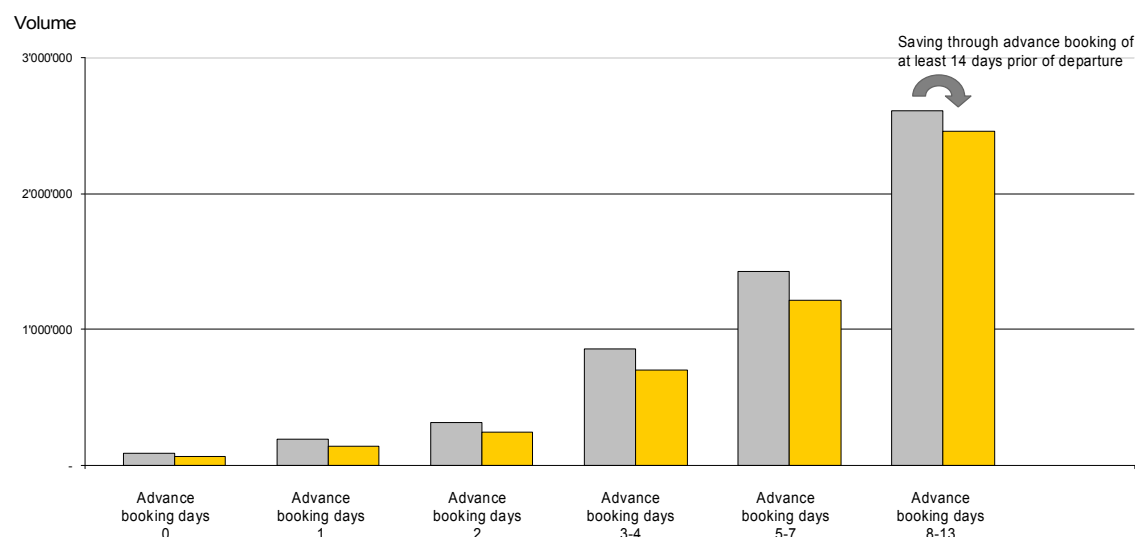


Figure 2-40: Savings through advance booking

Further the study of CWT reveals that around 2.3% of the total volume could be saved through the enforcement of restricted airline tickets.<sup>39</sup> The saving for FAO enforcing this rule would be around USD 400'000. Taking into account that this would only be applicable for around 50% of the flights the saving would be USD 200'000. The apportionment of these savings would be: 50% RP / 50% EB. Further the study includes a possible saving of around 3% of the total air spent volume by using preferred airlines. These savings are included in the calculations of the Procurement work-stream recommending joint

<sup>39</sup> CWT, Playing by the Rules: Optimizing Travel Policy and Compliance, Page 28ff  
Ernst & Young

procurement together with WFP and IFAD.<sup>40</sup> Through a joint procurement action the saving could be higher, as the indicated 3% only take the volume of FAO into consideration.

### 2.8.4.3. Transition map

Initiative	2009	2010				2011				2012				
	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Review and amendment of existing policies regarding advance booking														
Implementation of new processes														
Communication of new processes & policies														

Figure 2-41: Transition map the proposed Travel Model

### 2.8.4.4. Costs & savings

Table 2-37: Costs & Savings for the proposed Travel Model

Initiative	2009		2010		2011		2012	
	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD	Investment USD	Saving USD
<b>New travel model</b>								
Implementation of new processes and policies	50.000							
Reduction of travel cost through advance booking		250.000		500.000		850.000		850.000
Reduction of travel cost through restricted airfares		100.000		200.000		200.000		200.000
<b>Total per year</b>	<b>50.000</b>	<b>350.000</b>	<b>-</b>	<b>700.000</b>	<b>-</b>	<b>1.050.000</b>	<b>-</b>	<b>1.050.000</b>

<sup>40</sup> Please refer to section *Operational model for the implementation of partnerships in procurement actions with other UN agencies*  
Ernst & Young



### 3. Costs and savings

One of the objectives of Stage 2 of the RBR has been that of detailing qualitative and quantitative benefits related to the initiatives of the RBR as well as of identifying potential investments or recurring costs implied with their implementation.

By estimating Costs and Savings, it is important to underline that the Benefits which the identified initiatives bring to the organization can be differentiated in two main categories:

- **Cash Savings** (also referred as "Savings"), which have an immediate impact on the financial performance and
- **Effectiveness Gains**, which have an influence on the processes but are not immediately quantifiable from the cash perspective, since they have an impact on the quality and speed of the services provided.

Cash Savings and Effectiveness Gains can be achieved within a defined period of time (either short-, mid- or long-term), considering the need for possible transition periods, the measures to be put in place to implement the recommendations and the associated investments. Both can be achieved internally within FAO and/or through a better co-operation with other UN agencies.

FAO is an organization with significant potential: its role in promoting knowledge and supporting the challenges of many countries and many projects in agricultural environment has to be supported at Headquarters level with an effective organizational structure which guarantees efficient corporate infrastructure and services and avoids duplications of functions and bureaucratic administrative burden. This objective is achievable not only in the mid- long-term but also in the short term. One of the main objectives of Stage 2 has been to examine in more detail the initiatives identified in Stage 1 and, in particular, in describing them in terms of one-off and recurring Costs and Savings.

By detracting, from the overall Savings, the one-off and the recurrent Costs, over the 5 years period 2009-2013 it is expected that the RBR initiatives will generate gross Cash Savings of USD 45.4 Mil. yielding **net Cash Savings** of approximately **USD 37.4 Mil.** This figure represents the cumulated amount of net Savings of the entire period after deducting one off and recurring Costs for a total amount of USD 7.9 Mil. The amount of the estimated Cash Savings takes as a basic reference for comparison the biennium 2008-09. Compared to this biennium the net Savings achievable on a recurring basis reach USD 1.2 Mil in 2009, USD 12.7 Mil in the biennium 2010-11 and USD 23.5 Mil in the biennium 2012-13.

In order to realize the Savings, by considering the broad number of initiatives and their complexity, it will be crucial to immediately start the suggested initiatives, to introduce an experienced project management and to have a constant and independent monitoring of the implementation.

Additional process improvements (**Effectiveness Gains**) have been identified in other areas including Finance & Budgeting, through the integration of the planning process within the Finance Division, and in HR through the revision / development of critical processes.

It must be underlined that these Savings can be achieved without negative impact on the services provided. The RBR considered the Savings achievable in comparison to the necessities of modern streamlined processes, and also in comparison to the resources employed by other international and public organizations.

Additionally, a better cooperation with other UN agencies in several areas can be an important source of efficiency. The RBR underlines the necessity here to analyze not only the options related to the Rome

based UN agencies but also to other UN organizations worldwide. We encourage FAO to conduct further detailed analysis in this area. However we understand that progresses on this topic is not only depending on FAO but also on the willingness of other agencies.

We understand that for this change FAO will clearly have to manage a transition period including the implementation of appropriate social plans, voluntary packages and/or retraining initiatives aimed at creating new opportunities and new skills within the organization.

As already said, in order to achieve the savings, the FAO organization will have to carry out some investments or sustain costs in order to undertake the changes and achieve the expected improvements. These costs and investments refer to redeployment plans, purchase of new IT applications, restructuring of processes and transfer of activities and staff.

Finally we want to underline that one of the major challenges faced by the RBR has been the lack of availability of proven figures and quantitative information. This has represented a significant burden to the review, increasing the time spent for the analysis and raising the need to double-check costs and savings in order to eliminate or at least reduce to the minimum the risk of errors.

The table below represents a summary of the initiatives and of the corresponding Costs and Savings grouped by function and expressed in USD (000):

*Table 3-1: Summary of the initiatives and of the corresponding Costs and Savings*

Work-streams Stage 2	One-off Investment USD ('000)			Recurrent cost USD ('000)			Recurrent Savings USD ('000)		
	2009	2010-11 (biennial)	Total	2009	2010-11 (biennial)	2012-13 (biennial)	2009	2010-11 (biennial)	2012-13 (biennial)
Total Overall Initiatives	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Finance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Budgeting	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Information Technology	200	525	725					4'175	4'175
Total Human Resources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Procurement	30		30	1'065	2'130	2'130	1'781	6'735	9'590
Total Administrative Services	200	930	1'130		340	340	950	5'740	12'220
<b>TOTAL</b>	<b>430</b>	<b>1'455</b>	<b>1'885</b>	<b>1'065</b>	<b>2'470</b>	<b>2'470</b>	<b>2'731</b>	<b>16'650</b>	<b>25'985</b>
<b>Year 2009</b>	Gross Saving 2009	2'731	Savings achievable on a recurring basis reach: USD 1.2 Mil in 2009 USD 12.7 Mil in the biennium 2010-11 USD 23.5 Mil in the biennium 2012-13						
	Net Saving 2009	1'236							
<b>Biennium 2010-11</b>	Gross saving 2010-11	16'650							
	Net saving 2010-11	12'725	Over the 5 years period 2009-2013 it is expected that the RBR initiatives will generate: Gross Cash Savings of USD 45.4 Mil. Net Cash Savings USD 37.4 Mil.						
<b>Biennium 2012-13</b>	Gross saving 2012-13	25'985							
	Net saving 2012-13	23'515							
<b>Period 2009-2013</b>	Gross saving 2009-13	45'366							
	Total of one-off investments	1'885							
	Total of recurrent cost	6'005							
	Net saving 2009-13	37'476							

More details are in the following pages.



Table 3-2: RBR Initiatives Investments, Costs and Savings

N.	Initiative Stage 1	Initiative Stage 2	Stage 2							
			Investment			Recurrent cost		Recurrent Savings		
			2009	2010-11 (biennial)	Total	2009	2010-11 (biennial)	2009	2010-11 (biennial)	2012-13 (biennial)
1	Selection and prioritization of on-going initiatives	Not in scope of the RBR, as included in the overall IPA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Align the objectives of the support functions with the strategic objectives of the organization, defining key efficiency targets and service level agreements - SLAs (commitment model)	Converted into one of the Value Drivers to promote the reform process (effectiveness gain)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Rationalize the set of policies and procedures of the FAO organization (manual)	This initiative has been followed in the various work-stream and is therefore included in the calculation of the work-streams	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	A Regulatory Unit should be established	This recommendation has been further outlined in stage 2 within the organizational section. And recommendations regarding skills have been made.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	Re-define the role of the ODG with regard to administrative activities	Not performed because the management invited to focus on Corporate Services, but remains in scope and it is highly recommended to the management.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Define a new role for HR function	Dealed within the HR section and through the assignment of the responsibility to the ADG HR, Finance and Corporate Services.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Review the roles of internal committees and reduce their number	Accomplished as part of the activities of the work-streams. Stage 2 reinforces this recommendation.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



8	Transfer of low value added/transactional activities to the SSC and consider an assessment of the current governance	Accomplished within Procurement workstream and reinforced as a recommendation to FAO.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Overall Initiatives										
9	Implementation of IPSAS as key initiative for the finance division and FAO as a whole	Already being dealt with by FAO management, out of RBR Stage 2 scope.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Implementation of the Enterprise Risk Management (ERM)	Already being dealt with by FAO management, out of RBR Stage 2 scope.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Finance										
11	Design the new Planning and Budgeting Model, define the new structure of PWB, outline the new standard streamlined logical framework for “Projects” budgets and the requirements for the standardized new reporting system.	Dealt within the Finance and Budgeting work-stream.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	Identify the areas of improvement and define the actions for the enhancement of the Results-Based Management (RBM)	Out of scope.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Budgeting										
		IT responsibilities and functions should be consolidated in one CIO	100	100	200				2'440	2'440
13	Strengthen IT Governance. All functions must abide by formal processes, e.g. project/change request procedures, project management and development processes	Strengthen IT Governance. All functions must abide by formal processes, e.g. project/change request procedures, project management and development processes	100	400	500				1'405	1'405
14	Upgrade Oracle for staff Management and IT infrastructure in Dos	This Initiatives is not in the scope of the RBR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Increase the range of support services and software development delivered from KCT offshore centre in Bangkok (transfer of 10 headcounts in 2011)	N/A	25	25				330	330



15	Design of the Management Information System	This Initiatives is not in the scope of the RBR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Total Information Technology</b>		200	525	725			0	4'175	4'175
16	Complete the Competency Framework: through the completion of the on-going Competency Framework with technical competencies, the set of FAO role descriptions and continuous updating of the competency profiles		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	Review the Accountability Framework through BPI/BPR solutions and a clear assignation of the responsibilities on each HR process among AFH and other entities (other departments, decentralized offices, SCC)	Review the accountability framework	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Define a new role for the HR Function	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Evaluate the opportunity for outsourcing aspects related to the development courses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Total Human Resources</b>									
18	Identify and implement synergies with other UN Agencies to procure jointly common goods/services (Procurement for HQ) and to merging the facility management services	Operational model for the implementation of partnerships in procurement actions with other UN agencies			0	500	1'000	1'186	5'545	8'400
19	Involve AFSP in the initial phases and activities of the procurement actions (Procurement for projects)	New procurement model for managing the initial phases of purchasing actions	30		30	300	600	30	60	60
20	Develop the registered vendors management towards an active suppliers management (partnership principles)	Empowerment of regional and local officers in managing local procurement			0	140	280	185	370	370
21	Rationalize logistics and delivery processes	Transfer of transactional activities to the SSC			0	125	250	380	760	760
22	Pursue a higher empowerment of the Regional and local officers in managing local procurement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Total Procurement</b>		30	0	30	1'065	2'130	1'781	6'735	9'590



23	Define a plan for the registry management, considering the shift to electronic and the outsourcing of resources			900	900		180	250	2'200	6'200
24	Define an approach to communication style and document which will reduce the need for printing and storage	Proposal for a new Printing & Distribution department, including External Printing, Internal Printing and Distribution. Change of the printing and distribution procedure	100		100		160	350	1'190	1'720
		Change of the Translation Service Model. Translation service to be outsourced to external translators. Internal Quality Assurance, Terminology & Roster Management.	50	30	80				600	2'200
		Change of the travel approval process and enforcement of advance booking and restricted airfares (where applicable)	50		50			350	1'750	2'100
	Total Administrative Services		200	930	1'130	0	340	950	5'740	12'220
	Grand Total		430	1'455	1'885	1'065	2'470	2'731	16'650	25'985



Table explanation: With regard to the investments/recurring costs/investments related to each work-stream an explanation is provided hereafter.

### **HR**

In the HR area we identified exclusively effectiveness gains. Due to this reasons, these gains as not quantifiable are not included in the cash savings table.

### **Finance & Budget**

The work-stream Finance and Budget Management focused its activity in designing effective and integrated planning and monitoring processes. The new model addressed the need to sustain the current organizational change toward a result-oriented management. It will allow a more effective resource management, directly linking resources to results and outputs and improving the quality and usefulness of business information.

These changes will bring substantive effectiveness gains, but no monetary estimates of these deep effects can be reasonably provided at the moment.

Also on the investments side it's difficult to give precise figures on the costs related to the implementation of the new P&B model, since this appears to be strongly influenced by key decisions related to the development of an integrated IT support system.

Moreover, the successful deployment of the model should be carefully coordinated with the other ongoing interrelated key initiatives (e.g. IPSAS, FAS replacement, RBM, MIS and necessary upgrade of Oracle), whose analysis is not included in the RBR.

### **Procurement**

Costs and savings for Initiative 1 were calculated considering:

- the one-time investment, consisting in the implementation (in 2009) of some additional functionalities to the tool that will be used to share the information available in the Procurement Service (AFSP) with internal customers;
- the recurrent investment, which was calculated based on the FTEs needed to carry out the new activities and the cost for data base maintenance.

Effectiveness gains were also identified, but are not included in the overall savings. (See Annex D of Procurement for details).

For Initiative 2 and 3 (new Joint Procurement Unit) the savings were split between years considering the contracts' retender date (when available).

Regarding the contracts defined in the report as "Other renewable contracts – On - going", the yearly amount of 3.7 Mil was split as follows:

- 50% of the amount in 2010 (assuming the 50% possibility to have this saving in 2010);
- 50% of the amount in 2011 (assuming the 50% possibility to have this saving in 2011);
- the full amount in 2012 and 2013.

The savings calculated on the "Other renewable contracts – One-Time" are counted only in 2010 (20K USD).

The additional saving consists of FTEs (500 K USD/year) no longer needed and that will cover the investment of FTEs needed in the new Joint Procurement Unit.

Start up costs were also identified, but are not included in the overall costs. (See Annex E of Procurement for details).

It is worthwhile noting that the estimated savings are achievable only with the commitment of the three Rome-based Agencies involved in the new Joint Procurement Unit.

Initiatives 4 and 5 both include savings consisting of FTEs to be released from AFSP and investments of FTEs needed to manage processes outside HQ.

(See Annexes C, D, E, F of Procurement for details)

Costs and savings are to be considered 50 % Regular Budget and 50 % Extra Budgetary Funds.

## **IT**

The first recommendation “IT responsibilities and functions should be consolidated in one CIO Division” refers only to Savings which will be mainly extra-budgetary. No investments are required.

For the recommendation “Strengthen IT Governance” the investments consist of implementing an IT Governance and performing projects aiming at the harmonization of FAO systems. The estimated Savings will be 70 % in Regular Budget and 30 % Extra Budgetary.

For the recommendation “Increase the range of support services and software development delivered from KCT offshore centre in Bangkok” the Savings will be mainly allocated in the Regular Budget.

## **Administrative Services**

For the recommendation related to translation, Savings will be the result of an increase in outsourcing of translations and consequent streamlining of FAO internal resources.

For the recommendation related to printing, Savings will be the result of a better capacity management and of the adoption of an alternative business model.

For the initiative related to travel, we are recommending a revision of the process which will enable advance booking and a reduction in the travel cost.

A comparison between the initiatives identified in Stage 1 and those developed in Stage 2 are detailed in Annex S.

## 4. Implementation plan

The RBR initiatives will allow FAO to introduce numerous improvements in the way Corporate Services are nowadays provided, while simultaneously providing huge opportunity for Savings.

However, several points have been recognized by the RBR as essential for the successful implementation of the initiatives:

- It is critical to prioritize not only the initiatives proposed by the RBR but also those envisaged in the broader FAO Reform project; it is also critical to schedule the initiatives in a way to consider dependencies and level of benefits. Therefore, it is recommended to put in place an empowered project management with clear schedule and prioritization as shown in the picture below.

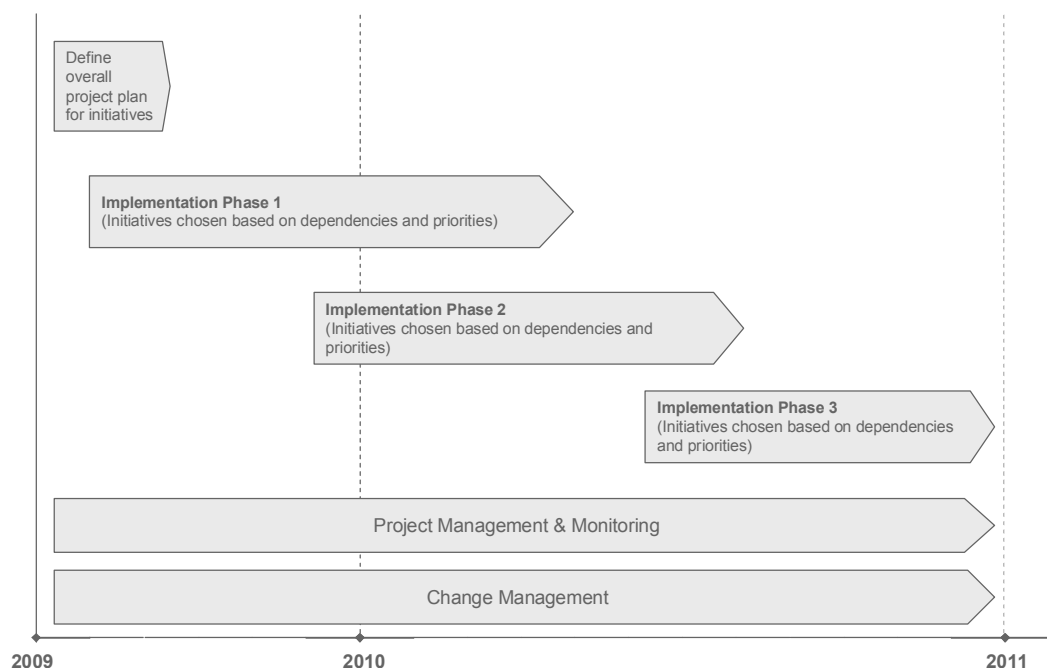


Figure 4-1: indicative Roadmap

- It will be critical to ensure the Management commitment to achieve the results identified and to undertake all necessary actions for the success of the implementation. In addition, some of the envisaged initiatives require the cooperation of the other 2 Rome-based UN agencies (WFP and IFAD).
- The overall Implementation Plan for the RBR recommendations takes into consideration that all initiatives will be started within 2009 to achieve the full potential of savings identified. At very first stage of the implementation, the RBR recommends to define an overall project plan including prioritization and the interdependencies of the initiatives identified. The required budget & resources will need to be allocated to the initiatives to avoid delays. If sufficient funding and resources are not provided in a timely manner, many of the benefits in terms of Cash Savings and Effectiveness Gains will not be realized by the Organization.
- The RBR foresees the reduction of FTEs; this will imply for FAO to consider socially responsible actions to enable training and redeployment of resources when possible
- Last but not least, it will be critical to have in place Change Management initiatives aiming at facilitating the adoption of the new modus operandi.

The transition maps available in each work-stream chapter within this report define the actions to be undertaken in order to realize the RBR initiatives and obtain the benefits associated.



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## 5.2. Glossary

**Business model:** A description of the operations of a business including the components of the business, the functions of the business, and the revenues and expenses that the business generates.

**Business Process Improvement (BPI):** A systematic approach to help any organization optimize its underlying processes to achieve more efficient results.

**Business Process Reengineering (BPR):** A management approach aiming at improvements by means of elevating efficiency and effectiveness of the processes that exist within and across organizations. The key to BPR is for organizations to look at their business processes from a "clean slate" perspective and determine how they can best construct these processes to improve how they conduct business.

**Full-time equivalent (FTE):** is an measure used to calculate employees' involvement in a process or activity. An FTE of 1.0 means that the resource used is equivalent to a full-time employee, while an FTE of 0.5 signals that the resources is only half-time. The RBR measures workloads of all types of FAO employees (staff members, non staff members and vacancies) using FTEs.

**Key Performance Indicator (KPI):** Key business statistics such as number of new orders, cash collection efficiency, and return on investment (ROI), which measure a firm's performance in critical areas. KPIs show the progress toward realizing the firm's objectives or strategic plans by monitoring activities which would likely cause severe losses or outright failure.

**Off-shoring:** The practice of outsourcing operations overseas, usually by companies from industrialized countries to less-developed countries, with the intention of reducing the cost of doing business.

**Operational Level Agreement (OLA):** defines the interdependent relationships among the internal support groups of an organization working to support a service level agreement. The agreement describes the responsibilities of each internal support group toward other support groups, including the process and timeframe for delivery of their services. The objective of the OLA is to present a clear, concise and measurable description of the service provider's internal support relationship.

**Outsourcing:** Work arrangement made by an employer who hires an outside contractor to perform work that could be done by company personnel.

**Service Level Agreement (SLA):** Contract between a service provider and a customer, it details the nature, quality, and scope of the service to be provided. Also called service level contract.

**Spin-off:** Corporate divestiture accomplished through separation of a division or subsidiary from its parent firm to create a new corporate entity by issuing new shares.

**Value driver:** An activity or organizational focus which enhances the perceived value of a product or service in the perception of the consumer and which therefore creates value for the producer. Advanced technology, reliability, or reputation for customer relations can all be value drivers.



### 5.3. Acronyms

<b>ADG</b>	Assistant Director-General
<b>AF</b>	Department of Human, Financial and Physical Resources
<b>AFD</b>	Office Of Assistant Director-General, Department of Human, Financial and Physical Resources
<b>AFDS</b>	Shared Service Center
<b>AFF</b>	Finance Division
<b>AFH</b>	Human Resources Management Division
<b>AFHD</b>	Office of Director, Human Resources Management Division
<b>AFHE</b>	Organizational design & Position management
<b>AFHL</b>	Human Resources Legal Services Branch
<b>AFHP</b>	HR Strategy, Policy & Planning of Human Resources Management Division
<b>AFHR</b>	Human Resources Staffing and Recruitment Branch
<b>AFHT</b>	Human Resources Staffing and Recruitment Branch
<b>AFSI</b>	Infrastructure and Facilities Management Service
<b>AFSP</b>	Procurement Service
<b>AG</b>	Agriculture And Consumer Protection Department
<b>AOS</b>	Administrative and Operational Support
<b>ASPM</b>	Administrative Systems Program Management
<b>ATLAS</b>	Travel Application
<b>AUD</b>	Office of the Inspector-General
<b>AWP</b>	Annual Work-Plan
<b>BH</b>	Budget Holder
<b>BI</b>	Business Intelligence
<b>CCOG</b>	Common Classification of Organizational Groups
<b>CEO</b>	Chief Executive Officer
<b>CO</b>	Country Office
<b>CoC-IEE</b>	Conference Committee on Follow-up to the Independent External Evaluation of FAO
<b>COIN</b>	Country Office Information Network
<b>CV</b>	Curriculum Vitae
<b>CWT</b>	Carlson Wagonlit Travel
<b>CYMK</b>	Cyan, Magenta, Yellow, Key
<b>DDG</b>	Deputy Director-General
<b>DG</b>	Director General
<b>DO</b>	Decentralized Office
<b>DOA</b>	Delegation of Authority
<b>DPR</b>	Document Processing Request
<b>EB</b>	Extra-Budgetary Funds
<b>EBF</b>	Extra-Budgetary Funds
<b>eBMM</b>	Electronic Budget Management Module
<b>EC</b>	European Commission
<b>E-DPR</b>	Electronic Document Processing Request
<b>ERP</b>	Enterprise Resource Planning
<b>EY</b>	Ernst & Young
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FAOR</b>	FAO Representative
<b>FAS</b>	Financial Accounting System
<b>FLU</b>	Funding Liaison Units
<b>FPC</b>	Field Programme Circular



<b>FPMIS</b>	Field Programme Management Information System
<b>FPO</b>	Field Purchase Order
<b>FTE</b>	Full Time Equivalent
<b>GS</b>	General Service
<b>HLC</b>	High Level Committee
<b>HQ</b>	Headquarters
<b>HR</b>	Human Resources
<b>HRMS</b>	Human Resources Management System
<b>ICA</b>	Preparation of In-Country Appraisal
<b>ICCRROM</b>	International organization for conservation of cultural heritage
<b>ICSC</b>	International Civil Service Commission
<b>ICT</b>	Information and Communications Technology
<b>IDLO</b>	International Development Law Organization
<b>IEE</b>	Independent External Evaluation
<b>IFAD</b>	International Fund for Agricultural Development
<b>IM</b>	Information Management
<b>IMTC</b>	Information Management and Technology Committee
<b>IMTC-SC</b>	Information Management and Technology Sub-Committee
<b>IMTC-SC/IM</b>	Information Management
<b>IMTC-SC/IT</b>	Information Technology
<b>IPA</b>	Immediate Plan of Action
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IRC</b>	Information Resource Clerk
<b>IS</b>	Information Systems
<b>IT</b>	Information Technology
<b>ITGI</b>	IT Governance Institute
<b>ITIL</b>	Information Technology Infrastructure Library
<b>ITO</b>	Information Technology Officer
<b>ITSO</b>	IT Support Officer
<b>JAC/FAR</b>	Joint Advisory Committee on FAO Reforms
<b>KCC</b>	Conference, Council and Protocol Affairs division
<b>KCCM</b>	Meeting Programming and Documentation Service
<b>KCCO</b>	Conference, Council and Government Relations Branch
<b>KCCP</b>	The Protocol Branch
<b>KCE</b>	Knowledge Exchange and Capacity Building division
<b>KCI</b>	Communication Division
<b>KCT</b>	Information Technology Division
<b>KM</b>	Knowledge Management
<b>KMS</b>	Knowledge Management Services
<b>KPI</b>	Key Performance Indicators
<b>LAN</b>	Local Area Network
<b>LEG</b>	Legal Office
<b>LO</b>	Liaison Office
<b>LoA</b>	Letter of Agreement
<b>MFP</b>	Multi Functional Printer
<b>MIS</b>	Management Information System
<b>MS</b>	Manual Section
<b>MTP</b>	Medium Term Plan
<b>NPO</b>	National Professional Officer
<b>NPP</b>	National Project Personnel
<b>NTE</b>	Non to Exceed (date)



<b>OCD</b>	Office for Coordination of Normative, Operational and Decentralized Activities
<b>ODG</b>	Office of Director-General
<b>OLA</b>	Operational Level Agreements
<b>OLMS</b>	Oracle Learning Management System
<b>OR</b>	Organizational Result
<b>OSDSC</b>	Offshore System Development Support Center
<b>OSP</b>	Office of Strategy, Planning and Resources Management
<b>OTC</b>	Office Technology Coordinator
<b>P&amp;B</b>	Planning and Budgeting
<b>PBE</b>	Office of Programme, Budget and Evaluation
<b>PD</b>	Project Document
<b>PDF</b>	Portable Document Format
<b>PEMS</b>	Performance Evaluation Management System
<b>PIR</b>	Programme Implementation Report
<b>PIRES</b>	Programme Planning, Implementation, Reporting and Evaluation System
<b>PLP</b>	Procurement Learning Program
<b>PO</b>	Purchase Order
<b>PPRC</b>	Programme and Project Review Committee
<b>PR</b>	Purchase Requisition
<b>PSA</b>	Personal Service Agreement
<b>PSC</b>	Project Servicing Cost
<b>PSSC</b>	Professional Staff Selection Committee
<b>PTF</b>	Project Task Force
<b>PWB</b>	Programme of Work and Budget
<b>QA</b>	Quality Assurance
<b>RBA</b>	Rome Based Agency
<b>RBM</b>	Results-Based Management
<b>RBR</b>	Root and Branch Review
<b>RFID</b>	Radio-frequency identification
<b>RGB</b>	Red, Green, Blue
<b>RO</b>	Regional Office
<b>RP</b>	Regular Program
<b>SCR</b>	System Change Request
<b>SLA</b>	Service Level Agreement
<b>SMT</b>	Senior Management Team
<b>SO</b>	Strategic Objective
<b>SPFS</b>	Special Programme for Food Security
<b>SRO</b>	Sub-Regional Office
<b>SSC</b>	Shared Services Center
<b>TA</b>	Travel Authorization
<b>Tbd</b>	To Be Defined
<b>TC</b>	Technical Cooperation Department
<b>TCA</b>	Policy Assistance and Resource Mobilization Division
<b>TCE</b>	Emergency Operations and Rehabilitation division
<b>TCEO</b>	Emergency Operations Service
<b>TCES</b>	Special Emergency Programmes Service
<b>TCOM</b>	Field Programme, Monitoring and Coordination Service
<b>TCP</b>	Technical Cooperation Programme
<b>TEC</b>	Travel Expense Claim
<b>TIM</b>	Telecom Italia Mobile
<b>ToR</b>	Terms of Reference



<b>UN</b>	United Nations
<b>UNICEF</b>	United Nations International Children’s Emergency Fund
<b>UR</b>	Unit Result
<b>V.A.</b>	Vacancy Announcement
<b>WAN</b>	Wide Area Network
<b>WC</b>	WAICENT Committee
<b>WFP</b>	World Food Programme
<b>WIPO</b>	World Intellectual Property Organization