Joint Meeting of Working Groups 1, 2 and 3 – 3 September 2008
Status of Early Actions
King Faisal Room

I. Definition and Scope of "Early Actions"

1. In response to the Working Groups' request, this document has been prepared to provide a summary report of the status of the "early action" deliverables emanating from the IEE recommendations.

2. "Early action" within the IEE context covers items for which the Director-General has the authority to proceed prior to the Governing Bodies' full review of the draft Immediate Plan of Action. Full management attention has been given to all early action items to provide early evidence of progress and contribute to momentum on the IEE follow-up.

3. It is recalled that aside from early actions within the IEE context, Management has also taken a number of prompt actions in response to the budgetary appropriations for 2008-09 voted by Conference in November 2007, which foresaw that savings and efficiency gains of USD 22.1 million would be identified and achieved during the biennium in delivering the Programme of Work. As reported to the Finance Committee in May 2008 (document FC 122/12), FAO units have proposed innovative approaches across five broad areas which have already identified USD 18.1 million in savings and efficiency gains in the biennium, while the remaining USD 4 million of sustainable efficiency gains required to reach USD 22.1 million will be identified during the biennium, including through the Root and Branch Review:

- *Achieving lower costs of inputs* include: lower travel costs through a more cost-effective travel services contract; lower cost of entitlement travel benefits; transfer of local audit function; lower telecommunication costs using new technologies; lower costs of corporate and desktop software under a new enterprise licensing arrangement; increasing the proportion of meeting documents and publications distributed electronically; and, reduced electricity bills through an inter-agency tender.

- *streamlining of administrative and operational support processes* include reducing the length of the Council by one day and reduction of external storage costs.

- Under *selective delayering*, thirteen D-level posts have been identified for abolition or downgrading at headquarters through consolidation and re-organization of current areas of work.

- In *progressively adjusting the human resources input mix* aimed at increasing the proportion of non-staff resources used for delivery of the Programme of Work, 19 professional and general service posts have been identified for abolition or downgrading in areas where similar services can be provided by non-staff human resources.

- Proposals under *increasing the funding base of the Programme of Work through further extra-budgetary resources* include: recovering FAO's cost of processing visa and laissez-passer requests for other Rome-based agencies; shared funding of posts where extra-budgetary resources contribute directly to the Programme of Work; reviewing the support cost recovery policy, in line with the IEE recommendation 7.7, to ensure eligible costs are recovered.

II. **Summary of "Early Actions"**

4. The main section of the report covers progress with the major early action items. It is structured in three sections – one for each Working Group, organized by the Cluster themes (WG1 - Cluster 1, WG2 - Cluster 2, and WG3 - Clusters 3 and 4) as shown in Annex 1 of the Report of the IEE (ref. C 2007/7A.1, pp. 360-403). A full list of all early action items and the status of each appears at the end of this report.

5. There are 117 early action items. In terms of overall progress with implementation, 27% of these have been completed, 53% are progressing normally toward their planned completion dates, 9% are experiencing delays in implementation, and 11% are on hold. As is evident from the analysis, significant progress and success has been made, and actions have been taken on the vast majority of the early actions, with 80% underway or completed.

6. Some actions have been completed quickly, while others will require a longer time to implement, owing to the complexities involved with introduction which dictate a longer timeframe. Many early actions require management to follow a full and transparent communication and consultation process, building confidence and engaging the Working Groups, staff bodies and staff at large. Some early actions also require changes to procedures, reprogramming of computer systems, issuing contracts for work, or recruiting expert consultants, whilst others require staff training, testing and piloting of new processes.

7. Examples of major early action items emanating from the IEE recommendations that remain open are:

- **Root and Branch Review** - extensive discussion was carried out, including consultation with WG3, on the terms of reference, and a tender process conducted to recruit a firm for the Review. The Review is now progressing according to schedule and a high level business model report will be presented by the end of September, with detailed recommendations by April 2009.
- **Culture change** - management has established a Change Team with 15 members nominated by staff. The establishment of the Change Team required extensive consultation with the staff bodies to ensure that the selection process for participation was objective and that the Change Team would have the full confidence of the staff. A new intranet Web site has been established, as a contribution to organizational change, to encourage staff dialogue and free and open information exchange.
- **Strategic objectives and organizational results** – this support exercise has engaged significant numbers of staff and managers. Internal departmental discussions, Reform Group review and the support of expert guidance have contributed to develop the products that were provided to the Working Groups for their review, feedback and endorsement.

III. Working Group 1 – FAO Vision and Programme Priorities

A. New Corporate Strategic Framework

8. Most actions were in support of Working Group 1 deliberations on the substance of FAO work, leading in the first instance to proposed elements of a new Strategic Framework and Medium-term Plan for consideration by the Special Conference. A number of succinct draft strategy papers were prepared and considered by Working Group 1 in the first half of the year, covering:

- Resources Mobilization
- Partnerships
- Knowledge management
- Advocacy and communication
- Capacity building
- Basic data and statistics
- Investment support
- Emergencies and rehabilitation
- Crops
- Livestock
- Assistance to policy and strategy and economic, social and food and nutrition policy
- Gender mainstreaming and women's empowerment
- Environment, climate change and natural resources management
- Fisheries
- Forestry

9. Work in each of these areas is on-going and more comprehensive strategy documents are being elaborated to underpin the preparation of the full Medium Term Plan in 2009.

B. Component strategies (across technical areas)

10. A *Resources Mobilization Strategy* was revised/formulated, defining the approach to integrating both Regular Programme and extra-budgetary funds in the priority themes, programmes and programme model, including means to link with NMTPF and implications for resource mobilization mechanisms at all levels.

11. With regard to *Partnership Strategy*, FAO is focusing on lessons learned from existing collaborative arrangements and success factors that contribute to effective partnerships. ODGS has completed the preparation of a background document on engaging CSOs and NGOs, as well as a mapping exercise of existing partnerships with the private sector.

12. A *Corporate Knowledge Management Strategy*, including an operational plan, is being developed based on a needs assessment as determined within the Organization, but also with Members and external partners.

13. The FAO *Corporate Communication Policy and Strategy* **is under** revision to cover all aspects of communication relating to: technical publishing, public information, corporate communication, advocacy communication and internal communication.

14. An assessment of the needs for *Capacity Building* in (up to 10) countries at different stages of development and in different parts of the world is to be undertaken to identify constraints and challenges faced, in consultation with governments, universities, civil society, the private sector and donors.

C. Preliminary strategic choices for the Technical Programme

15. An Independent Evaluation of FAO's work on *Basic Data and Statistics* has now been completed and the final report circulated (9 July 2008). The evaluation report will be presented to the Programme Committee in October 2008.

16. Work on the strategy for *Support to Investment* began in November 2007 and involved wide-ranging consultations with all stakeholders. Thematic strategy groups will identify new areas of work including value chains, upstream policy advice, infrastructure, aid effectiveness and public financial management.

17. With regard to *Support for Emergencies,* an evaluation during 2008 looked at FAO's modalities of work and analyzed processes and procedures, including the identification of bottlenecks and the analysis of the value-added at each step. The full draft report is expected to be completed for review by September 2008 and will be submitted to the Programme Committee in May 2009.

18. AGP has merged its Services into an enhanced and fully *Integrated Programme on Plant Production and Protection* through de-layering and by empowering flexible working teams to capture potential synergies and make effective use of resources. The Division can respond with coherent early action and better link technical assistance to policy and strategy options.

19. AGA has completed action to configure the *Livestock Programme* with a focus on the priority issues recommended by the IEE. This enables FAO to address evolving external drivers such as booming demand, climate change dimensions, increasing resource scarcity, the globalizing food economy, accelerating biodiversity loss, heightened biological risks.

20. In line with FAO's strategy note on *Assistance to Policy and Strategy and Economic, Social and Food and Nutrition Policy,* the following actions have been taken:

   - The Organization has ceased promoting home gardening and has provided links to NGOs active in this work;
   - While FAO continues leadership work on food composition at international level through INFOODS, it has discontinued such work at the national level;
   - A decision was taken in January 2008 to discontinue nutrition work at community level.

21. The share of central resources to support multi-disciplinary work in *Gender Mainstreaming and Women's Empowerment,* as available under Programme Entity

5BS02 of the PWB, was increased from 2% in 2006-07 to 8% in 2008-09, a four-fold increase.

22. Preparatory work has been done towards development of cross-cutting programmes on *Climate Change, Environmental Monitoring and Assessment and Bioenergy*, including partnering closely with other UN agencies. Consultation has also been started with national coordinators and donors on capacity building needs and priorities regarding development of a funding strategy for the implementation of the Global Plan of Action for Animal Genetic Resources (in line with C 2007/REP, para. 144).

23. All *Special Programme for Food Security* pilot projects will be phased out in 2008, as the Organization moves into supporting broader national and regional programmes for food security, in the latter case in close cooperation with concerned regional organizations.

24. The strategic planning process for *Fisheries and Aquaculture* will continue throughout 2008 and is progressing according to plans. Two strategic documents on sustainable development of fisheries and aquaculture are under preparation and will be presented at COFI in March 2009.

25. A revised draft FAO strategy on *Forestry* has been elaborated during 2008 through a series of consultations with the Regional Forestry Commissions. It has been posted on the web and countries have begun providing written inputs. It is anticipated that the COFO Steering Committee will review the incoming comments and provide a final set of elements for presentation of the strategy to COFO 2009.

D. *Specific external partnerships*

26. FAO will continue to play an important role in the *UN Development Group* advisory group, contributing to the review of inter-agency mechanisms responsible for policy formulation in the context of the UN reform process.

27. With regard to Rome-based Agency collaboration:

- An issues note was discussed at a joint FAO/IFAD/WFP meeting on 7 February 2008. A joint informal seminar for the Permanent Representatives to review elements of a joint strategy was held on 26 May 2008. The elements were also discussed at the Joint Meeting of the Programme and Finance Committees on 28 May 2008. A near final draft is to be circulated for final clearance by IFAD and WFP.
- A number of activities within the IS/ICT arena are being studied to assess the feasibility and cost-effectiveness of joint action including: mutual use of other agency's site for off-site data backup, linked on-net telephony, common-system procurements of various consultancy and telecommunications services and joint switchboard operation.

E. Technical cooperation at country and regional level

28. Increased attention/priority has been given to preparation of **NMTPFs for LDCs** in Africa in collaboration with governments. Updating, preparation of guidelines, capacity building, monitoring and coordination have been undertaken in this context.

29. In the eight "Delivering as One" pilot countries, NMTPFs have been prepared under the leadership of the FAOR and with the active participation of government and non-government actors and development partners and integrated into the UNDAF common process.

30. Priority Frameworks for FAORs and SROs and the related work programmes for subregional MDTs have been prepared and agreed with key stakeholders. Corporate technical groups, including staff at headquarters and in decentralized offices, have been created to facilitate knowledge exchange, optimize mobility of technical staff, promote learning of best practices and provide technical backstopping at country level.

31. With regard to TCP decentralization, at their joint meeting on 28 July 2008, Working Groups I and III endorsed a system for regional allocations and for their management for consideration by the CoC-IEE. In the meantime, the new arrangements for individual project approvals will be progressively introduced along with the development of procedures and guidelines, the strengthening of selected decentralized offices and the implementation of a training programme.

IV. <u>Working Group 2 – Governance Reform</u>

F. Fiduciary role and oversight

32. AUD has modified its approach to **Enterprise Risk Management** by deciding to partner with a leading consultant firm in the field to complete a comprehensive assessment of the Organization's current risk management approach. This in turn will allow management to decide better as to the timing and scope of implementing a full enterprise risk management structure. AUD has issued a tender for the planned work, and the bids are currently being processed.

33. The **Audit Committee** has been reconstituted entirely of external members as of 1 January 2008. Revised terms of reference of the Audit Committee were issued on 11 March 2008 and include the following: "The Committee reports to the Director-General and all reports of the Committee will be addressed to him. The Director-General will provide a copy of the Committee's annual report to the Finance Committee, together with the Director-General's comments thereon, if any. The Chairperson or another member as decided by the Committee will be invited to the Finance Committee session dealing with the report."

34. A draft revised **Charter for the Office of the Inspector-General** has been submitted to, and agreed in principle by, the Director-General in order to clarify the Inspector-General's direct access to the Finance Committee. Before its issuance, the revised Charter will be presented to the Finance Committee in October 2008.

35. On the basis of a review of the ethical, integrity and anti-corruption framework of FAO, as well as relevant implementation issues based on the experience gained and discussions held on an inter-agency basis within the United Nations system, the Director-General has agreed to the establishment of an *Ethics Officer* post, to be implemented as part of the headquarters' restructuring.

36. An *External Peer Review* of the internal audit function was carried out in 2007 and will be carried out at least every five years as per the International Standards for the Professional Practice of Internal Auditing.

37. Since 2006, the Evaluation Service has prepared rolling *Multi-Year Evaluation Plans*, maintaining the 'demand-led' principle to ensure that evaluation meets the immediate needs of the governing bodies and Management, while at the same time ensuring coverage of all significant areas of work and evaluation of areas of greatest risk. The plans are reviewed and approved by the Programme Committee after appropriate consultation, including with Management.

G. Governance architecture

38. Action on the recommendation to change the *Date of the Conference* to May/June of the second year of each biennium depends on a decision to be taken by the Conference.

H. Governance proceedings

39. The Director-General will continue to hold periodic and *Informal Interactive Seminars* on key issues of major interest to the membership. The calendar of seminars is being developed.

V. Working Group 3 - Reform of Systems, Culture Change and Organizational Structure

I. Overarching Review of Management and Administration

40. The first deliverable for the Comprehensive Root-and-Branch Review, the selection of the consultant firm to carry out the review, was completed in May 2008. The contractor made a presentation to the Working Group on 16 May 2008, in which it was indicated that the review process would follow several work streams, e.g. finance, human resources, procurement, etc. Work stream consultants have been conducting a series of interviews with the staff and clients of the various work streams. They are expected to meet the September 2008 date for the first deliverable, a proposed high-level business model for the effective and efficient delivery of the Organization's business outputs at headquarters and in decentralized offices.

J. Human Resources Framework

41. It is recalled that the IEE recommended that the Organization align recruitment, staff development and promotion criteria into a single and more coherent human resources policy framework. In response, on 29 April 2008, the Organization presented to Working Group III a corporate strategy and policy on human resources management

based on the key strategic HR goals and underpinning the FAO Human Resources Management Model (HRMM) framework developed and introduced in 2007. The early action items described below are key elements in the delivery of this framework and should be seen in the broader context of the overall human resources planning policy, the RBR and Culture Change process.

42. Previous proposals for the introduction of a *Junior Professional Programme* have been re-visited and a draft policy paper will be ready for internal review by end-September 2008. The objective is to introduce such a programme within FAO by the end of 2008. It is noted that this is a critical element to achieving the gender and geographical balance, as generally individuals are more receptive to expatriation early in their careers, thereby making it easier to attract applications from women and candidates from non- and under-represented countries. Furthermore, attracting applications from more junior professionals would likely have an effect of them having a longer productive life within the Organization.

43. The rotation of technical staff would serve both as a means to assure effective linkages between headquarters and the field and to catalyse staff competencies development. A draft *Staff Rotation Policy* proposal has been developed and is currently under internal review. The introduction of a staff mobility and rotation scheme, which is foreseen for 31 December 2008, will include identification of staff and posts to which mobility requirements apply, as well as a plan for briefing and training of managers and implementation of new oversight procedures.

44. The design of *Contractual Instruments* should respond to the rapidly changing context in which FAO works by increasing staffing flexibility to respond to shifts in technical competency requirements and geographic placements, while also delivering the highest possible quality to FAO's clients in a cost-effective manner. The existing contracting modalities for non-staff (consultants/PSAs/NPP) are being reviewed for simplification and streamlining, including a full revision of the conditions for use of retiree contracts and a revision of payment bands with a view to further delegations in the context of the principle of subsidiarity. In this context, the Organization is of the view that the active application of existing provisions for When-Actually-Employed (WAE) contracts meet the objective of the IEE recommendation for greater use of "call-down" contracts.

45. Within the context of their delegation of authority for the selection of professional staff (see Section IV(C) below), the Heads of Departments, Regional and Independent Offices are now required to meet general targets set for *Geographical and Gender Balance*. A quarterly reporting mechanism has been established and included in the regular MIS reporting to Senior Management.

46. The IEE Report welcomed the proposed *Human Resources Gender Plan of Action*, particularly its emphasis on integrated approaches to recruitment and retention of female staff with policies such as work-life balance. A framework for such a plan, outlining a road map to improve gender balance within FAO, was subsequently transmitted to the stakeholders concerned (managers in other Departments and staff representative bodies) in June 2008. Comments received are currently being reviewed for submission of the Action Plan to Senior Management in September 2008.

47. Management endorsed the implementation of a new 360° *Performance Management* approach, as it is central to Results-Based Management, while acknowledging that adjustments and additional support for supervisors may be required in the early phase. In order to develop the business requirements for such a system, a paper-based system is being piloted in a technical department and a non-technical division at HQ and at one decentralized office. The members of the Senior Management Meeting and AFH Managers are also participating in the pilot. It has been decided to base the PEMS system on that developed by UNFPA. WFP is also planning to adapt the UNFPA system to its needs.

48. In the pilot's first stage, supervisors and staff have agreed on work plans, objectives and performance indicators. It was anticipated that this phase would be completed in May 2008, however, it fell slightly behind schedule and was completed in early August 2008. The Mid-Year and End-Year Review stages will be conducted in October 2008 and January 2009, respectively.

49. The results of the pilot will be used to inform the implementation of PEMS in the HRMS. In this regard, representatives of Oracle conducted a workshop in May 2008 that demonstrated the capacity of the Oracle solution to provide the key elements foreseen for PEMS. A first draft of a formal PEMS Project Initiation Document has been prepared and will be submitted for Management review in October 2008.

50. The IEE Report recommended that the Organization re-direct and strengthen *Staff Training* and, in particular, direct training resources to building staff skills in identifying and monitoring outcomes and results, and developing baselines for related indicators. In response, available training funds have been redistributed to ensure a better focus on corporate priorities. Forty percent of overall divisional training funds have been allocated to a central fund that will explicitly focus on key corporate priorities including priorities identified by the IEE report. This taken together with an increase in budgeted staff development funds will result in a real increase in training funds devoted to key corporate training needs. For 2010 and beyond consideration will be given to increasing the percentage of total staff costs (currently at 1.35%) allocated to training to 1.5%.

51. Training plans in preparation for 2008 will, while keeping language and computer training delivery at current levels, increase the level of training programme activity focused on areas of management and leadership development, results-based management and key skill and competency development for professional staff. This will include training support for managers taking on increased levels of delegations in the field of resources management as well as support for project management skills for staff in decentralized offices.

52. The Joint FAO/IFAD/WFP Management Development Centre programme will be expanded in 2008 to ensure a systematic coverage of staff exercising managerial responsibilities, including expanding the programme to staff below the Director levels. However, a management decision was taken to postpone the MDC to September, as the participating senior managers from the decentralized offices were required to provide crucial support to FAO's response to the soaring food prices, following an escalation of activities during the last few weeks. AFHT expects that the targets set will still be met before the end of the year.

K. Support to changes in structure

53. The department heads have been encouraged in the 2008 allotments to retain and reallocate some **Departmental Level Resources for Cross-Cutting or Multidisciplinary Work**. The carry forward of funds between biennia will require changes to the Financial Regulations.

54. In line with the IEE recommendation, authority for the **Selection of Professional and National Officer Staff** has been delegated to the Heads of Departments, Regional and Independent Offices effective 1 April 2008.

L. Administrative efficiency (interim)

55. The Organization concurs with the IEE recommendation to maintain the regular process for periodic **Review of Actual Servicing Costs** and adjustment of fees. The next Annual Report on Support Costs Expenditures and Recoveries will be submitted to the October 2008 session of the Finance Committee.

56. The Organization does not agree with the IEE recommendation that division directors be given Authority to Approve Travel. Management considers that the travel plans should still be approved at the ADG level in order to ensure coordination of travel across the department. For the same reason, unscheduled travel will remain within the authority of the ADGs.

57. The Organization concurs with the recommendation that the Proof of Purchase for self-purchased tickets should be simplified. Discussions continue with AUD on ways to minimize the risk to the Organization.

58. The Organization agrees with the IEE recommendation to pursue opportunities for further joint or coordinated activities with WFP and IFAD through the recently created Inter-Institution Coordination Committee (IICC). A progress report on administrative and processing work between FAO, WFP and IFAD was submitted to the May 2008 Joint Meeting of the Programme and Finance Committees.

M. Finance

59. The Organization has recognized the importance of adoption of **International Public Sector Accounting Standards (IPSAS)** as a pre-requisite for the Harmonization and Reform of Business Practices in the UN system endorsed by the CEB. While progress is in line with the overall planning timetable, the IPSAS Project Board has recognized the dependency of the timeline on the availability of required human resources during 2008-09 in an environment of competing organizational initiatives (root and branch review, restructuring, other IEE recommendations, etc.). The achievability of the original implementation deadline of 2010 is, therefore, currently under review by the Project Board.

60. The Organization has agreed to consider the possibility of rolling over a relatively small proportion of working funds between biennia, in addition to TCP and capital and security accounts, both as a matter of good financial management and for smoothing

income and expenditure. In the Annual Report on Support Costs Expenditure and Recoveries to be considered by the Finance Committee at its 123rd Session in October 2008, the Finance Committee will be requested to support in principle a *'Carry Forward' Mechanism of Funds across Biennia,* and request Management to present a proposal for implementing such a mechanism for consideration by the Finance Committee at its May 2009 Session.

61. A status report on the *Organization's Staff-Related After-service Liabilities* (ASMC) based on the latest actuarial valuation at 31/12/07 was presented to the Finance Committee at its May 2008 Session. The Committee noted the Council's advice to address these obligations in the longer term by pursuing strategies to ensure that significant liabilities become fully funded. The Committee agreed that at its May 2009 session, it would review the latest 2008 actuarial valuation and make its recommendation to Council for ASMC funding in 2010-11 and consider proposals to address the unfunded Terminal Payments Fund liability.

N. *Information technology*

62. The Organization recognizes the need to develop a structured *Automated System for Management Reports* that meet the needs of the different levels of management and line users. Phase I of the project for the development of the Oracle HR Management Information Reporting system entailed the replacement of the PERSYS mainframe and has been completed. The consolidation of historical data from PERSYS into Oracle HRMS constituted Phase II and was completed in May 2008.

63. This provides an interim solution for the provision of HR reports until such time as the HR Management Information Reporting system has been developed and implemented. A process has been started to identify an improved reporting tool that provides richer reporting styles, a more flexible user interface and better reporting performance in decentralized offices. User requirements for the improved reporting tool have been finalized through organization-wide consultations and competitive procurement and IT governance clearance processes are currently in progress.

O. *Organizational culture (direct measures)*

64. An external consultant was recruited to assist the Organization in establishing the process to be used for the *Working Group on Culture Change*. The report of the external consultant was presented to and endorsed by IEE Working Group III. Subsequently, a call was issued for candidates to participate in the WG on Culture Change and the selection process has been completed. In addition, an external facilitator has been identified from the World Bank and has reported for duty in August 2008. The Change Team will meet in early September 2008.

P. *Headquarters' structure*

65. As the job classification standards of the UN Common System allow for "under-filling" of positions, the recommended *Dual-Grading of P-5/D-1 and D-1/D-2* positions can be accommodated. It will, however, be necessary to establish:

- grade level criteria as a function of programme size, complexity and priority; and

- a career progression policy for cases of double-grading of position (either through competition or based on job-growth linked to performance).

66. An analysis of the practices in other UN common system organizations with regard to these two aspects of dual grading is currently being undertaken. It will also be necessary to establish linkages with the proposed Performance Management System.

67. With regard to *Ceilings for the Number of D1/D2s* in each department, the models and criteria necessary to implement this recommendation will need to take into account any organizational restructuring resulting from governing bodies' decisions.