



JOINT MEETING

**Joint Meeting of the
Hundred and Fourth Session of the Programme Committee
and the
Hundred and Thirty-fifth Session of the Finance Committee**

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PROGRESS ON DECENTRALIZATION

Queries on the substantive content of this document may be addressed to:

Mr Basharat Ali

Director, Office of Support to Decentralization

Tel. (06) 5705-4155

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EXECUTIVE SUMMARY

➤ The Immediate Plan of Action for FAO's Renewal (IPA) reiterated the need for FAO to maintain a strong and effective decentralized presence to help achieve its strategic objectives, to flexibly provide services to Members and to function effectively as a knowledge organization. Members have taken a strong interest in decentralization and the matter has been discussed at various CoC-IEE¹ meetings, as well as at the Regional Conferences. IPA action 3.76 stated that *"The Programme and Finance Committees will support the Council in providing policy oversight of all aspects of the Decentralization including in particular the implementation of the IPA."* This progress report, which provides a brief overview of the current status of the ongoing decentralization work, is to enable the Programme and Finance Committees to support the Council in this regard.

➤ The various changes taking place as a result of the IPA and related actions are beginning to fundamentally change the way the Organization is working, particularly the extent to which decentralized offices (DOs) are involved in formulating and implementing prioritized work programmes. In particular: there is greater emphasis on country, subregional and regional priority setting; staff in DOs are now more integrated into the Organization's accountability structure; and, increased levels of delegated authority are allowing DOs to take actions more speedily.

➤ Many of these reform activities are at an early stage of implementation and their full impact will only emerge over time. Strong Members' support, both in terms of endorsement of the institutional changes being implemented, as well as appropriate resources for the DOs, will be essential.

GUIDANCE SOUGHT FROM THE COMMITTEES

➤ The Committees are invited to take note of the progress on decentralization in terms of changes put in place and actions underway, aiming at providing high-quality policy advice and technical services to Members.

¹ Conference Committee for the Follow-up to the Independent External Evaluation of FAO (CoC-IEE)

Introduction

1. The Immediate Plan of Action for FAO's Renewal (IPA) reiterated the need for FAO to maintain a strong and effective decentralized presence to help achieve its strategic objectives, to flexibly provide services to Members and to function effectively as a knowledge organization. FAO management was also requested to delegate increased responsibility to the decentralized offices (DOs) and to include DOs staff in the Organization's results-based performance assessment system. In addition, the IPA put in motion substantial change in FAO's governance structure, including making the Regional Conferences a part of the governing bodies, as approved by the FAO Conference in 2009.

2. Members have taken a strong interest in decentralization and the matter has been discussed at various CoC-IEE meetings², as well as at the Regional Conferences³. IPA action 3.76 stated that "*The Programme and Finance Committees will support the Council in providing policy oversight of all aspects of the Decentralization including in particular the implementation of the IPA.*" This progress report, which provides a brief overview of the current status of the ongoing decentralization work, is to enable the Programme and Finance Committees to support the Council in this regard.

A. ACTIONS RELATED TO DECENTRALIZATION

3. Decentralization of FAO's work has been ongoing for many years. The actions approved by the IPA gave further impetus to this process by setting out a set of specific actions that would lay the foundation for a yet stronger decentralized presence. The actions currently under implementation include those set out in the IPA decentralization matrix, other IPA actions that impact on the DOs, and initiatives and actions that FAO is undertaking as part of its ongoing efforts to improve the efficiency and relevance of its work.

Actions related to the IPA decentralization matrix

4. The IPA Decentralization Matrix covers 15 actions (3.76-3.90). Of these, six have been completed and nine are under implementation; of the latter, progress on two (Action 3.84 on country coverage and Action 3.86 on coverage of the Near East Regional Office) are contingent upon action by Member States. The main changes resulting from these IPA actions are:

- a) greater involvement of regional offices in decision-making, programming and budgeting for the Organization, whereby Regional Representatives have become regular participants, through videoconferencing, in Senior Management Meetings and other corporate policy meetings and are contributing to a better balance between global, regional, subregional and country concerns;
- b) the transfer of primary reporting lines for technical officers in the region and the subregion to the heads of these offices, while at the same time promoting a constant dialogue between the technical officers and their parent departments and divisions at headquarters;
- c) the transfer of primary reporting lines of FAO Representatives, along with budget holder authority for the FAOR network, to the Assistant Directors-General/Regional Representatives. The formal transfer occurred in early 2010 and the Regional Representatives are progressively taking on their new responsibilities *vis-à-vis* the country offices;
- d) administrative streamlining to support improved functioning of DOs with substantially greater authority handed over to country offices, ranging from increased authority levels

² In 2010, the Secretariat has reported on decentralization under the standing item "Progress on IPA Implementation" at the CoC-IEE meetings of 8 April, 23 June and 20 October, as well as under the item on "Vision for the structure and functioning of the Decentralized Offices" at the meetings of 23 June and 20 October.

³ Documents LARC/10/6, ARC/10/2, ERC/10/2, APRC/10/5

- for procurement of goods and services to major streamlining for the identification, selection and recruitment of national personnel in all DOs;
- e) progressively adjusting the skills mix of, and training for, technical staff in regional and subregional offices in accordance with evolving (sub)regional needs and priorities, and for the next biennium to take account of the outcome of the Regional Conferences;
 - f) a benchmarking and performance-based monitoring and reporting system for DOs is being designed in conjunction with the corporate results-based monitoring and reporting system; and
 - g) upgraded ICT infrastructure and systems in DOs to enable them to use the same corporate tools and facilities as headquarters on the global network, expected to be upgraded in 43 countries during 2010.
5. The IPA also requested management to conduct a review of FAO's country office network on the basis of a number of specified criteria (action 3.84). Following intensive debate during 2009, the CoC-IEE requested management to prepare a medium- to long-term vision related to the structure and functioning of the DOs network, taking account of the IPA actions on decentralization. After receiving inputs from the Regional Conferences (the last of which is scheduled for December 2010), management will present proposals to the relevant governing bodies. This action is expected to be ready for review by the Programme and Finance Committees in 2011.

Other IPA actions related to functioning of DOs

6. In addition to the actions covered by the IPA decentralization matrix, a number of other IPA actions will impact on the functioning of DOs, the most important of which are discussed below.
7. As part of the governance reform, Regional Conferences have become an integral part of the governing bodies of FAO. Recommendations from Regional Conferences will, therefore, influence decision-making on corporate strategic direction, as well as on priority areas of work for the regions. Through October 2010, four of the Regional Conferences (Africa, Asia and the Pacific, Europe, and Latin America and the Caribbean) have exercised this function by providing inputs on prioritization of the technical work of the Organization, the vision and functioning of the DOs network, and a proposed global Shared Services Centre.
8. Changes have been introduced in the area of procurement where greater delegation of authority has led to a significant empowerment of DOs for managing procurement. This includes a major increase in the delegated authority of DOs to procure goods, works and services and increased delegation of authority for issuing Letters of Agreement with NGOs, government entities and other non-profit institutions in connection with emergency operations.
9. The responsibility for a large share of the Technical Cooperation Programme (TCP) resources and for the project approval process has been transferred from headquarters to decentralized offices. Regional Representatives have thus become responsible for the distribution and monitoring of the regional TCP allocation in accordance with governing body guidance, while decentralized offices have been delegated the responsibility for the formulation and approval of TCP projects, except emergency and inter-regional projects.⁴
10. There has been a significant and increasing volume of business carried out by DOs, and 2009 disbursements by field offices were nearly USD 500 million - doubling the level of 2005. The administrative and system support available to the field needs to be significantly improved. In particular, the current Field Accounting System (FAS) devised over 10 years ago is no longer adequate as it does not capture some key financial data, has little integration with corporate systems and does not support the new requirements for International Public Sector Accounting

⁴ For further information, see document *JM 2010.2/3 Progress on the Implementation of the Technical Cooperation Programme*

Standards (IPSAS). Implementation of a new system and processes is essential to support the level of business being carried out in DOs and the scope of the Organization's IPSAS project has been extended to include the replacement of FAS. DOs requirements for the new systems and processes have been gathered by surveys and workshops, as well as by bringing selected staff from DOs to Rome to work closely with the IPSAS team. The new system will represent a major change, above all for administrative staff in DOs who will be expected to change their current working practices and support new requirements and workload.

Other changes related to functioning of DOs

11. In addition to the IPA actions, other activities are also being undertaken which impact on the functioning of DOs. Of particular significance are the strategies on capacity development⁵, on information and knowledge management, on partnerships and on resource mobilization, which will improve the work of DOs in these areas. An evaluation of FAO country programming has also been completed⁶ and follow-up actions by management will shape how FAO plans and carries out its work at country level in response to national priorities in the context of the Strategic Framework.

B. IMPACT OF DECENTRALIZATION

12. The various changes taking place as a result of the IPA and related actions are beginning to fundamentally change the way the Organization is working, particularly the extent to which DOs are involved in formulating and implementing prioritized work programmes as outlined below.

- a) The greater emphasis on country, subregional and regional priority setting; delegated authorities for TCP, fund raising and partnerships; and the enhanced role of Regional Conferences is beginning to improve the responsiveness of the Organization to the needs of member countries.
- b) Staff in DOs are now more integrated into the Organization's accountability structure as a result of the requirement to complete the 2010-11 operational work plans for subsequent implementation, monitoring and reporting, as well as by the roll out of the Performance Evaluation and Management System (PEMS) agreements linking their work to the corporate Organizational Results. The implementation of the Organization's staff rotation policy will further enhance the integration of staff at headquarters and DOs.
- c) The increased levels of delegated authority are allowing DOs to take actions more speedily in response to emerging conditions at country, subregional and regional level.

13. Many of these reform activities are at an early stage of implementation and their full impact will only emerge over time. Strong Members' support, both in terms of endorsement of the institutional changes being implemented, as well as appropriate resources for the DOs, will be essential.

Guidance sought

14. The Committees are invited to take note of the progress on decentralization in terms of changes put in place and actions underway, aiming at providing high-quality policy advice and technical services to Members.

⁵ PC 104/3 *Corporate strategy on capacity development*

⁶ PC 104/4 *Strategic evaluation of FAO country programming (with special attention to implementation of the National Medium Term Priority Framework (NMTPF) planning tool)* and PC 101/4 Sup.1 *Management Response*