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PROGRAMME AND FINANCE COMMITTEES

Hundred and Third Session of the Programme Committee and the Hundred and Thirty-second Session of the Finance Committee

Rome, 12 - 16 April 2010

THE EVALUATION OF FAO'S OPERATIONAL CAPACITY IN EMERGENCIES

MANAGEMENT RESPONSE

A.   OVERALL RESPONSE TO THE EVALUATION

1.   FAO management welcomes this evaluation of FAO's operational capacity in emergencies, which was requested by the FAO Council after the lessons learnt from the desert locust and tsunami response programmes. The evaluation acknowledges the complexity of the subject matter and explores issues and possible ways forward, recognizing that the FAO units concerned are the best qualified to address the specifics of procedure. Management fully agrees with this statement.

2.   FAO management appreciates the evaluation process and methodology. The report is the result of an intensive two-year process, during which dialogue between the evaluation team and the concerned units has been constant. This interaction allowed FAO to introduce already changes to its operational model and initiate action on many of the recommendations

3.   The timing of the evaluation was most welcome as it benefited from the IEE process and the findings of the Root and Branch Review, but it also coincided with the elaboration of the new FAO Strategic Framework (in particular the formulation of the new Strategic Objective I "Improved preparedness for, and effective response to, food and agricultural threats and emergencies"). Most of the recommendations related to enhanced planning and programming,

both on the technical and administrative side, will be addressed by the established Strategic Objective I team, which will support and coordinate the implementation of FAO's work in emergencies, covering preparedness, response and transition from emergency to development.

4.   This evaluation also took place in a changing environment. Throughout the Organization, several recommendations will be addressed by activities carried out under on-going initiatives such as for instance the Immediate Plan of Action (IPA) or the IPSAS project. Many recommendations will also shape the way the Strategic Objective I team will implement its work plan. At the operational level, the Emergency Operations and Rehabilitation Division (TCE) has been significantly influenced by the evaluation process in the preparation of its Operational Strategy, which defines how TCE will work over the period 2010-2013. The overall direction of the evaluation report fully matches with the priorities defined in the document, Specifically:

1. Responding faster to the needs of our beneficiaries by strengthening our country/(sub)regional teams, streamlining administrative processes and procedures.
2. Moving to a more programmatic approach reflecting preparedness, response and transition from emergency to development.
3. Strengthening internal collaboration between operational, administrative and technical experts and with external partners, including Humanitarian Cluster members, UN agencies, donors and national institutions.
4. Making the most of FAO human resources, through appropriate HR policies and management, as well as encouraging the mobility of all personnel and developing training for staff involved in the implementation of SO I.
5. Promoting knowledge management and networking, which are an effective means of sharing knowledge, improving collaboration and resolving common issues to ensure the successful implementation of the SO I.

5.   The recommendations put forward by the evaluation are very ambitious and, as such, will require the adoption of a phased approach over the coming four years, matching with the implementation of the ongoing Medium-Term Plan. Therefore, there will have to be a prioritization of activities which can be addressed quickly, while allowing more time for the recommendations requiring further analysis or sequenced implementation. The implementation of the recommendations will also require additional resources, which may be reallocated by Governing Bodies to some of the areas considered as strategic. However, extrabudgetary funding will also have to be mobilized by the Strategic Objective I team to support further FAO's effectiveness in responding to emergencies.

6.   Management accepts (fully or partially) most of the recommendations, while bearing in mind that a lot of effort and resources will be required to ensure their successful implementation. Some recommendations have been rejected because they contradict other recent policy decisions. The synthesis hereunder, is followed by detailed comments on the recommendations set out in a standard matrix format which includes an indication of those recommendations whose implementation would require further funding.

Predictability in Emergencies and the Application of a Programmatic Approach with Consolidated Resource Management

(recommendations 2.1 through 2.14)

7.   Management accepts all the recommendations under this section. In particular, Management is committed to enhancing planning and preparedness mechanisms which will reinforce FAO's capacity to respond better, quicker and in a coordinated manner to crises. Management will also develop the Special Fund for Emergency and Rehabilitation Activities to ensure that its function and scope will be more flexible in supporting preparedness and capacity building activities. Management will also ensure that proper mechanisms are developed and implemented to cover security costs incurred by emergency activities and for carry over of AOS between biennia.

FAO's Culture, Business Model and the Role of Decentralized Offices and of Emergency Personnel in the Field in Emergency Operations

(recommendations 3.1 through 3.2)

8.   Management accepts all the recommendations under this section. The newly approved Strategic Objective I "Improved preparedness for, and effective response to, food and agricultural threats and emergencies" and the related Strategic Objective team will be the engine that leads the successful mainstreaming of emergencies, covering preparedness, response and trainsition from emergency to development, within FAO. Management is committed to implementing a business model, which will bring decision-making as close as possible to beneficiaries.

Technical Support to Emergency Operations

(recommendations 4.1 through 4.6)

9.   Management accepts all the recommendations under this section. The Strategic Objective I team will lead the interdisciplinary process which will ensure the review and the development of the technical materials required to support FAO's emergency programme formulation and implementation. It will also be the mechanism to support the shift from a technical support focussed on project clearances, to a more programmatic approach, providing the strategic direction to the response. This may include developing, as appropriate, technical network involving technical departments for technical clearance of large scale emergency programmes and mobilizing technical support to implementation.

Computerised System and Information Support (IT) in Emergency Operations

(recommendations5.1 through 5.5)

10.   Management accepts general principles underlying all the recommendations in this section and proposes to identify specific solutions that will support those recommendations within the overall administrative and operational systems strategy and architecture, according to the Organization's programme of work and priorities. Management is committed to carrying out the review of administrative and operational systems architecture by the end of the year, which will provide the foundation for implementing long-term integrated solutions. The recommendations related to IT governance are fully in line with the activities which are currently being implemented under the IPA.

Assuring the Necessary Human Resources for Emergency Operations

(recommendations 6.1 through 6.3)

11.   Management accepts the development of appropriate mechanisms which will enhance human resources planning and management and is committed to establishing a core of emergency personnel to ensure the sustainability of the FAO Emergency Operations and Rehabilitation Division, through an enhanced coordination of related actions that requires corporate inputs and support. Management does not agree with the recommendation related to the use of retirees as it is not consistent with the revised policy recently approved by the FAO Governing Bodies. Furthermore Management does not agree with the recommendation that independent contractors be given fiduciary responsibilities to commit the Organization's resources - the Organization's position is in line with established practice across the UN system. Management also believes that the range of existing contractual arrangements is adequate to meet the needs of the Organization and allow for sufficient flexibility in emergency situations.

Procurement in Emergency Operation

(recommendations 7.1 through 7.3)

12.   Management accepts most of the recommendations under this section. In particular, Management welcomes those recommendations that further strengthen FAO's preparedness and planning capacities in procurement. It is also committed to setting-up the appropriate mechanisms and tools which will ensure better management of vendors and their performance. Some

recommendations have been rejected as they are not in line with best practices of public procurement or do not ensure a proper segregation of duties.

Building for Sustainability in National Procurement – Institutional Strengthening in and for Developing Countries

(recommendations 8.1 through 8.2)

13.   Management accepts all the recommendation under this section. Management acknowledges the need for a policy on local procurement as a tool for strengthening national development and local capacity and is keen to explore options to improve procurement for developing countries.

B.   RESPONSE BY RECOMMENDATION

The below matrix present management comments and actions for all the recommendations, discussing each of them in order.

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accepted	Partially Accepted	Rejected		Action	Timing	Unit Responsible
Recommendation 2.1: In considering business arrangements for emergencies at country level the totality of the FAO programme (development and emergency) should be a determining factor, not just the size of the emergency operation	No	X			The approach outlined in this recommendation is being carefully considered within the ongoing TC change process. Along the principles defined in the Field Programme Committee document "A new approach for the designation of TCE operational responsibility", the country context should frame the identification of the best adapted operational set-up.	Identification of criteria to assess the operational and administrative capacity of country offices and identify the best adapted operational model. Identification of criteria for the assignment of the operational responsibility to TCE or FAORs	end 2010	ADG TC
Recommendation 2.2: Planning for emergencies and application of a programmatic approach	Yes	X						
a) Development of the emergency programme should be closely coordinated with the development priorities and	No	X			TCE and TCS have been working closely over the recent months to integrate an emergency component within the NMTPF. At country level, TCE is promoting the development of Plans of Action (PoAs) which identify the main components of the	Finalization of PoA guidelines Development of PoAs coherent with NMTPF in key countries facing major or chronic	June 2010 2010-2011	TCE TCE / Tech. Div.

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accepted	Partially Accepted	Rejected		Action	Timing	Unit Responsible
programme of FAO in the National Medium-Term Priority Framework					emergency programme, gradually embedding preparedness and transition, as per the content of the Strategic Objective I and developed in close partnership with technical divisions. These PoAs are to be fully articulated with the new FAO Strategic Framework and countries' development priorities.	emergencies Systematisation of PoAs	2013	Decentralised Offices TCE
b) Response during the emergency, although better planned, still often continues to be seen as a series of projects. Improving planning should address preparedness planning, immediate post-disaster assessment and planning, review and adjustment of ongoing responses	Yes	X			The new Strategic Objective I addresses the three main points raised. The Unit Results developed under the SO I are articulated around the three pillars of Disaster Risk Management, i.e. Preparedness, Response and Transition. In particular, TCE is putting emphasis on preparedness planning, post-disaster assessment, as well as monitoring and lessons learning.	Implementation of the Strategic Objective I under the new Strategic Framework	2013	TCE
Recommendation 2.3: There is still inadequate prioritization of FAO support in emergencies and an internal working framework is required for this	No	X			This recommendation was addressed during the design of Strategic Objective I. In the coming two years, further emphasis is going to be put on prioritizing those countries and areas where FAO can make a difference.	Finalization and implementation of the work planning under the new Strategic Objective I, clearly identifying priority areas/interventions.	2010 - 2011	TCE

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accepted	Partially Accepted	Rejected		Action	Timing	Unit Responsible
Recommendation 2.4: The current arrangement for resource mobilization for emergency operations with TCE taking the lead works well and there is no requirement to change it	No	X			This recommendation is closely linked with recommendation 2.2 - FAO needs to be more programmatic and coordinated in planning for emergencies as these tend to be more predictable than is generally assumed.	Resource mobilization efforts jointly developed at country level, especially in the more predictable emergency prone countries. Development of mechanisms to promote a coordinated longer-term view when mobilizing resources for emergencies.	2010-2011 2011	TCE / FAORs Decentralised Offices TCS / TCE
Recommendation 2.5: Funding for planning and preparatory work at country level is a major constraint, especially for a new emergency. FAO is called upon to plan not only for its own actions but as cluster leader, also for the actions of others. There is a need to markedly increase the availability and use of funds under the Special Fund for Emergency and Rehabilitation Activities (SFERA) component for preparatory work	Yes	X			Under the Humanitarian Cluster framework, FAO has the responsibility to support the formulation of a global emergency response for the Agriculture Sector. Discussions are being held at global, regional and country levels to ensure full donor support to these coordination functions. While the SFERA could be an instrumental tool to reinforce FAO's capacity to facilitate response planning and formulation, donor support to this SFERA window has been rather limited so far.	Advocacy to donors on the use of the SFERA for planning and formulation exercises within the cluster framework Development of an expanded scope for the SFERA, reflecting the scope of the new Strategic Objective I. Submission to Governing Bodies for endorsement.	2010-2011	TCE

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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at country level and the maximum for each planning and programming intervention considerably increased.								
Recommendation 2.6: In the interests of transparency and funds management, it is recommended that: (i) SFERA be split into separate funds for the two existing components on i) advance funding for projects and programmes and ii) funding of assessment and planning immediately following an emergency and initial establishment of emergency coordination units; (ii) To encourage Pool/Programme funding by donors and facilitate management, multi-donor projects should be	No	X			Management notes that the existing SFERA provisions already provide for the transfer of resources back from the Special Account to the TCE Direct Operating Cost Recovery Account when the resources of that account are depleted such that they do not cover expenditures (See FC102/14 para 9).	CSF will work together with TCE to implement these recommendations. Once established, the new setting will be reported to the Finance Committee in the SFERA annual report.	end 2010	TCE/CSF

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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set up (sub- funds in SFERA) much more flexibly than at present for all major emergency interventions,								
Recommendation 2.7: Enhance SFERA Advance funding component	Yes	X			Revision of the current approach for the SFERA advance funding window would require further interaction with the Governing Bodies and the donors.	Propose to Governing Bodies revision of the SFERA advance funding window following consultations with donors	2010-2011	TCE
Recommendation 2.8: Pool Funding should be further developed for improved programme, including human resource management and procurement.	No	X				Elaboration of the principles framing the use of the TCE DOC Recovery Account or SFERA for field positions

Planning and funding of field positions through the new developed approach. | 2010-2011 | DDG O / OSP |
| Recommendation 2.9: Clear policies need to be developed for Technical Support Services (TSS) and Security | Yes | X | | | TSS costs are subject to donor approval, which will have to be taken into consideration in the elaboration process of a new policy. | Elaboration of a new TSS policy for endorsement by the Governing Bodies by end 2011

Options for funding of security coverage of extra-budgetary activities to be presented to the Finance Committee in October 2010. | 2011

2010 | TC / OSP / Tech Div. / Decentralised Offices

TC / CS / OSP / Decentralised Offices |
| Recommendation 2.10: The methodology for the distribution of | No | | X | | The AOS income distribution model should ensure a fair allocation of resources to the administrative and operational units involved in the | Review of the AOS income distribution model, involving the units engaged in the delivery of FAO's emergency programme | 2010 | OSP/TCE/CSD/ SO I team |

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AOS income should be improved to limit perverse incentives and take into account of qualitative criteria which should be clearly stated and avoid increased costs regardless of workload meaning increased reimbursement a) Targets should be established for efficiency improvement by units receiving AOS income and incentives provided for their achievement b) This report makes a number of further recommendations which, if implemented, will require initial funding, for example expansion of the Special Fund for Emergency Relief Operations (SFERA) planning/programming facility and pool funding, especially for human resources. It is proposed that future funding of SFERA and seed money for pool funds such as that					delivery of the emergency programme. a) Accepted - targets will be set for efficiency improvement for those units receiving AOS income. Part of the emergency PSC income can be set aside to provide an incentive or seed money to ensure achieving those targets, and/or pay for the qualitative evaluation criteria of workload. b) Not accepted -- the PSC rate set at 10% cannot ensure seed money for pool funds as a specific planned allocation. This can realistically only be treated as a residual to be funded from any balance in the AOS income at the end of a biennium; c) Accepted – the AOS distribution policy will be reviewed and a new proposal for an enlarged cost recovery policy (including some fixed costs) formulated. d) Partially accepted - The suggestion to review the charging mechanism to ensure consistency in the overall budget for these services is accepted. However, overhead costs, such as office space, should continue to be recovered as direct costs (these are part of GOE) from projects.	a)Introduce efficiency savings targets against the 2010 reimbursement shares; c) Submission of a new policy to the Finance Committee in October 2010.	2010 / 2011 2010	

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proposed for human resources, should not be treated as a residual to be funded from any balance in the AOS income at the end of a biennium, but a specific planned allocation be made from AOS for these purposes c) The present allocation system for costs regarded as non variable during the biennium should be discontinued and all AOS allocated on the workload formula d) Overhead costs such as office space should be covered from AOS, using the indicators used for projects based in FAO offices (it would be most desirable if all budgets were charged for these overhead costs in the same way regardless of whether regular or extra-budgetary).						d) review approach to cost of space recovery from projects as direct costs and review overall budgeting of related services.		
Recommendation 2.11: Security expenditures must be adequately covered and are an important area for	Yes	X			See Recommendation 2.9 - This is a very important recommendation in view of the increasing costs related to security.	Options for funding of security coverage of extra-budgetary activities to be presented to the Finance Committee in October 2010.	2010	CS / TC

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reserve pool funding against project budgets								
Recommendation 2.12: AOS, TSS and security funding income are extra-budgetary and should be retained in trust funds for use as discussed above. If for any reason this is not possible, a mechanism for carryover of AOS and TSS income (positive or negative) between biennia should be put in place for the 2012-13 biennium as agreed in principle by the Finance Committee.	No	X			The Organization's ability to support activities funded from extra-budgetary resources reimbursed through AOS, TSS and Security Funding (generated through upfront charges to projects) should not be affected by biennial PWB boundaries, as already agreed by the Finance Committee in principle

Any changes in this direction would require the explicit approval of the Governing Bodies. | Draft policy for Governing Bodies' consideration. | 2010 | OSP / CSF |
| Recommendation 2.13: In allocating TSS there has been discussion for some time on the extent to which the transaction-heavy charge-back system should be used for technical support and the extent to | No | X | | | The Organization is committed to streamlining and reducing transactions costs for TSS and has done so for the TCP. | Develop specific and streamlined TSS claim procedures for emergency projects taking into account their short-term nature | 2011 | OSP/TCE/CSF |

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which a payment should be made to the responsible technical unit which then organises the work. This has no simple answer but for standard technical support, separate charge-back for each action is transaction-heavy. There does however need to be a system for audit of the extent to which services are actually provided and specific inputs against project budgets, such as technical missions, may often be charged separately.								
Recommendation 2.14: Persons on non-staff contracts and delegation of authorities: FAO rules should be changed to permit persons contracted under non-staff contracts to exercise delegated responsibilities for	No		X		Consultants are not considered as non-staff and are thus excluded of the recommendation. Non-staff covers PSAs and NPPs. Management is committed to explore delegation of authorities to NPPs. With regard to specific finance related activities, provisions already exist to allow delegation of responsibilities, as	Perform a costs/benefits analysis to assess the added value of delegation of authority to non-staff.	2010-2011	CSH

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financial, administrative and technical actions on behalf of the Organization, with clear specification of responsibilities in the contracts and with a requirement to demonstrate the necessary competencies.					required, to non staff members.			
Recommendation 3.1: Culture and institutional change for emergency operations needs to be mainstreamed	Yes	X			The newly formulated Strategic Objective I is a direct result of the changes which are currently taking place within FAO to recognize/ institutionalize fully the role of FAO in emergencies within the Organization	Culture and institutional changes to be mainstreamed through the Strategic Objective I	2010-2013	DDG O
Recommendation 3.2: Considerably greater Decentralization by TCE of its operations is needed but this must be differentiated. TCE must maintain capacity to respond flexibly when a new major emergency hits.	Yes	X			This recommendation has to be linked with recommendation 2.1. Decentralisation of emergency management will require the reaffirmation of TCE's overall responsibility for the delivery of FAO's emergency and rehabilitation programme, irrespective of the programme location, thus with the appropriate reporting lines. TCE overall accountability towards humanitarian partners (including donors and beneficiaries) cannot be compromised. The selected operational model should ensure quality and timeliness of the response.	Implementation of the TCE Operational Strategy	2010-2013	DDO/TCE/OSD Decentralized Offices.

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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					Any decentralisation would require a clear review of the existing operational capacities. The operational model will be adapted to capacities that would need to be developed at country, regional and sub-regional levels. The newly developed TCE Operational Strategy highlights the importance of a business model relying on an increasing decentralization			
Recommendation 4.1: There should be opportunity for very strictly time-bound technical comment to the initial appeal and full technical input and clearance for the elaborated programme document and in subsequent appeals.	Yes	X			Management fully supports the recommendation. Most appeals are now provisionally cleared subject to the preparation of the full technical proposal. Technical divisions are increasingly involved in the response process from the start, participating in particular to the needs assessment exercises on which are based initial appeals. The quality of the initial appeal document is reinforced through the use of guidelines and checklists (e.g. the Livestock Emergency Guidelines and Standards, Seeds systems guidelines, etc) which provide a frame for the formulation of the programme.	Elaboration and implementation of an agreed procedure between technical divisions and TCE for time-bound technical clearance for initial appeals Capacity building for personnel involved in project formulation to ensure alignment with technical best practice in emergencies. Establishment of dedicated positions within technical divisions or development of rosters of technical consultants to ensure surge capacity	2010-2011	TCE/ Tech Div
Recommendation 4.2: There is a need to recognise and make responsible use of the technical	No	X			This recommendation is accepted, some staff in TCE have a technical background which needs to be recognized. However, Management notes that the responsibility for	Assessment of technical capacity within TCE staffing and findings communicated to technical departments.	2010-2011	TCE and Tech Div

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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capacity within TCE.					technical advice lies with the technical departments. There are issues of quality control and managing a coherent approach to emergency interventions which could be compromised by the use of technical specialists working outside of the technical divisions' jurisdiction. For such a system to work, the profiles and competences of these specialists must be assessed and cleared by the technical division indicating the scope of their expertise and level of delegation considered appropriate. A first step would be to have TCE officers pre-clearing project documents before sending them to the technical divisions. Guidelines, training, and web-based learning would enhance TCE's technical capacity. This would not be at the expense of involving technical divisions since the start of the response.	Agreement between technical divisions and TCE on the scope of the level of delegation considered appropriate. Include technical skill requirements in the recruitment of TCE staff. Elaboration/ consolidation of appropriate technical guidance for TCE staff on key technical topics. Development and update of training modules, website, etc.		
Recommendation 4.3: In addition to designated focal points for emergencies, other designated	Yes	X			Since FAO as a whole is getting more and more involved in emergency issues, the pool of designated and trained technical staff needs to be increased.	Elaboration of a training programme to support the implementation of the Strategic Objective I, which would include modules to sensitise technical	2010-2011	Tech Div / TCE

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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technical staff need to be provided training and provision made in their workplans for them to respond and work in emergencies in case of need						experts to FAO emergency and rehabilitation programme. Inclusion of time for supporting emergency work in technical staff work plans. Elaboration of stand-by lists/rosters of technical staff to support emergencies.		
Recommendation 4.4: A systematic inter-disciplinary review needs to be made of the need for technical guidelines and databases and priority given by TCE to funding their development	Yes	X			This recommendation has been initiated under the leadership of the SO I team. The challenge is to review what has been already developed (e.g. LEGS, Seeds Guidelines, Guidelines on Standards for Procurement of Hand Tools, etc.), identify priorities and gaps and then produce the missing material. This is a priority for the coming biennium, partly addressed by the development of the SO I workplan.	SO I team to identify the required guidelines and databases to be developed, ensuring proper consultation with partners and stakeholders.	2010-2011	SO I team
Recommendation 4.5: Improve communication and operational efficiency in technical support.	No	X			The recommendation is partially addressed for the technical divisions with a dedicated emergency officer. The finalisation of a standard agreement between technical divisions and TCE will constitute one of the priority of the SO I team.	Elaboration of a standard agreement between technical divisions and TCE in order to improve communication and operational efficiency.	2010-2011	SO I team

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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Recommendation 4.6: The emphasis needs to shift from clearance of individual transactions to programme support, which will have the result of both increasing effectiveness and reducing technical risks.	No		X		This recommendation is related to recommendations 4.2 and 4.5. The requirements of this recommendation will be embedded in the agreement developed between the technical divisions and TCE. Management acknowledges that a programme approach would improve efficiency and effectiveness of programme delivery, while the level of technical risk would remain the same. All emergency programmes should be initially assessed by the relevant technical division(s) who would then advise on the formulation and implementation of the programme and would also indicate what level of delegation of authority (based on complexity, sensitivity, available expertise etc.) could be given to project staff, subregional or regional technical staff. General pre-clearances may not be always feasible, as local preferences differ from country to country and case to case. Technical clearance of project documents and inputs should remain, with some streamlined procedures. ROs and SROs should be used in the clearance process of certain categories	Joint Technical Divisions/ TCE agreement on the principles driving the shift from clearance of individual transactions to programme support. Review of technical "risks" in project and programme environments to determine the most appropriate level of technical support Reinforcement of technical units with sufficient technical staff time resources in order to be provide adequate programmatic support to emergency operations.	2010-2011	SO I team

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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					of input. The technical risk is not reduced but "moved" to a different implementing level (eg from headquarters to country). Delegation of the technical clearance at field level is supported if there are field officers with 'some technical background' available. Practice shows that this is often not the case and headquarters officers are asked to provide technical support or make a recommendation out of very basic information received. Hence field staff should have an in-depth technical knowledge to be empowered for local responsibility. Contracting local personnel with expertise for local preferences is supported. Programmes can only be developed where appropriate finding/donors exist. Many small projects are implemented because donors will not fund programmes. Hence, it may not always be possible to "programme".			
Recommendation 5.1: There are imperatives which go beyond IT and mean that system improvements must continue on the present	No		X		We are in agreement with this recommendation as it relates to the way of moving forward with future improvements and integrations. We however do not agree that it is imperative for such system improvements to continue on the	Establishment of Program Management for administrative and operational systems work led by the CIO division	3rd Quarter 2010	CIO / CS / TC / OSP

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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software platforms for the next few years. FAO cannot delay IPSAS compliance or the results-based Strategic Framework and Medium-Term Plan, while comprehensive solutions to problems are designed. On the other hand it can try and move forward in such a way that future improvements and integration will not be derailed by current major projects. This is particularly the case for the IPSAS/FAS project.					present software platforms. System improvements have to be reviewed in the context of an overall strategy and architecture and decisions on software platforms made accordingly to facilitate Organizational commitments (including the Immediate Plan of Action). A case in point is the current move to an integrated MIS system replacing a number of the existing platforms. For the various projects under way, and in particular for IPSAS/FAS which is highlighted in this recommendation, we note that all endeavours are being undertaken to ensure that the introduced procedural and system improvements are consistent with the direction of expected future solutions. The IPSAS/FAS project explicitly recognises the need for integration with corporate systems. Overall there is a need for coordination of work at the program level to ensure that the various initiatives are managed in terms of both business and technology interdependencies as well as timelines. This will ensure that decisions on software platforms/business process improvements/integration are taken in context to the overall enterprise	Overall review of administrative and operational systems architecture	4th Quarter 2010	

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accepted	Partially Accepted	Rejected		Action	Timing	Unit Responsible
					architecture. The CIO division is in the process of establishing this Administrative and Operational Program Management service as per RBR recommendations, which will be one of the main components for establishing and managing the way forward in close cooperation with the business.			
Recommendation 5.2: There is a need for major changes in IT Governance as well as culture change and perhaps a change in the way IT systems are funded. **The current IPSAS project, the ongoing decentralization in emergency operations and the need for an integrated and multi-functional results-based management system for the field programme, make it imperative to consider the overall system**	No	X			There are two main components to this recommendation. In terms of IT Governance, this is something that has been clearly identified by the IEE, the RBR and Internal Audit on IT Governance. An IPA action has been defined to move this forward. This initiative will look at all aspects of IT and ensure that valid business cases are put forward and approved by the relevant body. These proposals will take into account the position of proposed information systems within the context of the overall IS strategy and architecture as well as organizational capacity and funding. The 2nd component of this recommendation relates to system architecture. Some preliminary work did take place in the area of administrative systems architecture during 2009. This work will be revisited during 2010, a transition period as per the Organizational restructuring, taking into account specific IEE and RBR	Work for the Governance IPA action is in progress and will run through the biennium	End of 2011 4th Quarter 2010	CIO et all

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architecture now, particularly as it relates to field based transactions.					recommendations as well as the new roles and responsibilities of the new CIO division. The main elements reviewed are the continuing/expanded use of the Oracle e-Business Suite, the utilization of "best of breed" satellite systems, the continuing expansion of the corporate Data Warehouse, and the introduction of Business Intelligence applications for both HQ and Decentralized Offices, decoupling transactional requirements from reporting and data analysis needs. It is noted that one of the objectives of the IPSAS/FAS Project as it relates to field based transactions is to ensure that the solution selected for field offices is modular in nature in such a way that it can be extended to other areas including HR and travel transaction processing as per the overall system architecture. A similar approach is being taken for the New Travel System Project. HRMS functions are already designed and implemented to allow for future integration around the main ERP system.	Overall review of administrative and operational systems architecture		CIO / CS / TC / OSP
Recommendation 5.3: For the immediate future a task force should be established with strong field representation	Yes	X			We are in agreement with this recommendation and would like to add that this task force should be inclusive to ensure that all relevant business units are represented. The Terms of Reference for this task force (including composition and	Establishment of task force in the context of the overall IT governance structure	4th Quarter 2010	CIO / CS / OSP / TC/ Decentralized Offices

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reporting to the Chief Information Officer within the IT governance structure to see how to make existing systems work better, removing redundant functionality and exploiting functionality not widely known and feed the existing system managers with prioritised requirements					leadership) should be clearly defined to ensure that outcomes from the work of this task force can be actionable and enforceable, always within the IT governance structure. This will be built on current initiatives taking place in TC and elsewhere.			
a) The first new FAS release in 2011 will not include its functionality as an interface for the entry of non financial data to operations systems other than Oracle Financials (General Ledger), except as text fields. In line with the modular architecture employed, it is essential that this be added later and this will require a broader team and funding for the FAS project and for operational systems in general than for the overall	No		X		(a) The context document included in the Project Brief of the FAS replacement Project (now incorporated within the IPSAS project) makes explicit reference to the fact that, whilst non-financial data is out of scope of the project, the solution should be modular in nature and should be capable of being expandable to meet future business requirements. (b) It is noted that development of the functionality referred to is recent and is as yet not fully tested. (c) A major benefit of the IPSAS	At this time there are no actions associated with the multifaceted part of the recommendation	n/a	CS / CIO

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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IPSAS project b) It should be decided if the FPMIS functionality for European Union Commission financial reporting is a satisfactory interim corporate solution and if so it should become mandatory, with the necessary system documentation for code mapping, etc. c) As donor reporting in currencies other than the US dollar is a financial issue, it should be immediately included in the IPSAS project d) An immediate interim improvement in the information available for analysis on local procurement should be obtained by mandatory rollout of the AFSP Excel recording system e) The use of COIN should be extended to emergency extra-budgetary projects, and it would be desirable if for the immediate future the upgrade of the COIN functionality could be extended to commitments under					project will be the provision of the underlying currency information for all transactions. The IPSAS project will ensure that this expanded data will be available to the units that are responsible for donor reporting and will maintain an ongoing interface with these units to ensure a regular communication of issues, requirements and proposed solutions as appropriate. (d) Agreed. CSAP will develop a spreadsheet to facilitate manual recording of basic information about procurement activities in the field to be used until a corporate system is available through FAS (e) The recommendation does not consider how commitments would be released when invoices are processed locally. As noted in the report, a full analysis of requirements is being undertaken within the context of the IPSAS/FAS project. (f and g): Whilst we agree with the need to standardise and improve budget management tools, it is felt that the most appropriate way forward is to introduce improvements to the corporate systems based on full analysis of the requirements			

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local purchase orders and Letters of Agreement (LoAs) f) Existing shadow budget and expenditure management systems should be reviewed to see if there is a possibility to standardise on the best of these and roll it out to all users with some system support and with a requirement that it be used, rather than everyone having their own system. This would make exchange of information easier and it easier for officers to pick up each others' work; and also g) The existing FPMIS functionalities for budget management should be reviewed to see if they can mandatorily replace any part of the shadow systems.								
Recommendation 5.4 : During the next few years (2-3): The Field Programme Management Information System	Yes		X		Management partially agrees with this part of the recommendation. In terms of information storage, FAO position is that data should be stored within the corporate Data Warehouse structure. This structure will include both dedicated data marts as well as a	Overall review of administrative and operational systems architecture	4th Quarter 2010	CIO / TC / CS / OSD

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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(FPMIS) together with Oracle Financials and the Data Warehouse should continue to be used to store information outside the General Ledger (as FPMIS can be used to hold attributes and possibly information on work breakdown structures and results chains). The aim should be to phase out business applications in COIN and for PIRES development to be integrated with the long-term development solution;					consolidated data repository. This is the only way to ensure data consistency and eliminate data duplication. As noted in recommendations 5.1 and 5.2 as well as in the general comments that decisions on the direction of specific systems, such as the phasing out of business transactions from COIN or PIRES development, should be undertaken in the context of an overall corporate architecture so that "long-term development solutions" are integrated with the overall Organizational strategy			
5.4 b) PIRES development should give urgency to inclusion of functionality to plan and monitor, not only against FAO corporate objectives, but also national programme objectives, the UN Development	Yes	X			Management agrees with the 2nd part of this recommendation related to PIRES development and note that it should be part of the overall program of work as defined in the response to 5.1 and 5.2	Will be possible when framework is in place to collect data relating to national programme objectives, the UN Development Assistance Framework (UNDAF). The country office work planning pilot due to start in the second half of 2010 will provide a first insight on how strategic planning and monitoring can integrate national programme objectives.	2010-2013	CIO / TC / OSP

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Assistance Framework (UNDAF), etc. and to provide access to this wider functionality from the field for writing as well as reading;								
5.4 c) Development of a project reference file, fully integrated in the Data Warehouse should be initiated to provide the basis for integration of all data with Oracle financials; and	No	X			The project reference file, as referenced in the 3rd part of the recommendation, has been available in the corporate data warehouse since 2004. Inclusion of additional data and further integration through the development of metadata and dissemination is strongly supported and will take place as per business requirements and in the context of the overall integrated MIS development. In this context the Data Warehouse will be the overall repository of information to be collected by a number of sources.	No action	n/a	n/a
5.4 d) As recommended elsewhere in this report: 1.There should be a holistic assessment of the operational capacity and needs of FAO in each country in terms of connectivity, IT equipment and administrative/opera tional human	Yes	X			1. Management agrees on the concept of defining needs and capabilities in parallel to designing IT solutions to ensure that the needs of the various offices are met accordingly. This could be one of the major activities that the task force proposed in recommendation 5.3 can undertake The IT component of this recommendation is covered by an IPA action.	This part of the recommendation covers a broad scope of work from IT solutions to setup of decentralized user support worldwide. The ramifications of these recommendations are such that specific actions and timelines cannot be outlined in this response. An overall common action that can be undertaken by the various	n/a	CS / TC / CIO/ Decentralized Offices

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resource capabilities and numbers, 2. User friendly business process documentation should be developed, including the various IT systems for field and headquarters staff, 3. Higher priority needs to be accorded to providing job relevant training for administrative and operational human resources in the field, and 4. A single help desk should be established as a one-stop shop for all administrative and financial processes and the related computer systems with nodes in decentralized locations to ease accessibility over time zones, languages, etc					2. Management is in agreement on this component of the recommendation but notes that this will require a considerable effort and availability of knowledgeable resources and will have to be prioritised accordingly. 3. Management is in agreement on this part of the recommendation related to relevant field training. 4. Management agrees with the concept of the help desk structured in a manner that facilitates easy accessibility for Decentralized Offices. We note that elements of this recommendation are also consistent with the conceptual model set forward by the IPSAS project to meet the administrative and system support requirements of decentralized offices. In particular that model foresees a Service Centre approach which would enable country offices to perform their operations in line with their delegated levels of authority with HQ/SC back-office administration functions supporting them in the most efficient manner and making full use of the corporate ERP	business units affected by this recommendation is a feasibility study to determine whether these specific actions related to this recommendation can be undertaken during the next 2-3 years and their associated costs.		

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Recommendation 5.5: For the medium-term future (2-5 years): a) There are questions as to what should be the life of a bespoke system such as FPMIS which is not fully Oracle compatible. It is already, not always easy to interrogate for user designed reports applying its specific functionalities; and sometimes difficult for users to directly load information. It may also become increasingly labour intensive to maintain (Oracle solutions such as Oracle Projects or Grants Accounting handle some of the issues in sub-ledgers, and may be relevant to FAO along with Business Intelligence applications built in Discoverer). FAO should consider the migration of all FPMIS and PIRES functionalities to Oracle (Discoverer, Projects, etc)	Yes		X		We agree that modifications to systems will be needed to for tighter integration and to facilitate maintenance and use of additional functionality but believe that more analysis of user needs and technical options is required on the specific system recommendations (i.e. migration of all FPMIS and PIRES functionalities to Oracle). As already stated in the comments to Recommendation 5.1 and 5.2, the evaluation of possible tighter integration should take place within the context of an overall functional and architectural review of FAO's administrative and operational systems. The review should consider the information required for the full implementation of RBM for all activities across all funding sources. User requirements will need to be identified and confirmed so as to ensure that provided solutions are appropriate.	Overall review of administrative and operational systems architecture	4th Quarter 2010	CIO / TC / CS / OSP

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b) For the longer-term there needs to be both coordination and resources for an integrated solution for Human Resources covering not only the financial/payroll questions but also data management for rational human resource use. Recording of non-staff human resources would probably have to be done through the procurement sub-system; and	Yes	X			We agree with the recommendation. This needs to be planned within the overall program of work and prioritization.			CS / TC / CIO

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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c) Some FAO Representations have very few regular transactions and only host occasional emergency operations. It is questionable if their transaction processing and provision of management information to the offices from IT systems might not be better handled by a local administrative hub, serving several offices and with good telephone and email links to all of them.	Yes		X		Partially agree: there is merit in reviewing this aspect of the recommendation but no conclusions on outcomes can be made until a cost per transaction can be defined, along with business priorities and capacity of the office evaluated and compared between an approach to push transaction processing to all locations in the field versus the use of local administrative hubs or use of the existing SSC. This approach also needs to be reviewed in the context of the overall Organizational push towards Decentralization.	To be addressed in the context of projects/initiatives planned for 2010/11 and reviewed under the auspices of the established overall program of work and governance.	End of 2011	CS / TC / CIO
Recommendation 6.1: Probably the greatest single constraint to management of human resources for emergency operations in a consolidated manner across programmes is that human resources are largely funded	No	X			Management acknowledges the need to better plan human resources for each crisis. This is currently addressed partially through ad-hoc mechanisms, which needs to be consolidated and institutionalized. As indicated in recommendation 2.8, reduced transaction costs will be pursued through expanding the current scope of the TCE Direct Operating	Identification of options to offer longer-term contracts and reduce transaction costs on project-funded positions Preparation of human resources plan for each emergency	2010-2011 2010-2011	CSH / TCE TCE

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in the field from individual projects. This makes it difficult to plan and retain human resources, offering longer contracts and reducing transaction costs due to multiple transactions					Cost Recovery Account as well as the Special Fund for Emergency and Rehabilitation Activities for field positions.			
Recommendation 6.2: A central recommendation of this evaluation is that FAO should develop a core of emergency personnel and beyond that core should be a flexible and competitive contractor of human resources, while avoiding a build up of financial, legal or moral obligations beyond the core	No	X			Management considers the establishment of core of emergency personnel as essential to ensure the sustainability and attractiveness of the emergencies division, while limiting future liability for the rest of the organization. Final solutions in this respect are being identified.	Finalization of the joint CSH/TCE exercise on the definition of core emergency personnel	2010-2011	CSH / TCE
Recommendation 6.3: Policies for core and non-core human resources for emergency operations need to be developed and should encompass:	Yes							

Recommendations	Further funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
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6.3 a) Decentralization of core staff and rotation	Yes	X			This issue is being handled at a corporate level. The Guiding Principles of the Mobility Policy have been endorsed by the SMT. A draft policy for mobility in FAO will be shortly circulated to the Staff Representative Bodies (SRB) for comments. Specific attention will be given to EB positions to ensure that some of them be earmarked to be part of the newly established mechanism.	Finalize draft Mobility Policy (including EB positions), circulate to the SRB for consultation. Submit final proposal to the DG.	Mid-2010	CSH CSH/ TCE
6.3 b) HR for emergencies which will continue for several years may be granted longer-term contracts	No		X		The National Project Personnel (NPPs) has been reintroduced to meet the requirements of field projects and emergency programmes for continuity of service of personnel in the field (ref MS375). The terms and conditions governing the use of NPPs provide that they may be recruited for periods of 12 months at a time and renewed without a break in service for the entire duration of the project/emergency programme. This type of personnel is widely used in field projects/emergency programmes for both support and professional functions. It is not deemed appropriate that, as a general practice, other NSHR (i.e. PSA/Consultants) assume continuous functions (see comments under	Establish the mechanism of the suggested pool fund and obtain agreement of concerned services.	2010-11	TCE

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					subparagraph 6.3(g) below). The rules of the Organization already allow for extensive periods of employment of PSA and consultants, i.e. 44 months over a 48 month period. Concerning the duration of appointments for staff members recruited for emergency functions in the field, the possibility of granting longer term contract is supported through the mechanism for the proposed pool fund (ref to recommendation 6.1).			
6.3 c) Use of retirees	No			X	Governing Bodies have endorsed a revised policy on the use of retirees, which stipulates that retirees should only be used for limited periods of time (six out of twelve months) and restricts the capacity under which the retirees may be recruited.	As a general rule management is not in favour of promoting the use of retired staff member to assume core staff functions on medium/long-term basis. CSH and TCE will therefore explore options for a special approach to the use of retirees in crisis situations, requiring immediate dispatch of experienced personnel for limited periods of time as part of emergency surge capacity.	2010-2011	TCE / CSH
6.3 d) Human resource development, training and competency requirement	Yes	X			The main elements of this recommendation will be addressed as follows:	Definition of competency profiles. PEMS implementation and lessons learnt.	2010-2011	CSH/TCE

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i) Core staff whether stationed in the field or headquarters should have a staff development programme designed to fit their competency development profile.	No	X			i) a) the establishment of a competency framework and definition of competency profiles for GS and Professional staff working in emergency operations is the very first step in order to ensure that all requirements are captured. b) training requirements need to be assessed and training programmes developed, which would lead to certifications in the areas of procurement, finance and administrative transactions.	Establishment of competency framework is envisaged as part of the IPA (2010). The definition of competency profiles and minimum requirements should be included in revised post descriptions. The assessment of competencies to be carried out in PEMS.	2010-2011	CSH
ii) Core competency requirements for FAO Representatives in countries subject to significant emergency risk should include competency in emergency operations	No	X			ii) FAOR Competency and job profiles need to be revisited in the context of the IPA. The competencies in emergency operations need to be further defined for future inclusion in FAOR revised competency profiles.	Competencies in emergency operations need to be defined for inclusion in revised competency profiles.	2010	CSH/OSD
iii) As discussed below with respect to procurement, TCE operations staff, especially in the field could be delegated both procurement and human resource contracting authorities, provided they gained a certain	No		X		iii) Further delegation to budget holders and FAO representatives is not envisaged at this stage (see 6.3.f). However, the possible delegation of additional administrative actions could be reassessed upon establishment of certification programmes.	Until a full certification programme is available, it may be premature to envisage further delegation.	2011	TC/CSH

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level of competence.								
iv) Similarly, as discussed above emergency personnel may be approved and backstopped by technical divisions to make specified technical inputs and carry out certain clearances	No	X			iv) See recommendation 4.2			
v) There are few opportunities for field-based administrative staff, especially those outside the FAO Representations, to attend formal courses in headquarters and it is difficult to see how this can greatly change. There should be more sub-regional training and E-Learning needs to be developed as the only feasible route forward for most field staff, together with the on-the-job training carried out during procurement missions, etc.	Yes	X			v) This is fully supported and should be linked to 6.3 d i) A full learning package has been designed under the SO I. Resources are currently under identification (core and EB) to ensure the full development of the programme.	E-Learning packages will be developed in support of certification programmes as part of an FAO "virtual" academy.	2010-2012	CSH/TCE
vi) The development	Yes	X			vi) Requirements for roster for	TCE Roster requirements have	2011-	CSH/ TCE/ CIO

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of a roster by TCE in which the qualifications and experience of all human resources are recorded is welcomed. …. However, there may need to be some selectivity, as rosters with too many entries become of limited usefulness. It should only include human resources who are currently available and there needs to be provision for insertion of competency and performance assessments in the roster, which is not the case at present					emergency response are being prepared CSH and TCE, for development by CIO. The Competency Framework will have to be developed and included in the roster functionality in the future based on a joint effort between TCE and CSH. CSH will also be managing a roster in support of mobility which could be made available to TCE	been discussed, reviewed and integrated in the of iRecruitment roster functionality. The roster is being developed and will be tested by CSH and TCE.	2012	
6.3 e) contractors should have it specified in their contracts that they are responsible for the authorization of FAO expenditures, contracts, etc. with access to the necessary systems	No			X	As a matter of principle, an independent contractor should not be entrusted with the proposed authority which is fiduciary in nature. In line with the established practice throughout the UN Common System, a contractor with no employment relationship with the Organization should not be allowed to spend on behalf of the Organization. .			

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6.3 f) delegation of authority	No		X		Over the past two years, full delegation has been granted to FAORs and/or Budget Holders of projects for the servicing, i.e selection, recruitment and extension, of National PSA and NPPs. The same delegated authority will be granted for the servicing of South-South Cooperants, the guidelines are currently being finalized. With reference to staff servicing, the Heads of Decentralised Offices have delegation with regard to the servicing of the local support staff. Likewise the selection, appointment and extension of locally-recruited GS staff in field projects are under the authority of the Head of the operating unit at headquarters or in Regional Offices. Whilst the possibility of further delegating HR actions can be reviewed, the progress in this area should be underlined. See also comments under 6.3(d)(iii)	Additional delegation to field offices and projects can be further reviewed and proposed, in consultation with Decentralized Offices.	2011	CSH / Decentralized Offices
6.3 g) contractual instruments	No		X		This observation would require further elaboration as its intent is unclear. It can be said that recent case law of the Administrative Tribunal recognizes an increased use of contractual tools ensuring less security of tenure. However, the Tribunal always reviews specific cases and it is difficult to draw general conclusions from its jurisprudence.	The Organization will review the contractual instruments used by other Organizations of the United Nations Common System (UNCS) to determine if such instruments provide more flexibility and could be introduced to constitute a surge/emergency roster.	2011	CSH / TCE

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Greater use of service contracts (PSAs) should be i) considered for non-core human resources. Competitive service contracts, making FAO a more attractive contractor, would not offer cost-savings compared with consultancies[1] but could offer advantages in terms of flexibility and liability. In this, service contracts (PSAs) differ from consultancies which do constitute an employment relationship and thus may be appealed in the ILO Tribunal. When appealed, the terms of non-staff contracts such as PSAs, which do not create an employment relationship and do not offer access to the administrative tribunals, are almost invariably upheld in arbitration: 1) If terms are clearly spelled out, service	No			X	The Organization already relies heavily on NSHR. The use of independent contractors is a common practice throughout the UN Common System for the recruitment of individuals to carry out specific tasks or services that are to be delivered within a defined period of time- in other words they should not be used for core activities. The UN General Assembly has reaffirmed this latter point and expressed concern over the increase in the use of NSHR. Information has been sought from other organizations in the UN Common System and replies were received from IFAD, UNICEF, WHO and WFP. All of these organizations operate the same contractual limits as FAO regarding the maximum period of continued employment of 11 months in a 12 month period. Both UNICEF and WFP have similar rules to FAO regarding restricting renewal of consultancies to a maximum of 4 years. In WHO the individual may not be engaged for the same tasks, within the same work-plan or project, beyond two years.			

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[1] Consultancies which do constitute an employment relationship are often tax exempt while PSAs are not. Also, the present FAO practice of making PSAs lump sum contracts is not generally suitable in emergency operations and the days of service and any travel need to be arranged separately.

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contracts may run beyond 11 months without the requirement for a break and without creating a liability					It is these limits on duration that ensure that NSHR are not used for work of a continuous nature which would be more suitably carried out by a regular staff member. The flexibility and benefits of NSHR are acknowledged, as well as the advantage of "retainer" contracts. The Organization has already taken measures to implement this through the greater use of When-actually-Employed (WAE) contracts for Consultants and PSAs. In this regard, the rules regarding the use of WAE contracts have already been revised to allow for greater flexibility in their implementation, i.e. a break in service between contracts is no longer required provided the employee does not work more than 11 months within a 12-month period. It is believed that the existing non-staff contractual instruments i.e. Consultancy contracts, Personal Services Agreements and service contracts in the case of National Project Personnel, are sufficient to meet the requirements for which they are designed. There is, however, a clear need for a greater understanding as to their appropriate use, and the other options			

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					that should be considered to meet divisional needs, i.e. establishing temporary staff positions when the functions/tasks are of a continuous nature. We noted the statement to the effect that "the terms of non-staff contracts such as PSAs, which do not create an employment relationship and do not offer access to the administrative tribunals, are almost invariably upheld in arbitration" and question the basis of this statement. Unless evidence to substantiate this statement can be provided, it should not be relied on as the basis of a recommendation to review the Organization's practice.			
2) Service contracts could specify that the contractor will serve in their country or internationally, specifying in the same contract different terms for when they are serving at home from when they are serving abroad. This would be a useful addition to the new arrangements for national project personnel which allow them to be deployed more flexibly through	No		X		Service contracts in FAO are for NPPs and concern work within a specific country. However, one could consider temporary assignments of an individual under a NPP contract, under a different instrument, i.e. as consultants. This flexibility has been introduced on a pilot basis for emergency crisis response (ref. Policy Directive 2009/08)	Review by CSH and TCE of mechanism introduced under PD 2009/08 after a two year trial period.	2011	CSH - TCE

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a break in their NPP contracts and reemployment under international terms with return rights to the NPP post (which is also quite transaction heavy)								
3) Service contracts should specify more clearly than they do now that the human resource service supplied does not constitute an employment relationship and that there is thus no access to the UN system administrative tribunals. In line with good human resource practice, service contracts should continue to provide for independent arbitration in the case of dispute	No		X		The matter requires further review. Under existing rules of FAO which reflect to a large extent UN practice, parties to service contracts (NPPs) are independent contractors. Therefore they are not under the jurisdiction of administrative tribunals. However, the issue of the appropriate means for the settlement of disputes in the particular case of these contracts should be further considered.	Review of existing clauses on arbitration in NPP service contracts to be undertaken by LEG and CSH.	2010	CSH - LEG
ii) Field project professional staff contracts: As is now happening, to retain capable international staff greater use could be made of field project contracts also against AOS (staff on project budgets with an established post – which may be shared across projects and AOS). These can be	No	X			See recommendation 6.1			

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utilized in headquarters as well as in the field and precedent in the Administrative Tribunals indicates that they create no entitlement to continuing employment;								
iii) National and Regional Project Personnel: As of 2009, it has been possible on a trial basis for National Project Personnel employed by TCE to be employed as consultants in countries other than their own for periods up to a maximum of six months and with return rights to their NPP positions if continued funding is assured for these. These arrangements are welcomed and should be continued. Also either through the use of service contracts or a new category, there is a need also for regional project personnel with conditions similar to national project personnel to serve in transboundary and cross-boundary emergencies operations	No		X		As noted under point 6.3(g)(i), the existing non-staff contractual instruments i.e. Consultancy contracts, Personal Services Agreements and service contracts in the case of National Project Personnel, are deemed sufficient to meet the requirements for which they are designed. CSH would rather support the use of temporary assignment of consultants, national GS staff, as well as international Professional staff, to respond to transboundary emergency situations. This approach would be in line with the introduction of a Mobility Policy in the Organization. The mechanism introduced under FAO's Policy Directive 2009/08 to allow temporary mobility assignments of NPPs will also be reviewed.	Introduction of policy on mobility, including temporary mobility. Review by CSH and TCE of mechanism introduced under Policy Directive 2009/08 after two year trial period	2010 2011	CSH CSH - TCE

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Recommendation 7.1 : Procurement preparedness and meeting delivery deadlines is probably the greatest single area for improvement: Factors which may enable lead times to be reduced are suggested below and could when taken together with the measures proposed in other sections of this report have a significant impact, but it is not realistic to expect a drastic reductions of the total procurement time in the near future:	Yes	X						
7.1 a) Procurement preparedness planning should shift from the project to programme level	No	X				TCE and CSAP to reinforce procurement planning, based on a common understanding of what this entails, as a means to improve communication, coordination, effectiveness and efficiency	2010-2011	CSAP, TCE, Technical Units
7.1. b) For major emergency programmes	Yes	X			Management agrees with this recommendation which could be supported through procurement	Procurement missions to countries with large emergency expenditure to identify	2010-2011	CSA/TCE

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procurement specialists need to be included in both initial and ongoing planning. Procurement missions have been an important response in speeding-up initial procurement;					missions to countries with larger emergency procurement requirements, with the aim of identifying local vendors and establishing or updating local vendor rosters. Additional resources will be needed to implement this recommendation.	appropriate local vendors and support updating and maintenance of local vendor rosters.		
7.1 c) FAO should not engage in exercises to catch the next crop which will almost certainly miss it… Rather the Organization should properly prepare a response for the cropping season it is able to address and that will normally be the one for which planting is at least five months away	No		X		Enhanced planning and training should support improvement in reaching deadlines. However, in emergency situations, the final decision should be taken in light of several factors such as the country and crisis context, the number of planting seasons, the availability of inputs, donors and beneficiaries requirements. Every effort should be made to ensure that beneficiaries will receive appropriate and timely support.	Operations officers to assess procurement timeframes more systematically while taking into account the operational context and beneficiary requirements.	2010-2011	TCE
7.1d) When deliveries are time-bound (e.g. to meet the next cropping season or in pest and disease operations) greater use should be made of contracts split	No	X			This is already provided for in revised MS 502 (502.16.4 -"Distributed awards") which are awards distributed among more than one vendor in order to reduce the risk of non-delivery. Management notes that in some circumstances there may be benefits (e.g. in terms of value for money, and	Continue training on revised MS 502 and advanced procurement issues to enhance capacity to make the judgements required.	2010-2011	CSAP

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between vendors (although this may reduce aggregation it also reduces risk of nothing being available on time).					timeliness) derived from splitting contracts while, in other circumstances, benefits are achievable through aggregation. Procurement capacity therefore needs to be built so that a sound judgement according to the circumstances is being applied. Revised MS 502 provides guidance to allow for this kind of flexibility.			
Recommendation 7.2: Aggregation of procurements: As is increasingly the case already, procurement should be managed for programmes as a whole, not single projects	No	X			Where possible and likely to add value. Revised MS 502 already foresees and encourages use of framework agreements. It also foresees the use of advanced tenders when feasible. As noted in the Report, the scope for advance tenders and framework agreements is limited by the nature of the inputs being procured.	Continued training on procurement highlighting the importance of procurement planning	2010-2011	CSAP
Recommendation 7.3: In obtaining improved value for money:								
7.3 a) **forward planning and market studies** should play a more prominent role in finalising invitations to bid;	Yes	X			Management agrees that there is a need for upstream market research on potential vendors (MS 502) and service providers (MS 507)	CSAP can undertake procurement missions to countries with large emergency expenditure to identify appropriate local vendors and will support updating and maintenance of local vendor rosters.		CSAP / TCE
7.3 b) the balance needs to be adjusted in value for money criteria, **placing reduced emphasis on price** which	No	X			Revised MS 502 already provides that up to 80 percent weight can be given to non price criteria for procurement undertaken, pursuant to a Request for Proposal (RFP). Therefore, in those cases where price is not the main	Implementation of revised MS 502	2010-2011	CSA

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currently accounts for 80 percent of the weight in criteria for purchases, and: i. taking better account of issues of flexibility to respond to changing exigencies on the ground,					criterion, there is already a tool to accommodate this recommendation. Management suggests that the new system, which has just become effective, be implemented to determine whether this tool supports improved procurement.			
7.3. b ii) reflecting an acknowledgement that specifications cannot always be extremely tightly drawn prior to the invitation to bid and technical and operational judgement must sometimes be exercised,				X	This recommendation is rejected because the underlying assumptions are not in line with best practices of public procurement. Evaluations based on criteria developed after receipt of offers are not transparent and run counter to all sound practices of public procurement. Revised MS 502 now allows much greater flexibility and permits specifying ranges which may then be given weights at the time of the tender.			
7.3. b iii) taking account of the need to give greater weight to information on vendor reliability	Yes	X			Management agrees that vendor reliability should be a criterion in identifying appropriate suppliers to invite to tenders. However, once invited, vendor reliability should not be used on an ex-post basis to exclude offers as it is not transparent use of evaluation criteria.	Continue training in procurement to enhance the capacity of staff to make these judgements and ensure proper documentation and justification. The collection of data reliability is currently being implemented as part of IPA project 9.	2010-2011	CSA

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7.3.b) iv: enabling more flexible preference to national over international suppliers;	No	X			A policy must be established at corporate level.	TCE and CSA to set up a working group to develop a policy regarding national over international suppliers Guidelines to be developed accordingly	2010-2011	TCE / CSA
7.3 c) Information on a **supplier's track record** needs to be formally maintained and considered as a stated criterion in invitation to bid and the assessment of offers (the criteria which will be used for assessment of reliability should be available to suppliers)	No	X			The need for better vendor management information and tracking is recognized and a vendor management project is ongoing. However, generally, supplier performance is a criterion to be used to determine whether suppliers are invited to tender and not as an evaluation criterion after receipt of offers.	Continue implementing IPA Project on Vendor Management.	2010-2011	CSA
7.3 d) Formal assessment of operational criteria should be required as part of the comprehensive value for money assessment in addition to the technical and commercial assessment;	No	X			Management agrees that evaluation criteria can include, depending on each case, operational aspects such as availability of stocks, transportation and logistic capacity, availability of services and maintenance.	Implementation of revised MS 502	2010-2011	CSA / TCE

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7.3 e) Increasing transparency within the above framework: FAO could publish all procurements above a certain minimum value.	Yes	X			Currently no database exists to capture basic procurement information at field level. In addition, there is limited capacity.	FAO already publishes information regarding procurement awards over USD 100 000 in connection with EC funding Management will look to implement this recommendation by preparing procedures and guidelines. Additional continous resources will be required to manage the process including responding to vendors regarding information and clarification regarding posted awards.	2011-2012	CSA
Recommendation 7.4: FAO's institutional capacity for procurement should be strengthened broadly in line with the Root and Branch Review Proposals.	Yes	X			Management agrees that there is a need for: • strengthened institutional capacity for procurement in some decentralized offices depending on the volume of procurement and based on procurement planning; • higher delegation of authority to those offices with an international Procurement Officer reporting to CSAP; • upgraded IT capacity for (most) decentralized offices.	With additional resources, international procurement officer posts could be established in appropriate non-headquarters locations to support emergency procurement and delegation of authority can be increased accordingly.	2010-2011	CSA / TCE
c) Delegation: This report does not attempt to determine the levels of delegation which can take place. It is recognised that levels of delegation as of 1 January 2010								

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may exceed the capacities and competencies in some decentralized offices, but some offices could well manage a higher level of delegation:								
c) i) Delegation to TCE can be raised, rather than treating TCE for the purpose of expenditure limits on a par with other units in headquarters which have low limits for commercial procurement and recognising the special nature of emergencies and TCE's distinct operational functions and capacity.				X	This recommendation which refers to TCE at headquarter is not accepted as it would require TCE to set up parallel structures to those already existing in CS. This is not deemed to add to the overall efficiency of the process. Furthermore, it does not represent best practice as it reduces the ability to segregate appropriately the roles and responsibilities of the "requester", the "buyer" and the "authorized official".			
c) ii) If, as is envisaged, TCE decentralizes some project officers to the field, they could be provided additional training and certification in procurement skills. Such officers could then be delegated procurement	Yes		X		Delegation to TCE decentralized Project Officers could be envisaged with the agreement of the FAOR and where there is an outposted Procurement Officer. The additional safeguard mentioned in the report which would be provided by having "witnessed documentation of the processes followed" is unclear.	TCE and CSA will analyze in which countries an outposted Procurement Officer could be established.	2010-2011	CSA/TCE

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authority, as has currently been done in the few very large operations which have a procurement officer stationed.								
c) iii) As discussed above in the context of decentralization, TCE and AFS could further delegate to selected individual field offices which do not have procurement or project officers and this level of delegation should be based on the capacity of the FAOR office and emergency coordination office, not the person of the FAOR,	Yes		X		As mentioned above, delegation to TCE decentralized project officers could be envisaged with the agreement of the FAOR and where there is an outposted Procurement Officer. However, the part of the recommendation that suggests that the level of delegation should be based on the capacity of the FAOR (and not the person of the FAOR) is rejected.	TCE and CSA will analyze in which countries an outposted Procurement Officer could be established.	2010-2011	CSA/TCE
c) iii) Purchases may be divided into two categories on the basis of their complexity. For example fertilizer is a relatively non-complex commodity, whereas IT equipment is not. The delegated level for procurement can				X	The complexity of a given procurement action is not necessarily related to the commodity itself, but often to the context in which it is being procured. If framework agreements can be established for certain commodities, it may be possible to have unlimited delegation of authority for procurement under them.			

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be higher for non-complex commodities								
c) iii) Separation of responsibilities is difficult for some locations, particularly those which have small staffs. Offices where this is the case and those where recent audits have found problems could be required to have all transactions entered into Oracle in either the regional office or Rome/Budapest, with oversight functions being exercised by those offices				X	While recognizing that, in some offices, it is difficult to separate responsibilities due to lack of staff, having transactions entered into Oracle by other offices does not address the problem of separating responsibilities.			
d) The present overall limit for Letters of Agreement (LoAs) at US$ 25,000 in the field remains too low and there should generally be similar levels of delegation for LoAs and procurements, unless a new procurement modality is developed for	No	X			Management is reviewing an increase in the levels of delegations of authority for LoAs based on the revision of MS 507	Revision of MS 507 "Letters of Agreement" is ongoing under IPA and scheduled for completion in 2010.		

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national private sectors (see below).								
Recommendation 8.1: Policies: How FAO can better strengthen national development while undertaking procurement requires urgent normative work. FAO does have a clear policy of supporting NGO development and at the same time acquiring a service through Letters of Agreement. A similar clear priority and policy needs to be put in place for national small and medium enterprises, but no instruments have been developed for this enabling the national private sector to enhance its capacity to provide a sustainable service to farmers and fishers. There has also been no analysis of when FAO is likely to disrupt and undermine the	Yes		X		Management notes that this is a policy issue and recognizes the need for a policy on local procurement as a tool for strengthening national development or local capacity. Once the policy has been developed and agreed upon at the corporate level, a decision can be made as to whether revised MS 502 will require modification to incorporate the policy and whether modalities for its implementation can be developed.	Development of: • a policy on if and how FAO can better strengthen national development while undertaking procurement; • an approach to handling vouchers, seed fairs, etc.; • new modalities for the field programme Depending on the outcome of the policy above, it may be necessary to develop: • a new instrument (or to modify an existing instrument) for contracting a non-registered company, such as a small-scale entrepreneur in a beneficiary country; • guidance on giving appropriate weight to smaller or local entrepreneurs in a tendering process..	2010-2011	DDG O and related IDWG

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sustainable development of national markets. This extends from transport, to storage, to boat building and the local level supply of inputs								
Recommendation 8.2: In the longer term **FAO may consider developing other services which improve procurement for developing countries**. FAO would need to recognise these as development services, not an administrative overhead, and allocate funds accordingly:	Yes		X		Management agrees that it may be useful for FAO to explore new options which may simultaneously improve procurement and strengthen the local private sectors, but full agreement on the recommendation can not be given until these options have been explored. .	CS/TC to jointly explore options for improving procurement for developing countries	2012	CS/TC