

# **Review of Management and Administration in the Food and Agriculture Organization of the United Nations**

FAO Finance Committee

Inspectors  
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Conrod Hunte

**23 May 2024  
Rome**

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1 Report Preparation

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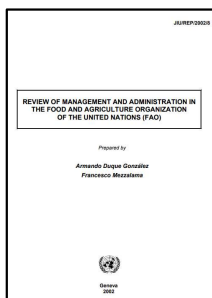
5 Q&A

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## Project phases and main products

Preparation Phase (months)	October to December 2022	January and February 2023	February to July 2023	July to September 2023	September and October 2023	November and December 2023	Dec 2023 to June 2024
Pre-review	Determination and approval of Programme of work						
Phase 1: Planning and preparation	<div>Notification letter</div> <div>Establishing contact with specific focal point</div> <div>Enabling access to intranet and other tools</div> <div>Drafting ToR and preliminary desk review</div> <div>Brainstorming and comments on terms of reference</div>						
Phase 2: Data collection and analysis	<div>Entrance conference</div> <div>Revising terms of reference</div> <div>Developing design matrix and inception paper</div> <div>In-depth desk review</div> <div>Developing and disseminating corporate questionnaire</div> <div>Developing and disseminating Staff Survey</div> <div>Developing and disseminating Governing/Legislative body survey</div> <div>Analyzing questionnaire responses</div> <div>Developing interview guides</div> <div>Conducting interviews</div> <div>Analyzing interview data</div> <div>Drafting the report outline</div>						
Phase 3: Output Preparation	<div>Drafting report</div> <div>JIU collective wisdom</div> <div>Feedback from FAO</div>						
Phase 4: Finalization	<div>JIU (silent) collective wisdom</div> <div>Finalization of report</div> <div>Submission to UN official editing</div> <div>Translation by FAO</div>						
Phase 5: Report dissemination	<div>Issuance of final report</div> <div>Submission to organizations</div> <div>Outreach and dissemination</div> <div>Presentation to governing body</div>						

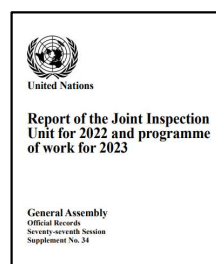
# Context of the Review and Review Team



The previous review of management and administration of FAO was completed in 2002.



More than 20 years later, many things have changed: ambitious Sustainable Development Goals are at the heart of the organization's work, extrabudgetary contributions now play a major role in project implementation and the Director-General has introduced new ways of working.



In this context, the review was included in the JIU Programme of Work for 2023.



## Review Team



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# Content and Structure of the Report



Review of management and administration  
in the Food and Agriculture Organization  
of the United Nations

Report of the Joint Inspection Unit  
Prepared by Carolina Fernández Ojeda, Pavel Chernikov  
and Central House

### 10 Formal Recommendations

Six addressed to the FAO Council and four to the Director-General.

### 34 Informal Recommendations

Six addressed to the FAO Council and 28 to FAO Management.

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- I. Introduction
- II. Governance and leadership
- III. Organizational structure
- IV. Budgetary and financial management
- V. Administration and human resources
- VI. Information and communications technology management
- VII. Risk management, internal controls and oversight

### 3 Annexes

- I. Overview of key governance and oversight processes: reporting lines.
- II. Overview of key governance and oversight processes: elections and appointments
- III. Overview of actions to be taken by participating organizations on the recommendations of the Joint Inspection Unit

## II. Governance and leadership



### Recommendation 1

The Director-General should ensure, by no later than the end of 2024, that the contractual arrangements for the heads of the Ethics Office and Ombudsman Office are aligned with best practices, in order to enhance their independence.



### Recommendation 2

The Director-General should ensure that the Ethics Office and Ombudsman Office establish key performance indicators that better quantify outcomes in the context of submitting the next draft Medium-term Plan and Programme of Work and Budget in 2025.

Informal Recommendations (3)

## II. Governance and leadership



### Informal Recommendations

IR1-The Inspectors, while recognizing the right of member nations to choose their own candidates, urge the Council to encourage them to provide details of the qualifications of the candidates to the Council Committees and to make every effort to put forward candidates with relevant experience, in accordance with the Basic Texts (see para. 29).

IR2-The Inspectors strongly advise the Director-General to carry out a review of the Administrative Manual to reflect the changes implemented by the organization (see para. 32).

IR3-The Inspectors encourage the Council to consider the possibility of expanding the scope of the 2025 review of the Strategic Framework to include an assessment of the new ways of working (see para. 33).

## III. Organizational structure



### Recommendation 3

The Council should present the Conference, at its forty-fourth session, with a proposal on the necessary changes to the relevant parts of the Basic Texts regarding the functions and responsibilities of the decentralized offices.

Informal Recommendations (3)



## III. Organizational structure



Recommendation	Year	Status
1. The Board of Directors should...	2014	Not implemented
2. The Board of Directors should...	2015	Not implemented
3. The Board of Directors should...	2016	Not implemented
4. The Board of Directors should...	2014	Not implemented
5. The Board of Directors should...	2015	Not implemented
6. The Board of Directors should...	2016	Not implemented
7. The Board of Directors should...	2014	Not implemented
8. The Board of Directors should...	2015	Not implemented
9. The Board of Directors should...	2016	Not implemented
10. The Board of Directors should...	2014	Not implemented
11. The Board of Directors should...	2015	Not implemented
12. The Board of Directors should...	2016	Not implemented
13. The Board of Directors should...	2014	Not implemented
14. The Board of Directors should...	2015	Not implemented
15. The Board of Directors should...	2016	Not implemented
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18. The Board of Directors should...	2016	Not implemented
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23. The Board of Directors should...	2015	Not implemented
24. The Board of Directors should...	2016	Not implemented
25. The Board of Directors should...	2014	Not implemented
26. The Board of Directors should...	2015	Not implemented
27. The Board of Directors should...	2016	Not implemented
28. The Board of Directors should...	2014	Not implemented
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30. The Board of Directors should...	2016	Not implemented
31. The Board of Directors should...	2014	Not implemented
32. The Board of Directors should...	2015	Not implemented
33. The Board of Directors should...	2016	Not implemented
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35. The Board of Directors should...	2015	Not implemented
36. The Board of Directors should...	2016	Not implemented
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40. The Board of Directors should...	2014	Not implemented
41. The Board of Directors should...	2015	Not implemented
42. The Board of Directors should...	2016	Not implemented
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84. The Board of Directors should...	2016	Not implemented
85. The Board of Directors should...	2014	Not implemented
86. The Board of Directors should...	2015	Not implemented
87. The Board of Directors should...	2016	Not implemented
88. The Board of Directors should...	2014	Not implemented
89. The Board of Directors should...	2015	Not implemented
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93. The Board of Directors should...	2016	Not implemented
94. The Board of Directors should...	2014	Not implemented
95. The Board of Directors should...	2015	Not implemented
96. The Board of Directors should...	2016	Not implemented
97. The Board of Directors should...	2014	Not implemented
98. The Board of Directors should...	2015	Not implemented
99. The Board of Directors should...	2016	Not implemented
100. The Board of Directors should...	2014	Not implemented

### Informal Recommendations

IR4-The Inspectors encourage the Director-General to give clear titles to posts, particularly in respect of the Core Leadership, and reflect them in the organizational chart (see para. 57).

IR5-The Inspectors urge the Director-General to reflect on the adequacy of resources allocated to the appropriate offices in order to properly carry out the action plan agreed upon in response to the “Audit of decentralized offices’ governance structure and capacity” and encourage the Council to follow up annually on the implementation of the plan (see para. 63).

IR6-The Inspectors propose that further consideration be given to increasing the delegation of authority to regional offices once assurances are provided that the functions can be performed in a timely manner, at minimal risk, with full accountability and with proper internal controls(see para. 65).

## IV. Budgetary and financial management



### Recommendation 4

The Council **should request** the Director-General to provide, in the submission of a draft Programme of Work and Budget for 2026–2027, information on the **distribution of the budget by category and item of expenditure** (at least in the form of one table) **and a staffing table** showing the distribution of posts by grade, down to the lowest organizational unit.



### Recommendation 5

The Council **should request** the Director-General, when submitting the draft Programme of Work and Budget for 2026–2027, **to include in the budget tables**, as well as in the annexed tables on key performance indicators (namely, annex I on the updated results framework), **an additional column showing the actual performance** over the previous biennium or year for which this information is available.



### Recommendation 6

The Director-General **should**, in the context of submitting the draft Programme of Work and Budget for 2026–2027, **propose**, on a pilot basis, an option of **full or partial budgeting of vacancy rates** based, as far as possible, on actual rates.



### Recommendation 7

The Council **should request** the Director-General to present **a proposal** to introduce, by the end of 2024, a uniform **symbolic charge on extrabudgetary contributions** (e.g. 0.1 to 0.5 per cent of their total value) to supplement the **funding of past after-service health liabilities** under After Service Medical Coverage that has already been accumulated through assessed contributions and the interest on them.

## IV. Budgetary and financial management



### Informal Recommendations

IR7-The Inspectors consider that the Director-General should continue to take all the necessary measures to ensure, in relations with donors, both full respect for the Single-Audit Principle and full recovery of support costs on all projects funded by voluntary contributions (see para. 96).

IR8-The Inspectors encourage the Director-General to consider adding, in the context of submitting the draft Programme of Work and Budget for 2026–2027, a second key performance indicator for outcome 10.2 to provide a more comprehensive and nuanced assessment of the management of financial resources (see para. 98).

IR9-The Inspectors encourage the Council to keep the split assessment system under review and, in the context of future Programmes of Work and Budgets, assess the feasibility of continuing to receive contributions paid in euros through a non-eurozone location (see para. 102).

## V. Administration and human resources



### Recommendation 8

The Council should request the Director-General to implement specific measures to reduce vacancy rates and expedite recruitment processes without compromising on the quality of the candidates and to report, by no later than 2025, on the impact of these measures.

Informal Recommendations (9)



## V. Administration and human resources

### Informal Recommendations

IR10-The Inspectors strongly advise the Council to consistently ensure that the member nations take ownership of all relevant improvements to human resources policies, including approval of their financial implications, and, when applicable, assurances regarding adherence to the standards of the United Nations common system (i.e. with respect to job classification) should be sought from the International Civil Service Commission (see para. 113).

IR11-The Inspectors, noting the progress achieved in recent years in improving staff-management relations through interaction with staff unions and trusting that such an approach will continue, encourage the Director-General to accelerate consideration of the requests of both recognized staff unions to allow them to represent more categories and/or groups of personnel and to report thereon, by no later than 2025, to the Council in the context of the human resources annual report (see para. 114).

IR12-The Inspectors would urge the Director-General to explore the feasibility of resuming the use of rosters of prequalified candidates to accelerate the recruitment process (see para. 123).

IR13-The Inspectors encourage the Director-General to use rankings of recommended candidates presented by the relevant panels, in order to speed up the recruitment decision-making process (see para. 124).

IR14-The Inspectors also encourage the Director-General to consider enhancing the transparency of the work of the recruitment panels by having independent members nominated – to the extent possible – by the staff unions recognized by the organization (see para. 125).

IR15-The Inspectors propose that the Director-General, when developing a new mobility policy, also consider exploring an option for the enhancement of voluntary mobility (see para. 129).

IR16-The Inspectors noted that the representatives of the staff unions recognized by the organization confirmed the value of personal plans attached to the appraisal forms and encouraged their continued use (see para. 133).

IR17-The Inspectors noted a suggestion, made during interviews, regarding ways and means to move to a more objective performance appraisal and encourage the Director General to pilot setting limits on the number of performance appraisals receiving the rating “exceeding expectations” (e.g. 20 per cent of each organizational unit) and to report, by no later than 2025, the results to the Council in the context of the human resources annual report (see para. 134).

IR18-The Inspectors observed, during their visit to the Shared Service Centre, a well-structured, well-managed, efficient and effective office; they encourage the Director-General to reflect on the adequacy of the resources allocated to the Centre in order to further enhance the level of excellence and customer satisfaction (see para. 136).

## VI. Information and communications technology management

### Informal Recommendations (2)

## VI. Information and communications technology management

### **Informal Recommendations**

IR19-The Inspectors propose that FAO develop a robust business case and a benefits realization plan, outlining the advantages that will be attained through the implementation of the enterprise resource planning system over a defined time frame, and present it to the Council as part of its decision-making process (see para. 152).

IR20-The Inspectors are of the view that FAO should follow the experience of similar United Nations entities that have phased the implementation of their enterprise resource planning by system, business unit or location – or a combination thereof(see para. 153).

## VII. Risk management, internal controls and oversight



### Recommendation 9

The Director-General **should strengthen the design and effectiveness of the organization's enterprise risk management processes** and its monitoring activities, such as programme monitoring and evaluation, starting with an action plan to be submitted, by the end of 2025, to the Council, through a joint session of the Finance Committee and the Programme Committee, **clearly indicating the roles and responsibilities** in the design, implementation and monitoring of these processes.



### Recommendation 10

The Council **should review**, by the end of 2026, the **Charters of the Office of the Inspector General and the Office of Evaluation** so as to strengthen their organizational independence, their relationships with the governing bodies (e.g. reporting lines to the Council, delegations of authority and the role of the Council in approving budgets) and the management committees (e.g. the Internal Evaluation Committee) and their link to the Oversight Advisory Committee, which advises both management and the governing bodies.

**Informal Recommendations (14)**



## VII. Risk management, internal controls and oversight



Implementation of Recommendations by year

Year	Category	Number of Recommendations
2010	Internal Controls	10
2010	Risk Management	5
2010	Oversight	3
2011	Internal Controls	12
2011	Risk Management	7
2011	Oversight	4
2012	Internal Controls	15
2012	Risk Management	9
2012	Oversight	6
2013	Internal Controls	18
2013	Risk Management	11
2013	Oversight	8
2014	Internal Controls	20
2014	Risk Management	13
2014	Oversight	10
2015	Internal Controls	22
2015	Risk Management	15
2015	Oversight	12
2016	Internal Controls	25
2016	Risk Management	17
2016	Oversight	14
2017	Internal Controls	28
2017	Risk Management	19
2017	Oversight	16
2018	Internal Controls	30
2018	Risk Management	21
2018	Oversight	18
2019	Internal Controls	32
2019	Risk Management	23
2019	Oversight	20
2020	Internal Controls	35
2020	Risk Management	25
2020	Oversight	22

### Informal Recommendations

IR21-The Inspectors commend FAO senior management for having a formal accountability framework and reiterate the importance of aligning it with good practices incorporated in the JIU updated reference accountability framework (see para. 155).

IR22-The Inspectors encourage FAO senior management to review the overall structure and content of the statement of internal controls to include, among other elements, clearer reference to the Accountability Policy and to the audit reports issued during the year that are rated “major improvements needed” (see para. 156).

IR23-The Inspectors suggest that the internal audit function develop additional key performance indicators that will allow the Oversight Advisory Committee and the Finance Committee to base their assessment of the adequacy of the budget of the function on objective information. Importantly, the resources should be linked to risk-based planning to identify the risks that will not be addressed based on insufficient resources (see para. 161).

IR24-The Inspectors propose that in the annual report of the Inspector General actual expenditure be split between internal audit and investigations, as they are currently not shown separately. That would help the Conference to assess the adequacy of the budget allocated to very different activities of the Office of the Inspector General (see para. 162).

IR25-The Inspectors encourage the Council, with the support of the Finance Committee, to reflect on the need to strengthen the independence of the Inspector General and the reporting function to the Finance Committee and the Council, as the Inspector General currently only has one reporting line, which is to the Director-General, who prepares his performance appraisal, with inputs from the Oversight Advisory Committee (see para. 164).

IR26-The Inspectors suggest that the Office of Evaluation review the structure of its annual report and include more explicit information on mandatory versus discretionary evaluations and more transparency on their respective funding sources (see para. 167).

IR27-The Inspectors propose that an update on the implementation status of the recommendations emanating from evaluations be included in all the documents presented to the governing bodies and that the Office of Evaluation and the Office of the Inspector General work together to prepare a consolidated view of the areas for improvement by topic, department or office or, at least, present information in a coherent manner, to facilitate dialogue with and the understanding of the governing bodies about the outstanding risks (see para. 169).

IR28-The Inspectors propose that consideration be given to changing the name of the Office of Evaluation to distinguish its reports from those issued by other departments in FAO (see para. 172).



## VII. Risk management, internal controls and oversight



### Informal Recommendations

IR29-The Inspectors encourage FAO to continue dealing with integrity-related policies and procedures in a multidisciplinary manner and to strengthen the involvement of staff counsellors, who may be able to contribute to the identification of systemic issues through their regular reporting and provide insight into broader trends without breaching confidentiality or eroding trust in the function (see para. 174).

IR30-The Inspectors strongly encourage the Office of the Inspector General and the Office of Evaluation to review, together and with due consideration for appropriate standards of confidentiality, the design and effectiveness of all existing communication channels available to affected populations to provide their feedback or report any wrongdoing, and to discuss the findings in a joint meeting of the Finance Committee and the Programme Committee (see para. 175).

IR31-The Inspectors would like to recommend that the investigation section of the annual report of the Inspector General also include information on the type of allegation by source. They would also like to suggest that additional information, by source and by type, from initial allegation to final outcome, as decided by human resources management, the Director-General and/or the tribunals or local authorities where relevant, be presented to the Council or the joint Finance Committee and Programme Committee meeting, as it would help to increase the level of understanding of the problems faced by the organization and to facilitate informed discussions with member nations (see para. 176).

IR32-The Inspectors strongly advise the relevant body to amend the Basic Texts to institute limits on the term of office of the External Auditor (see para. 180).

IR33-The Inspectors would like to suggest that the Council request a change in the structure of the External Auditor progress report, to include information on the level of risk of the outstanding recommendations and to cluster outstanding recommendations by process, topic or risk, to facilitate the dialogue with governing bodies and the other oversight functions (see para. 181).

IR34-The Inspectors propose a review of all key FAO governance and accountability documents to ensure that the terms of the agreement between FAO and JIU, including the role of JIU, are properly reflected and that the process to accept, discuss and monitor the implementation of the recommendations of JIU is clear and approved by the Council and in line with the recommendations of the JIU review on the acceptance and implementation of Joint Inspection Unit recommendations, which is currently in progress (see para. 184).



#### 4. Timeline for Implementation of Recommendations

# Implementation of Recommendations by year

2024	<b><u>Recommendation 1</u></b> The Director-General should ensure, by no later than the end of 2024, that the contractual arrangements for the heads of the Ethics Office and Ombudsman Office are aligned with best practices, in order to enhance their independence.
	<b><u>Recommendation 7</u></b> The Council should request the Director-General to present a proposal to introduce, by the end of 2024, a uniform symbolic charge on extrabudgetary contributions (e.g. 0.1 to 0.5 per cent of their total value) to supplement the funding of past after-service health liabilities under After Service Medical Coverage that has already been accumulated through assessed contributions and the interest on them.
2025	<b><u>Recommendation 2</u></b> The Director-General should ensure that the Ethics Office and Ombudsman Office establish key performance indicators that better quantify outcomes in the context of submitting the next draft Medium-term Plan and Programme of Work and Budget in 2025.
	<b><u>Recommendation 3</u></b> The Council should present the Conference, at its forty-fourth session, with a proposal on the necessary changes to the relevant parts of the Basic Texts regarding the functions and responsibilities of the decentralized offices.
	<b><u>Recommendation 4</u></b> The Council should request the Director-General to provide, in the submission of a draft Programme of Work and Budget for 2026–2027, information on the distribution of the budget by category and item of expenditure (at least in the form of one table) and a staffing table showing the distribution of posts by grade, down to the lowest organizational unit.
	<b><u>Recommendation 5</u></b> The Council should request the Director-General, when submitting the draft Programme of Work and Budget for 2026–2027, to include in the budget tables, as well as in the annexed tables on key performance indicators (namely, annex I on the updated results framework), an additional column showing the actual performance over the previous biennium or year for which this information is available.
	<b><u>Recommendation 6</u></b> The Director-General should, in the context of submitting the draft Programme of Work and Budget for 2026–2027, propose, on a pilot basis, an option of full or partial budgeting of vacancy rates based, as far as possible, on actual rates.
2026	<b><u>Recommendation 8</u></b> The Council should request the Director-General to implement specific measures to reduce vacancy rates and expedite recruitment processes without compromising on the quality of the candidates and to report, by no later than 2025, on the impact of these measures.
	<b><u>Recommendation 9</u></b> The Director-General should strengthen the design and effectiveness of the organization's enterprise risk management processes and its monitoring activities, such as programme monitoring and evaluation, starting with an action plan to be submitted, by the end of 2025, to the Council, through a joint session of the Finance Committee and the Programme Committee, clearly indicating the roles and responsibilities in the design, implementation and monitoring of these processes.
	<b><u>Recommendation 10</u></b> The Council should review, by the end of 2026, the Charters of the Office of the Inspector General and the Office of Evaluation so as to strengthen their organizational independence, their relationships with the governing bodies (e.g. reporting lines to the Council, delegations of authority and the role of the Council in approving budgets) and the management committees (e.g. the Internal Evaluation Committee) and their link to the Oversight Advisory Committee, which advises both management and the governing bodies.

# Governance and leadership



Recommendation	2022	2023	2024
1. The Director-General should ensure, by no later than the end of 2024, that the contractual arrangements for the heads of the Ethics Office and Ombudsman Office are aligned with best practices, in order to enhance their independence.			



## Recommendation 1

The Director-General should ensure, by no later than the end of 2024, that the contractual arrangements for the heads of the Ethics Office and Ombudsman Office are aligned with best practices, in order to enhance their independence.



## Findings

With regard to independence, while both offices confirmed that, currently, they acted with independence, it was noted that there were no guarantees that that was sustainable.



## Conclusions

The Inspectors observed that the duration of the contract of the heads of both offices was for two years instead of the five-year term that was standard for such positions in other organizations, which might de facto affect their independence. The issue was previously raised by the JIU review related to Ethics function.

### Informal Recommendations (3)



**Addressed to**  
Management



**Intended impact**

Dissemination of good/best practices

# Governance and leadership



Recommendation	2020	2021
1. The Director-General should ensure that the Ethics Office and Ombudsman Office establish key performance indicators that better quantify outcomes in the context of submitting the next draft Medium-term Plan and Programme of Work and Budget in 2025.		



## Recommendation 2

The Director-General **should ensure** that the Ethics Office and Ombudsman Office **establish key performance indicators** that better quantify outcomes in the context of submitting the next draft Medium-term Plan and Programme of Work and Budget in 2025.



### Findings

The existing indicators only refer to outputs such as training courses or the number of reviews completed within a set timeline and do not seek to measure outcomes, such as compliance with policies, procedures and practices related to the ethical standards of the Standards of Conduct for the International Civil Service and the effectiveness of the Ombudsman's mediation and conciliation.



### Conclusions

Furthermore, key priorities are not translated into key performance indicators and thus there are limited possibilities to gauge how the ethics and ombudsman functions affect and contribute to the work environment of FAO.

#### **Informal Recommendations (3)**



**Addressed to**  
Management



**Intended impact**  
Enhanced effectiveness

# Organizational structure



Recommendation	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. The Council should present the Conference, at its forty-fourth session, with a proposal on the necessary changes to the relevant parts of the Basic Texts regarding the functions and responsibilities of the decentralized offices.									



## Recommendation 3

The Council should present the Conference, at its forty-fourth session, with a proposal on the necessary changes to the relevant parts of the Basic Texts regarding the functions and responsibilities of the decentralized offices.



## Findings

The functions and responsibilities of field offices are not part of the FAO Basic Texts. They are referred to in the Administrative Manual and mentioned in the Accountability Policy. As part of the desk review, the Inspectors examined the document "FAO decentralized offices: where knowledge becomes action".<sup>26</sup> The document does not have a formal status and only contains a high-level overview of the functions and coverage of regional and subregional offices, giving more details regarding country offices and a brief explanation of liaison and partnership and liaison offices. It does not contain clear guidance on the relationship between regional, subregional and country offices nor does it contain references to the relationship between liaison and partnership and liaison offices and headquarters and/or regional representation.



## Conclusions

With the exponential growth of extrabudgetary resources and projects over the previous decade, each element of the field presence of FAO needs to be fit for purpose. Thus, the functions, responsibilities and operating procedures of regional, subregional, country, liaison and partnership and liaison offices should be clearly defined and updated, as to not only reflect their roles within the organizational structure but also to be able to respond to the demands of member nations and donor and financial institutions for efficient and effective use of resources.

### Informal Recommendations (3)



**Addressed to**

Council



**Intended impact**

Enhanced effectiveness



# Budgetary and financial management



## Recommendation 4

The Council **should request** the Director-General to provide, in the submission of a draft Programme of Work and Budget for 2026–2027, information on the **distribution of the budget by category and item of expenditure** (at least in the form of one table) **and a staffing table** showing the distribution of posts by grade, down to the lowest organizational unit.



## Findings

The Inspectors note that the documents that make up the FAO Programme of Work and Budget do not contain information on the distribution of the budget by category or item of expenditure; a comparison of budgetary targets against actual performance; vacancy rates; or a staffing table showing posts by grade down to the lowest organizational unit.



## Conclusions

The Inspectors are of the view that transparency and ownership of the budget by member nations, as well as accuracy in budgeting, may be further enhanced by comparing the proposed key performance indicators against actual performance, and ensuring that members have an opportunity to reflect on the means necessary to achieve goals, including subjects such as the use of consultants and travel.

### **Informal Recommendations (3)**



### **Addressed to**

Council



### **Intended impact**

Enhanced transparency and accountability

# Budgetary and financial management



## Recommendation 5

The Council **should request** the Director-General, when submitting the draft Programme of Work and Budget for 2026–2027, **to include in the budget tables**, as well as in the annexed tables on key performance indicators (namely, annex I on the updated results framework), **an additional column showing the actual performance** over the previous biennium or year for which this information is available.



## Findings

The Inspectors note that the FAO Programme of Work and Budget does not contain information on the distribution of the budget by categories and items of expenditure, a comparison of budgetary targets against actual performance, vacancy rates or a staffing table showing posts by grade down to the lowest organizational unit.



## Conclusions

The Inspectors are of the view that transparency and ownership of the budget by member nations, as well as accuracy in budgeting, may be further enhanced by comparing the proposed key performance indicators against actual performance, and ensuring that members have an opportunity to reflect on the means necessary to achieve goals, including subjects such as the use of consultants and travel.

### **Informal Recommendations (3)**



### **Addressed to**

Council



### **Intended impact**

Enhanced transparency and accountability



# Budgetary and financial management



## Recommendation 6

The Director-General should, in the context of submitting the draft Programme of Work and Budget for 2026–2027, propose, on a pilot basis, an option of full or partial budgeting of vacancy rates based, as far as possible, on actual rates.



## Findings

If compared with actual personnel costs (\$855.2 million in 2020–2021),<sup>29</sup> the relevant adjustment was equal to 1.33 per cent. That percentage figure is many times lower than the actual vacancy rates over recent years, which currently stand at more than 20 per cent, as described in the section on vacancies and recruitment of the present report.



## Conclusions

Regarding the good practices of other organizations, the Inspectors recalled that the Advisory Committee on Administrative and Budgetary Questions had repeatedly espoused the view, endorsed by the General Assembly, that efforts should continue to be made to ensure that the proposed vacancy rates were based, as far as possible, on actual rates.

### Informal Recommendations (3)



**Addressed to**  
Management



**Intended impact**

Enhanced transparency and accountability

# Budgetary and financial management



## Recommendation 7

The Council **should request** the Director-General to present **a proposal** to introduce, by the end of 2024, a uniform **symbolic charge on extrabudgetary contributions** (e.g. 0.1 to 0.5 per cent of their total value) to supplement the **funding of past after-service health liabilities** under After Service Medical Coverage that has already been accumulated through assessed contributions and the interest on them.



## Findings

Regarding the experience of other organizations that practice the pay-as-you-go principle, it may be recalled that, since 2017, the United Nations has applied a rate against the salary costs of staff charged against extrabudgetary funds to provide for future after-service health insurance benefits. Along with the continuation of pay-as-you-go financing from extrabudgetary resources for existing retirees, a 3 per cent charge was initially applied against the salary costs of staff, with the rate set at 6 per cent, since 2019, of all staff funded from extrabudgetary resources. The extrabudgetary reserves amounted to \$134.8 million as at 31 August 2021.



## Conclusions

In the view of the Inspectors, if the charge is established at the level suggested, it may be both affordable for donors and result in cash contributions for After Service Medical Coverage of between \$3.4 million and \$17 million a biennium, which is comparable to the funding from assessed contributions between 2004 and 2017.

### **Informal Recommendations (3)**



**Addressed to**

Council



**Intended impact**

Enhanced effectiveness

# Administration and human resources



## Recommendation 8

The Council **should request** the Director-General to implement specific measures to **reduce vacancy rates** and expedite recruitment processes without compromising on the quality of the candidates and to report, by no later than 2025, on the impact of these measures.



## Findings

... between 31 December 2018 and 31 December 2022, the total number of vacant regular programme posts increased from 595 to 682 and, as a result, actual vacancy rates went up: for regular programme posts in the Professional category from 18 to 22 per cent and for such posts in the General Service category from 22 to 26 per cent.

Moreover, recruitment remains a lengthy process: in 2022, it averaged 178 days from the vacancy announcement to the decision on selection.



## Conclusions

Regarding the practices of other organizations, the Inspectors recall, for example, that, on a number of occasions, the General Assembly has reiterated its concern about the high number of vacancies and requested the Secretary-General to ensure that vacant posts are filled expeditiously and to review the posts that have been vacant for 24 months or longer and to propose in the next budget submission either their retention, with a clear justification, or their abolishment.

### **Informal Recommendations (9)**



**Addressed to**

Council



**Intended impact**

Enhanced effectiveness

# Risk management, internal controls and oversight



## Recommendation 9

The Director-General should strengthen the design and effectiveness of the organization's enterprise risk management processes and its monitoring activities, such as programme monitoring and evaluation, starting with an action plan to be submitted, by the end of 2025, to the Council, through a joint session of the Finance Committee and the Programme Committee, clearly indicating the roles and responsibilities in the design, implementation and monitoring of these processes.



## Findings

... , in reviewing the statements on internal control, the Inspectors noted the following: (a) risk management was consistently identified as needing improvement; (b) since 2018, the statement did not explicitly cover internal control weaknesses related to programmatic activities, which could have a significant impact on the financial statements and ultimately on the going concern of the organization (...); and (c) for each of the processes referred to in the statements, there was no clear mention of weaknesses and the impact thereof.



## Conclusions

Notwithstanding the organization's implementation of the statement on internal control by the Director-General, the Inspectors consider it necessary that FAO senior management address the weaknesses identified in the risk management and monitoring and evaluation processes.

### **Informal Recommendations (14)**



**Addressed to**  
Management



**Intended impact**  
Enhanced effectiveness

# Risk management, internal controls and oversight



Recommendation	2020	2021	2022	2023	2024
1. The Council should review, by the end of 2026, the Charters of the Office of the Inspector General and the Office of Evaluation so as to strengthen their organizational independence, their relationships with the governing bodies (e.g. reporting lines to the Council, delegations of authority and the role of the Council in approving budgets) and the management committees (e.g. the Internal Evaluation Committee) and their link to the Oversight Advisory Committee, which advises both management and the governing bodies.					



## Recommendation 10

The Council should review, by the end of 2026, the Charters of the Office of the Inspector General and the Office of Evaluation so as to strengthen their organizational independence, their relationships with the governing bodies (e.g. reporting lines to the Council, delegations of authority and the role of the Council in approving budgets) and the management committees (e.g. the Internal Evaluation Committee) and their link to the Oversight Advisory Committee, which advises both management and the governing bodies.



## Findings

Regarding the independence of the Office of Evaluation, the Inspectors note that, in practice, in spite of the differences in the links to the governing bodies (the Charter for the Office of Evaluation is part of the Basic Texts and the Office presents its work to the Programme Committee, the Council and the Conference), the independence of the Director of Evaluation, like that of the Inspector General, is mainly operational.



## Conclusions

While acknowledging the numerous improvements in the internal independent oversight functions of FAO, the Inspectors suggest that the independence and coherence of such functions be strengthened further.

### Informal Recommendations (14)



### Addressed to

Council



### Intended impact

Enhanced transparency and accountability

# Thank you

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