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Food and Agriculture
Organization of the
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Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

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الغذية والزراعة
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**Report of the Joint Inspection Unit of the United Nations System:
*Review of Management and Administration in the Food and Agriculture
Organization of the United Nations (JIU/REP/2023/5)***

MANAGEMENT RESPONSE AND REFLECTIONS

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

Ms Beth Crawford
Assistant Director General/Director, Office of Strategy, Programme and Budget (OSP)
FAO-JIU Focal Point
Tel. +39 06570 52298
Email: FAO-UN-JIU@fao.org

Documents can be consulted at www.fao.org

Executive Summary

The Management of the Food and Agriculture Organization of the United Nations (FAO) expresses its appreciation to the Joint Inspection Unit of the United Nations (JIU) Inspectors for the highly informative report, which provides a constructive overview of the state of management and administration in FAO and includes proposals for consideration aimed at supporting continued improvement.

The report contains ten formal recommendations, four of which are addressed to Management and six to the Council. It also contains 34 informal recommendations.

Management has elaborated its responses to the four recommendations, three of which are fully accepted and one partially accepted.

Management has also provided reflections on the six recommendations addressed to the Council aimed at assisting the Council's consideration and determination of whether to accept each such recommendation and, if so, how and when to implement it.

Suggested action by the Finance Committee and by the Council

The Finance Committee is invited to review the JIU Management and Administration Review in FAO, and the FAO Management Response and Reflections, and make such observations as it considers appropriate.

The Council is requested to take note of guidance from the Finance Committee in its deliberations on these documents.

1. The Management of the Food and Agriculture Organization of the United Nations (FAO) expresses its appreciation to the Joint Inspection Unit of the United Nations (JIU) Inspectors for the highly informative report on the Review of Management and Administration in FAO, and the constructive process followed in its development.
2. The report is timely as FAO has now turned its focus to the “four Rs” – *recovery* from the pandemic and conflicts, *reform* of our systems to be fit for purpose, a *rebuild* of FAO’s network and capacity, and a *renaissance* of FAO for a better future.
3. The report contains ten formal recommendations, of which four are addressed to Management and six to the Council. It also contains 34 informal recommendations.
4. Overall, the report presents a positive picture of the state of management and administration in FAO, with every area under review highlighting and/or commending progress made, be it in terms of strategic vision and/or good management. It helpfully presents proposals for consideration aimed at supporting continued improvement.
5. This document sets out FAO Management’s Response to the four recommendations addressed to Management. For the six recommendations addressed to the Council, Management provides some reflections aimed at assisting the Council’s consideration and determination of whether to accept each such recommendation and, if so, how and when to implement it.

JIU MAR Recommendations (formal)	FAO Management Response
<p>Recommendation 1</p> <p>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.</p>	<p>Accepted</p> <p>In line with their Terms of Reference, the tenure of the Ethics Officer and the Ombudsman is for a fixed-term appointment.</p> <p>In the case of the Ethics Officer, the fixed-term appointment is for two years, with possibility of extensions for up to a maximum of seven years. The Ethics Officer will not perform any other functions for the Organization and is not eligible for any other appointment in FAO, either during or after her/his assignment as Ethics Officer.</p> <p>The Ombudsman serves for a five-year term, with the possibility of renewal for one additional term. Upon completion of her/his term of office, the Ombudsman shall not be eligible for other employment within FAO.</p> <p>FAO will review these contractual arrangements to ensure they are aligned with best practice.</p>
<p>Recommendation 2</p> <p>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.</p>	<p>Accepted</p> <p>Management welcomes the recommendation to include key performance indicators for the Ethics Office and Ombudsman Office in the results framework. These will be developed and proposed in the Medium Term Plan 2026-29 which will be presented to the Conference in 2025.</p>

JIU MAR Recommendations (formal)	FAO Management Response
<p>Recommendation 6</p> <p>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.</p>	<p>Partially Accepted</p> <p>The Programme of Work and Budget (PWB) presented by the Director-General is anchored in a results-based framework and includes a quantification of costs for all results, in line with the Basic Texts.¹ This results-based approach to budgeting – introduced by the Conference as part of the reform under the Immediate Plan of Action (IPA) for FAO Renewal – is fundamental and is not foreseen to change. Management would nonetheless be pleased to expand on the information it includes in the Programme of Work and Budget 2026-27 on vacancy rates and the lapse factor² – a budgetary device aimed at reducing the budgetary provision for Regular Programme established posts to take into account the effects of vacancies.</p> <p>The methodology followed is in line with the Joint Inspection Unit’s 1994 report on <i>Staff turnover and delays in recruitment (the lapse factor)</i>,³ which recommended that “the long-applied practice of the lapse factor should be maintained as a useful instrument to reflect a natural phenomenon, producing fortuitous savings as a result of varying recruitment practices and constraints: however, it should not be forced as a mandatory adjustment to compel delay in filling of budgeted posts to the detriment of the programme.”</p>
<p>Recommendation 9</p> <p>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.</p>	<p>Accepted</p> <p>The Organization has developed a programme to strengthen enterprise risk management processes and significant progress has been made, with risk management rolled out to all headquarters units and Decentralized Offices and a governance framework put in place, involving regular meetings of the Core Leadership on risk management matters. Further steps are planned to be undertaken in 2024 and 2025, focusing on further enhancing the risk management framework, strengthening risk management capacity throughout the Organization through training, support and monitoring, and the improvement of supporting guidance and tools. An action plan with related roles and responsibilities will be presented to the Council, through the Finance and Programme Committees, by the end of 2025.</p>

¹ Resolution 10/2009, paragraph 1(c).

² See for example C 2023/3, paragraphs 142-145. It is also recalled that the Finance Committee at its March 2023 session undertook a special review of the Lapse Factor Methodology and the savings in the budget from the application of this methodology (FC 195/7 – Information Note 1).

³ [JIU/REP/94/7](#)

6. For the six recommendations addressed to the Council, Management provides some reflections aimed at assisting the Council's consideration.

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.

FAO Reflections

7. In general, the foundational documents of a United Nations (UN) System organization describe its functions and mandate, the competences and mandates of its governing organs, the authority of its chief executive, as well as the overarching duties and responsibilities of its Members and officers. These basic elements are normally complemented by procedural and other instruments ensuring advancement of the constitutional mandate in a manner consistent with the status and purpose of the Organization.

8. Amendments to foundational instruments are limited to matters that are not subject to regular review and adjustment. Thus, in the case of FAO, the Basic Texts are amended infrequently, and only upon thorough and careful consideration by the Members in the Governing Bodies.

9. By contrast, the operational arrangements and structures to deliver the Organization's mandate are kept under review by its Members, enabling adjustment in design and functions to support optimal delivery. Records over the years show frequent evolution in the division of labour between headquarters and the Decentralized Offices, as well as changing roles and responsibilities aimed at ensuring that these are best designed to meet new challenges, meet corporate needs and, in the case of Decentralized Offices, the needs and priorities of each region.

10. In line with this, the Basic Texts are silent on the functions and responsibilities of units of the Organization, both headquarters and Decentralized Offices. The Basic Texts provide, instead, for consideration of proposals of the Director-General on the general structure of the administrative and technical services of the Organization by the appropriate Governing Bodies.⁴

11. The current framework under the Basic Texts enables Members to monitor the functioning of Decentralized Offices and consider whether their functions and responsibilities remain fit for purpose.

12. In particular, the Conference in its Resolution 1/2008 approved adjusted roles and responsibilities for Decentralized Offices in the context of the Immediate Plan of Action for FAO Renewal.⁵ It is noted that, in the context of the implementation of the IPA, in its Resolution 4/2009, the Conference specifically considered the roles and responsibilities of Decentralized Offices, including Regional Offices, and endorsed the Report of the Conference Committee on Follow-up to the Independent External Evaluation of FAO (CoC-IEE) thereon.⁶ It is further noted that, while leading to many adjustments to the Basic Texts, the IPA and the CoC-IEE, did not recommend changes to the Basic Texts with respect to defining the roles and responsibilities of the Regional Offices, nor any other administrative unit of FAO.

13. The Council, taking into account the advice of its Committees and the Regional Conferences, has continued to keep the roles and functioning of the Decentralized Offices, including Regional Offices, under review.⁷ The Membership thus effectively discharges its governance role in this context, and is able to respond in an agile manner to address new priorities and challenges.

⁴ For example, see Rules XXIV, paragraph 3(j), XXVII, paragraph 7(r) and Rule XL, paragraph 3, of the General Rules of the Organization.

⁵ See Immediate Plan of Action for FAO Renewal, C 2008/REP, Appendix E, pages E31-E33.

⁶ See, C 2009/REP, Appendix D, pages D19-D20.

⁷ See for example CL 144/REP paragraphs 17 to 22, on the "Structure and Functioning of Decentralized Offices"; CL 153/REP paragraphs 15-16; CL 153/14 Rev.1; CL 154/REP paragraphs 18-19; CL 154/6 Rev.1; CL 156/REP 11(b); CL 174/REP paragraph 40.

14. As for the technical activities of Decentralized Offices, these are periodically reviewed and reported upon to the Membership by the Office of Evaluation.⁸

15. In light of the above, the Council may wish to consider, in deciding whether to accept the recommendation, the specific objective to be attained by amending the Basic Texts regarding the functions and responsibilities of the Decentralized Offices.

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.

FAO Reflections

16. Management notes that the additional information referenced above is of an “input” nature and while Management stands ready to provide additional input details, as requested by the Council, which would help in its deliberations on the budget, for example with a table on the budget by category of expenditure or on posts by grade, it recalls that the practice over the better part of two decades has seen a shift from an inputs-based to a results-based approach. In line with this, changes in FAO’s budgetary presentation have occurred progressively over time as the Organization has continued its efforts to better embed a results culture in its work, in full consultation with the FAO Governing Bodies.

17. Since 2004, FAO has been following with attention the JIU reports providing guidance for the effective implementation of Results-Based Management (RBM) in the UN System entities. It was noted from the outset that tensions inherent in a shift away from inputs and outputs and towards outcome are not easy to overcome and require culture change on the part of UN entities, as well as their oversight bodies. The JIU noted in its initial report of 2004 on this topic that “[...] despite the fact that the shift to a results-based approach was generally sanctioned through the legislative bodies of the United Nations system organizations, Member States in many instances found it hard to shift their focus towards results and outcome-driven programming and budgeting, from the previous input driven process, making it harder sometimes for the secretariats, and even for oversight bodies, to adapt their methods of work to a results-based approach in an efficient manner”.⁹ This need for culture change was reiterated by the JIU in its 2006 Report.¹⁰

18. In the benchmarking framework of a results-based management system published by the JIU in 2017, it proposed that, in assessing the stage of RBM development, one of the Performance Indicators would be that “Resource allocation is by outcome and is linked to the prioritization of funds for programmes/projects based on expected levels of contribution to the strategic goals, and for enhancing impact and sustainability”.¹¹

19. With this background, FAO has been making efforts to progressively shift the Organization’s culture to reflect appropriate changes to its programming and reporting documents and internal processes, structures and accountabilities, for a more effective implementation of results-based management.

⁸ See for example PC 134/4, *Work Plan of Evaluations 2022-2025 – Update*.

⁹ [JIU/REP/2004/6](#) Implementation of Results-Based Management in the United Nations Organizations Part I Series on Managing for Results in the United Nations System, para 23.

¹⁰ [JIU/REP/2006/6](#) Results-Based Management in the United Nations in the Context of the Reform Process, paragraph 11.

¹¹ [JIU/NOTE/2017/1](#) Results-Based Management in the United Nations System: High-Impact Model for Results-Based Management, Annex, page 95.

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.

FAO Reflections

20. Management stands ready to provide additional information in the Programme of Work and Budget as deemed appropriate by the Council, while recalling that the Conference at each session has before it both the PWB document and the biennial Programme Implementation Report, FAO's main accountability document at global level, which reports on the actual performance information over the previous biennium referred to above.

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.

FAO Reflections

21. Funding a part of the After-Service Medical Coverage from a project levy is an interesting approach, which could be explored. Management notes, however, the proposed introduction of a uniform symbolic charge, no matter how small, to supplement funding of past service liabilities under After-Service Medical Coverage, may prove to be unacceptable to donors providing voluntary contributions. Experience has shown that donors strictly adhere to the principle that costs charged to projects must be directly and demonstrably related to the action being delivered.

22. This important topic of the funding of the After-Service Medical Coverage past liabilities is of course already under consideration in the Finance Committee. An annual update is provided each year to the Finance Committee on the actuarial valuation of the liability, and Management has presented a number of documents over the years setting out options to address the funding gap, most recently in document [FC 191/4](#) presented at its 191st Session in May 2022.

23. At its 198th Session in November 2023 the Finance Committee “requested Management, working closely with the United Nations and United Nations affiliated agencies, to continue to explore viable options, other than reinstating a special assessment, to address the underfunding of After Service Medical Coverage (ASMC) liabilities in coordination with other organizations of the United Nations common system for concrete presentation to the Committee as soon as possible”.¹² An update on the progress of this review is presented to the Finance Committee at its 199th Session in May 2024,¹³ with a further document on the options and their impact on the funding ratio to be presented to the Committee at its Session in November 2024.

24. The Council may wish to seek the detailed guidance of the Finance Committee on the potential impact of the proposed approach on the value of unfunded ASMC liabilities and include this as part of the range of options to be presented to the Finance Committee for its consideration in response to its request referred to above. Management stands ready to support the Finance Committee and the Council in this regard.

¹² CL 174/9 paragraph 9(c)

¹³ FC 199/4

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.

FAO Reflections

25. Should the Council concur with this recommendation, Management stands ready to support the Council and its relevant Committees in this regard.

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.

FAO Reflections

26. Should the Council concur with this recommendation, Management stands ready to support the relevant Governing Bodies in reviewing the Charters of the Office of the Inspector General and the Office of Evaluation.

Informal Recommendations

27. Management also welcomes the 34 informal recommendations in the report, which the JIU provides as “additional suggestions aimed at enhancing the efficiency and effectiveness of the organization”. The recommendations span areas such as recruitment practices, enterprise risk management, budgeting and reporting, donor relations, the Administrative Manual, mobility policy, performance appraisal, the enterprise resource planning system, the Office of the Inspector General and the Office of Evaluation. Management is committed to taking these informal recommendations into consideration as it continues to strengthen the management and administration of the Organization.