



## REVIEW OF MANAGEMENT AND ADMINISTRATION IN THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

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### Background

Founded in 1945 to address urgent food and agricultural issues following the Second World War, FAO is a specialized agency of the United Nations system that leads international efforts to eradicate hunger.

FAO is one of the largest Specialized Agencies of the United Nations system, reaching the world's population through 5 Regional, 10 Subregional, 6 Liaison, 8 Partnership and Liaison and 144 Country Offices, and a workforce mostly field-based of over 14,000 people and a biennial budget for the period 2022-2023 of USD 3.2 billion.

The work of FAO is guided by its Strategic Framework 2022-2031 and seeks to support the 2030 Agenda for Sustainable Development through the transformation to more efficient, inclusive, resilient, and sustainable agri-food systems. It promotes the "four betters" (better production, better nutrition, better environment, and better life), and "leaving no one behind".



### Objectives & Purpose

The overall objective of the review was to assess the management and administrative framework of FAO and its intended impact is to improve the efficiency and effectiveness of achieving the legislative mandates and the mission objectives established by the organization. The review team considered and evaluated many aspects of the organization, but only issues which merit recommendation or mention have been included in the report.

The Inspectors focused on the following areas: governance and leadership; organizational structure; budgetary and financial management; administration and human resources management; information and communication technology; and risk management, internal controls and oversight. The assessment of programmatic work conducted by FAO was not



included in the scope. However, it has been covered to the extent needed to understand and assess the adequacy of the management and administration processes and procedures.



### What the JIU concluded

#### 1. Fostering an ethical and harmonious workplace

FAO leadership has taken action to foster an ethical and harmonious workplace. The ethics and ombudsman functions have seen some changes within FAO during the last 15 years, culminating recently in the establishment of two independent and stand-alone offices. Notwithstanding, issues concerning their responsibilities and functional independence need to be addressed, as the heads of those offices rely solely on FAO management for the continuation of their contractual relationship with the organization. Also, key performance indicators to accurately measure the impact of those offices need to be established.

#### 2. Clarifying the organizational structure, roles and responsibilities

The FAO organizational chart is not depicted in a traditional manner, in which the structure and reporting lines are clearly represented and areas and scope of responsibilities, both direct and indirect, can be seen at first glance. However, an intricate dual reporting line mechanism is in place and, in order to maintain it and provide a better understanding of the structure of the organization, generic titles should be avoided for positions such as

Deputy Director-General and Assistant Director-General, and a clearer indication of the responsibilities should be given, to attribute responsibilities to the position and not a person.

Moreover, with the exponential growth of extrabudgetary resources and projects seen by FAO over the past decade, the functions, responsibilities and operating procedures of regional, subregional, country, liaison, and partnership and liaison offices should be clearly defined and updated to reflect their role and responsibilities, ensure that they are fit for purpose and respond to the expectations of the organization's members, as well as donor and financial institutions.

### 3. Enhancing transparency, ownership and accuracy of the budget

Since the introduction of the integrated budget model at the request of FAO members, the organization's planning documents have evolved to reflect members' increased focus on results, while details on specific inputs (staff and non-staff) have been deemphasized. Therefore, 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. The Inspectors recommend providing information on the distribution of the budget by item of expenditure and staffing tables, actual performance against targets and the use of actual vacancy rates to enhance transparency, ownership and accuracy of the budget.

Furthermore, financial ratios for extrabudgetary resources have been much higher than for regular programme resources, with the most striking difference being the ratio of total assets to total liabilities. Such a situation may be the result of increasing levels of extrabudgetary contributions and the cost to the regular programme budget for after-service health liabilities under After Service Medical Coverage. Some charge against extrabudgetary resources to fund such liabilities could be considered.

### 4. Taking action to improve career management

With its people-centred human resources policies, embodied, inter alia, in the Human Resources Strategic Action Plan 2020–2021, FAO continues to be an attractive employer. On the other hand, careers have been affected by the high number of vacancies, relatively slow recruitment process and limited opportunities for mobility both inside and outside the organization. Regarding high vacancy rates and recruitment times, action needs to be taken considering that the vacancy rate at the time of the review was over 20 per cent, while the average recruitment time from the vacancy announcement to selection decision increased to 178 days.

### 5. Shifting towards digitalization and modernization

The FAO has identified the importance of upgrading its enterprise resource planning system. 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.

In general, it is positive to see FAO actively working to modernize its ICT systems and leverage new technologies, such as cloud

computing and artificial intelligence. However, all digital projects, including the capital expenditure projects, should be fully compatible with the new enterprise resource planning system.

### 6. Strengthening risk management, internal control and oversight

The Inspectors note that, while there are many improvements in the areas of risk management and internal controls, there are still significant weaknesses in enterprise risk management and monitoring activities, including in programme monitoring and evaluation. Addressing those gaps could further improve the effectiveness of the organization.

With regard to independent oversight, the Inspectors acknowledge the improvements in the overall oversight culture of the organization and believe that the independence and the direct relationship of the Office of the Inspector General and the Office of Evaluation with the governing bodies should be strengthened further to support improved transparency and accountability and that changes should be consistent across both Offices.



#### Approach & Methodology

In accordance with the JIU internal norms and standards, the Inspectors used a range of qualitative and quantitative data collection methods from various sources to ensure the consistency, validity and reliability of their findings. The JIU team followed a collaborative approach with its stakeholders, seeking comments and suggestions during the review process.



**Documentation:** a desk review of the Basic Texts and analysis of documentation of the Conference, Council and Council Committees, recommendations of oversight bodies, as well as internal frameworks and regulations, policies and procedures manual and other relevant internal documents and statistics was conducted.



**Corporate questionnaire:** was issued to FAO senior management with 96 open-ended questions, and a further 37 follow-up questions were transmitted during the review.



**Online surveys:** Two separate online surveys were conducted, one with the members of the Council and Council Committees and the other with the workforce of FAO.



**Interviews:** 51 in-person interviews (including two focus groups), 18 virtual interviews, and 5 meetings with regional groups were held.



**On-site missions:** The JIU team visited FAO headquarters in Rome, the Regional Office for Africa in Accra, the Regional Office for Europe and Central Asia in Budapest and the Shared Service Center.



## What the JIU recommends

The review contains ten recommendations, of which six are addressed to the Council and four to the Director-General for action. There are also 34 informal recommendations aimed at improving the overall effectiveness and efficiency of FAO.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.



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