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Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organization's Reform Plan

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Why GAO Did This Study

The United States and other member states have long-standing concerns about the management and operations of the Food and Agriculture Organization (FAO), a United Nations (UN) specialized agency charged with leading international efforts to defeat hunger. After an external evaluation found that FAO needed to reform, FAO adopted its reform plan, called the Immediate Plan of Action for FAO Renewal (IPA), which includes 272 action items. This report examines (1) the methodology that FAO uses to report on the status of its reform plan, (2) factors that affect FAO's ability to implement its reform plan, and (3) actions the United States has undertaken to support FAO reform efforts. GAO analyzed FAO documents, including FAO's most recent 2010 IPA progress report; interviewed U.S. and UN officials, and representatives of FAO member states; and analyzed 30 IPA action items from FAO's reform plan.

What GAO Recommends

GAO recommends that the Secretary of State and the U.S. Representative to the UN Agencies for Food and Agriculture work with member states to (1) encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items and (2) determine before 2013 if consensus can be achieved for IPA action items currently subject to disagreement among member states. The Department of State concurred with GAO's recommendations. FAO management noted that it would consider the issues discussed in GAO's report.

View [GAO-11-922](#) or key components. For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

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What GAO Found

In response to member states' request, FAO's 2010 IPA progress report provided more quantitative measures of its reform implementation status than in its previous progress report, but the reported information may not accurately reflect the implementation status of some action items due to weaknesses in FAO's methodology. The progress report used implementation status categories to characterize reform status. IPA project leaders assessed the status of action items using these categories, but the varying nature of the action items and ambiguity of the implementation status categories caused difficulties in quantitatively measuring the progress of reforms. FAO's Program Management Unit (PMU), the entity responsible for managing the implementation of the reform plan, did not provide clear guidance for project leaders to easily differentiate among the categories. Moreover, the PMU did not comprehensively validate the reported implementation status for all action items in the 2010 IPA progress report. However, it has begun to collect and validate supporting information for all action items that project leaders are reporting as being "completed" and has also begun to monitor the progress of a selected number of action items that have yet to be completed. GAO found that the reported information in FAO's 2010 IPA progress report may not precisely reflect the implementation status of some action items. For example, some action items that were ongoing in nature were categorized as "on track," while others were reported as "continuous." Since the action items that remain to be completed are the largest and most complex to implement, the accuracy of future progress reports will become more important to FAO member states that are responsible for providing appropriate oversight.

FAO management has made efforts to address some factors that could hinder its ability to implement the reform plan, but some impediments may challenge full implementation. To further its oversight of the reform plan, FAO management undertook a risk assessment that identified risks at the program level, such as weaknesses in its internal governance, and significant risks that could affect implementation at the project level. FAO management has addressed some of the weaknesses and risks identified in the risk assessment. However, impediments such as disagreements among member states, interdependencies among reform projects, and insufficient support from some managers and staff could cause some of the action items to be incomplete or delayed. For example, member states continue to disagree on the criteria for FAO country office coverage. FAO management does not expect to complete this action item until after the scheduled end of the reform plan in 2013.

As the principle representative of U.S. interests at FAO headquarters, the U.S. Mission to the UN Agencies in Rome (USUN Rome) has made efforts to support FAO reform. USUN Rome's actions include the prioritization of oversight and accountability reforms, consistent with a U.S. government initiative across the UN system and are reflected in USUN Rome's performance indicators. USUN Rome has also worked formally and informally with member states to promote oversight and accountability reforms at FAO. For example, USUN Rome officials participated in an oversight focus group that actively supported the drafting of a disclosure policy for FAO's internal audit reports and the establishment of an Ethics Office.

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Abbreviations

DO	Decentralized Offices
ERM	enterprise risk management
FAO	Food and Agriculture Organization
IO	Department of State's International Organization Affairs Bureau
IPA	Immediate Plan of Action for FAO Renewal
IPSAS	International Public Sector Accounting Standards
PMU	Program Management Unit
PWB	Program of Work and Budget
UN	United Nations
UNTAI	United Nations Transparency and Accountability Initiative
USDA	U.S. Department of Agriculture
USAID	U.S. Agency for International Development
USUN Rome	U.S. Mission to the UN Agencies in Rome

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G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 29, 2011

The Honorable John F. Kerry
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Sam Farr
Ranking Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration,
and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Rosa L. DeLauro
House of Representatives

The United States and other member states have long-standing concerns about the management and operations of the Food and Agriculture Organization (FAO), a 60-year-old United Nations (UN) specialized agency charged with leading international efforts to defeat hunger. FAO's mission includes raising levels of nutrition, improving agricultural productivity, enhancing the lives of rural populations, and contributing to the growth of the world economy. Over the past decade, some member states have repeatedly criticized FAO's leadership for its failure to efficiently and effectively manage its programs and provide appropriate oversight and accountability. In 2006, FAO management agreed to undergo its first Independent External Evaluation—undertaken over 18 months by an independent team of outside consultants—which resulted in a 2007 report with 109 reform recommendations, aimed at reversing FAO's decline and securing its future as a dynamic and effective global organization. The evaluation found that FAO continued to provide a range of essential goods and services that no other organization could adequately provide, though these areas were at serious risk. It also reported that the organization had a heavy and costly bureaucracy and needed to address major weaknesses in its organizational structure. Moreover, the evaluation found member states' overall governance of FAO to be insufficient because, for example, it did not ensure an adequate corporate strategy with realistic priorities and did not measure

FAO management's performance against agreed-upon goals. Since the Independent External Evaluation, FAO has hired an external consultant to conduct an additional review focusing on the organization's administrative and support functions and processes.¹ To address the recommendations of this review, as well as the findings of the 2006 external evaluation, in November 2008, FAO adopted the Immediate Plan of Action for FAO Renewal (IPA), which we also refer to in this report as FAO's reform plan. The IPA identifies 272 specific action items that fall under 29 different IPA projects, such as governing body reform, decentralization, and culture change.² FAO also uses six broad thematic areas to categorize the nature of action items and projects.³ FAO officials told us that implementing large-scale change management initiatives is not a simple endeavor and that they expect productivity and effectiveness to initially decline before achieving the reform plan's intended benefits in 2013. Given the complexity of the reform plan, FAO decided to extend the planned time frame for implementation from a 3-year period (2009 to 2011) to a 5-year period (2009 to 2013).

As the largest financial contributor to FAO's regular assessed budget and a major participant in FAO's Governing Body of member states, the United States has emphasized the need for management reforms in the

¹This review is commonly referred to as the Root and Branch report.

²The IPA originally consisted of 235 discrete action items, many of which were explicitly tied to one or more specific Independent External Evaluation recommendations. The 2009 Root and Branch report generated 37 additional recommendations that were incorporated into the original IPA, resulting in a new document called the Integrated IPA, which was adopted at the November 2009 FAO Conference and contained a total of 272 action items.

³The six thematic areas are (1) managing for results, (2) functioning as one, (3) human resources reform, (4) reform of administrative and management systems, (5) culture change, and (6) governance reform and oversight.

organization.⁴ The U.S. Department of State's (State) International Organization Affairs Bureau (IO) is the primary U.S. agency promoting effective management of international organizations and therefore leads efforts to support the U.S. position on FAO management reforms. State IO relies on the U.S. Mission to the UN Agencies in Rome (USUN Rome) to represent U.S. interests at FAO headquarters. USUN Rome includes U.S. officials from the U.S. Department of Agriculture (USDA) and the U.S. Agency for International Development (USAID) who work on FAO issues. USDA and USAID work with FAO on technical and programmatic issues, as well as developmental and humanitarian assistance projects, respectively.

In response to your request and to address the issues discussed above, we examined (1) the methodology that FAO uses to report on the status of its reform plan, (2) factors that affect FAO's ability to implement its reform plan, and (3) actions the United States has undertaken to support FAO reform efforts.

To address these objectives, we focused our review on FAO's reform plan. In addition, unless otherwise specified, we focused on the information in FAO's most recent IPA progress report, as of December 31, 2010, which we refer to as FAO's 2010 IPA progress report when we discuss the implementation status of FAO's reform plan in this report.⁵

⁴The United States contributed about \$113 million to FAO's regular assessed budget in calendar year 2010. Since 2009, the United States has been contributing about 22 percent of FAO's regular assessed budget. For calendar year 2009, FAO reported the United States contributed about \$49 million, or about 7 percent, of FAO's voluntary contributions. According to a 2007 UN Joint Inspection Unit report, UN organizations' funding resources are generally classified in two categories: (1) assessed contributions from member states, i.e., regular budget resources and (2) voluntary contributions, generally referred to as extrabudgetary resources. Extrabudgetary resources can be used for the core purposes fundamental to the existence of an organization, in which case they are provided without condition. They can also be used for noncore purposes, in which case the donor generally earmarks them for specific uses.

⁵FAO's 2010 IPA progress report uses the following eight implementation status categories for the 272 action items: (1) completed, (2) on track, (3) subject to minor delays, (4) subject to major delays, (5) continuous, (6) no consensus among member states, (7) scheduled beyond 2013, and (8) proposed for deletion subject to members' approval. In the 2010 IPA progress report, categories (5) through (8) appear as designations under an additional category, "other," which depicts the status of action items that do not fall under a timeline of implementation for various reasons. For the purposes of this report, within the "other" category, we exclude the designation "proposed for deletion subject to members' approval" and include the other three designations under "other," for a total of seven categories in our analysis.

We reviewed and analyzed FAO and U.S. documents and data and met with officials representing FAO, the U.S. government, and other FAO member countries. We conducted a general review of all 272 IPA action items, and selected a nonprobability sample of 30 action items for more in-depth review.⁶ We selected these 30 action items because they fall among the six different thematic areas of the IPA and reflect the range of reported implementation status categories, according to FAO's 2010 IPA progress report.⁷ However, our sample was intended to be illustrative, and the results of the sample cannot be projected to all 272 IPA action items. To help us better understand the factors that may affect FAO's reform plan, we selected a sample with a higher proportion of action items that FAO management reported as "subject to minor delays" than action items that FAO management reported as "completed" or "on track."⁸ Appendix I contains a more detailed description of our scope and methodology. It includes, in table 3, a summary of the total number of IPA action items by implementation status category, as reported by FAO management, and the number of action items we selected within each of those categories for more in-depth review. It also includes, in table 4, a detailed description of our selected 30 action items, which we refer to by IPA action item number in this report.

We conducted this performance audit from November 2010 to September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁶In a nonprobability sample, some units in the population have no chance, or an unknown chance, of being selected. Therefore, results from nonprobability samples cannot be used to make inferences about a population.

⁷For example, we selected action items related to FAO's establishment of a staff rotation policy that fall under the thematic area of human resources reform, with reported implementation status of being "subject to minor delays," as well as FAO's appointment of an ombudsman, which falls under the thematic area of effective governance and oversight, with reported implementation status of being "on track."

⁸We selected 8 of the 15 "subject to minor delays" action items, 6 of the 102 "on track" action items, 6 of the 143 "completed" action items, all 5 "continuous" action items, all 3 "lacking in consensus among member states" action items, and both "scheduled beyond 2013" action items.

Background

FAO's Mission and Governance Structure

FAO was established in 1945 with a mandate to raise international levels of nutrition and standards of living, improve agricultural productivity, and improve the condition of rural populations. With a primary focus on agriculture, forestry, fisheries, and rural development, FAO collects, analyzes, and disseminates food-security-related statistical information, and sets international standards critical to trade in food and agricultural products. FAO is headquartered in Rome, and its decentralized offices include 5 regional, 11 subregional, and 74 country offices.⁹

FAO has 191 member states and is governed by various bodies represented by member states. Every 2 years, representatives of all member states meet at the FAO Conference (Conference)—FAO's supreme Governing Body—to fulfill its constitutional responsibilities, which include determining FAO's policy, approving the program of work and budget, and adopting general rules and financial regulations. Each Conference member has a single vote on these matters, regardless of the level of its contribution. The Conference elects a smaller group of 49 member states, known as the Council, to serve 3-year rotating terms. The Council reviews the program of work and budget; exercises control over FAO's financial administration by, for example, making adjustments to the approved budget; and appoints the external auditor. As with the Conference, each Council member has a single vote in acting on these matters. The Conference also elects a Director-General, FAO's chief administrative officer, to a 4-year term with the ability to be eligible for only one additional 4-year term.¹⁰ Except as otherwise provided in the Basic Text and certain rules, the decisions of the Conference and Council

⁹According to FAO, its presence in decentralized offices also includes 37 accreditations and 11 other forms of representation.

¹⁰In 2009, the FAO Conference amended the constitutional term of the Director-General to 4 years. Beginning with the Director-General elected in June 2011, the new Director-General term will be 3-½ years, from January 1, 2012 through July 31, 2015. The current Director-General's term is scheduled to end on December 31, 2011. He will have served three 6-year terms from January 1994 through December 2011.

are taken by a majority of the votes cast.¹¹ However, according to FAO officials, the practice is that Governing Bodies normally make decisions by achieving consensus among member states, with votes taken only when specifically required in the Basic Texts or when consensus cannot be achieved.

FAO's Committee of the Conference for Follow-up to the Independent External Evaluation—which we refer to in this report as the Conference Committee—is open to participation by all member states and oversees the progress of the IPA.¹² The Conference Committee received direct support from three Working Groups and advice from other FAO Governing Bodies: the Council, Program Committee, Finance Committee, Committee on Constitutional and Legal Matters, and Regional Conferences.¹³ In November 2010, the Director-General established an IPA Program Board, comprised of FAO management and the IPA Program Management Unit (PMU), to ensure that the reform plan meets its objectives and delivers its intended benefits. The PMU's responsibilities include ensuring that adequate project management standards are utilized, monitoring IPA program and project risks, and coordinating and directing the reform program on behalf of the IPA Program Board. The IPA project leaders are FAO senior managers with line management responsibility for implementing IPA action items, while the PMU reports on the status of IPA implementation to the Conference

¹¹The Basic Texts of FAO are the Constitution, General Rules of the Organization, Financial Regulations, and Rules of Procedure for the FAO Council and its established committees. Decisions of the Conference are taken by a majority of the votes unless provided in the Basic Texts and by rules made by the Conference. Decisions of the Council are taken by a majority of the votes unless provided in the Basic Texts and by rules made by the Conference or Council.

¹²FAO first established this Conference Committee in 2007 to follow up on the Independent External Evaluation recommendations. Since FAO's 2008 adoption of the IPA, FAO specified that the Conference Committee would exist until the end of 2009 in order to complete outstanding work on the IPA, then extended the Conference Committee's duration until the FAO Conference in June 2011.

¹³The Program Committee develops and implements of FAO's program of activities. The Finance Committee exercises control over the financial administration of FAO. The Committee on Constitutional and Legal Matters addresses specific constitutional and legal matters. The Regional Conferences represent member states from Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, and the Near East.

Committee in quarterly and annual reports.¹⁴ For IPA implementation, the Basic Texts include the provision that the Independent Chairperson of the Council, appointed by the Conference, would take steps to facilitate and achieve consensus among member states, especially on important or controversial issues.

Funding for FAO and Its Management Reform Plan

FAO's overall program of work is funded by assessed and voluntary contributions. The assessed contributions are member states' contributions, set at the biennial FAO Conference. FAO's funding from its regular budget for the 2010-2011 biennium is \$1 billion. The voluntary contributions provided by members and other partners support technical and emergency assistance to governments that support FAO's core work. Voluntary contributions are expected to reach approximately \$1.6 billion in 2010-2011.

FAO's budget to address reforms includes funding from member states' regular assessed contributions, and donors' voluntary contributions provided for FAO reform-related efforts. In 2009, the FAO Conference approved \$39.6 million to fund IPA implementation in 2010-2011, and in 2011, FAO proposed funding of about \$37.8 million for the IPA program in 2012-2013. In addition to the portion of member states' assessed contributions that FAO dedicates to reforms, member states have also made voluntary contributions toward FAO reform-related initiatives. As of December 2010, FAO reported that it had received approximately \$9 million from 36 such pledges. Starting in fiscal year 2004, the United States provided \$1.15 million in voluntary contributions to help fund FAO's 2006 Independent External Evaluation and IPA implementation, which were not covered by assessed contributions. These voluntary contributions specifically included \$500,000 in fiscal year 2009 to fund IPA implementation costs.

FAO's IPA Projects by Thematic Area

Table 1 lists the 29 IPA projects by the six broad thematic areas into which FAO groups the 272 action items. FAO has one additional thematic

¹⁴The Conference Committee disbanded in June 2011. However, as instructed by the 2011 FAO Conference, the PMU and IPA project leaders will continue to report on IPA implementation status to the existing governing bodies: the Program and Finance Committees, and the Committee on Constitutional and Legal Matters.

area, with projects and action items related to IPA management follow-up, which we labeled as “other.”

Table 1: IPA Projects by Thematic Areas, as of July 2011

IPA thematic area	IPA project
I. Managing for Results	Reform of Program, Budgeting, and Results-Based Monitoring
	Resource Mobilization and Management
	Enterprise Risk Management
II. Functioning as One	Technical Cooperation Program
	Decentralization
	Partnerships
III. Human Resources Reform	Headquarters Structure
	Performance Management System
	Competency Framework
	Mobility
	Other Human Resources Actions
IV. Reform of Administrative and Management Systems	Publishing in All Languages
	Procurement
	Travel
	Translation and Printing
	Registry Reform
	Administrative Service Model and FAO Manual
	International Public Sector Accounting Standards (IPSAS) and Field Accounting System Replacement
	Improving Telecommunications Connectivity to Decentralized Offices (DO)
	Oracle R12
	Other Information Technology Actions
V. Culture Change	Culture Change
VI. Governance Reform and Oversight	Governing Body Reform
	Audit
	Evaluation
	Ethics
	Internal Governance

IPA thematic area	IPA project
Other: IPA Management Follow-up	IPA Program Management Support
	IPA Communications

Source: FAO.

USUN Rome’s Goals and Performance Indicators Related to FAO Reforms

Actions to support FAO management reform are part of USUN Rome’s goals and performance indicators in fiscal year 2010. One of USUN Rome’s goals is to improve Rome-based UN organization governance activities, including efforts to promote FAO reforms.¹⁵ According to a document that summarizes USUN Rome’s performance results for fiscal year 2010, it established this goal to increase the cost-effectiveness, efficiency, and accountability of the Rome-based UN organizations in the context of broader UN system reforms in order to ensure that they are viewed as reliable and valuable partners by member states and partner organizations.

In Response to Member States’ Request, FAO Management Added Quantitative Measures of the Status of Its Reform Plan, but Its Methodology Has Weaknesses

In its 2010 IPA progress report, FAO used more quantitative measures to reflect its reform implementation status than in its previous progress report. The report uses seven implementation status categories to quantitatively assess the status of action items. However, the varying nature of the action items and the ambiguity of these implementation status categories contributed to potential inconsistencies in project leaders’ assessment of several action items in our sample. The PMU did not provide clear guidance for project leaders to easily differentiate among the categories and did not comprehensively validate the reported implementation status for action items in FAO’s 2010 IPA progress report. We found examples in which some action items could reasonably be classified under more than one implementation status category. As a result, the 2010 IPA progress report may not precisely reflect the implementation status of some action items.

¹⁵The Rome-based UN organizations include FAO, the World Food Program, and the International Fund for Agriculture Development.

FAO Management Added Quantitative Measures of Reform Implementation Status in Its 2010 IPA Progress Report

FAO used more quantitative measures to reflect its reform implementation status in its 2010 IPA progress report than in its previous progress report. Since November 2009, FAO has provided periodic IPA progress reports based on its own assessment of the status of 272 IPA action items. These progress reports are the primary management tool that member states rely on to determine the status of FAO's reform plan. The content of the progress reports changes based on the requests of member states. Progress reports generally include a qualitative description of the progress of reform implementation. The 2010 IPA progress report included a qualitative discussion of achievements and benefits in the six thematic areas, such as noting increased use of participatory processes for work planning and decision making and greater levels of information and knowledge sharing for Culture Change.

Member states requested more quantitative measures of the implementation status of the reform plan upon reviewing the prior progress report, which contained only qualitative information on the reforms. In response, FAO's 2010 IPA progress report provided a breakdown of the number of action items by implementation status, unlike the preceding progress report. The PMU requested that IPA project leaders use four categories—completed, on track, subject to minor delays, and subject to major delays—to assess the status of those action items they are responsible for implementing. In addition, the progress report included “continuous,” “no consensus among member states,” and “scheduled beyond 2013” as categories under “other.”¹⁶ The 2010 IPA progress report showed that 55 percent of the action items are “completed,” 39 percent are “on track,” and 6 percent are “subject to minor delays.” However, in reporting these percentages, FAO did not include 12 action items categorized in the “other” category, which would have represented 4.4 percent of the total number of action items if FAO management had included the “other” category in its calculations. Table 2 includes the definitions of the implementation status categories and a quantitative summary of all 272 action items by implementation status.

¹⁶According to a PMU official, the PMU may introduce additional reporting categories for future progress reports. The additional implementation status category may include a further separation of the “completed” category into two categories—a category showing action items completed with no ongoing costs and another category for action items completed with ongoing costs.

Table 2: Summary of Implementation Status Category Definitions, and the Number and Percentage of IPA Action Items by Implementation Status during 2009 and 2010, as of Dec. 31, 2010

Status	Category definition	Total number and percentage ^a of all IPA action items in terms of implementation status	
Completed	Implementation of the IPA action has been completed.	143 ^b	55%
On track	Progress toward implementation of the IPA action is in accordance with the planned dates and impediments and risks are not expected to significantly affect progress.	102	39%
Subject to minor delays	Progress toward implementation of the IPA action by the planned dates is in jeopardy but action has been identified to overcome delays, impediments and risks.	15	6%
Subject to major delays	Successful implementation of the IPA action by the planned dates is in serious jeopardy due to impediments or risks that are expected to significantly alter implementation.	0	N/A
Other: continuous	Actions were considered to be of a “continuous” nature rather than having a specific start and end date.	5	Excluded
Other: no consensus among member states	Actions were not implemented because there was no consensus among members.	3	Excluded
Other: scheduled beyond 2013 by FAO Management	Actions have been scheduled to be completed “beyond 2013” by management.	2	Excluded
Other: proposed for deletion	Proposed for deletion subject to members’ approval.	2	Excluded
Total		272	100%

Source: FAO’s 2010 IPA progress report.

^aFAO’s reported percentage excludes the categories as indicated.

^bFAO reported that it completed 118 action items in 2009 and 25 action items in 2010.

Measuring FAO’s Reform Progress Quantitatively Is Difficult

According to some FAO officials, the varying nature of the action items causes difficulties in quantitatively measuring their implementation status in a consistent manner. As noted in the 2010 IPA progress report, the quantitative indicators provide only a partial measurement of the progress of reforms, given the wide variation in size, scope, and complexity of individual action items. The IPA’s 272 action items range from discrete, finite actions—such as the appointment of an ombudsman—to actions that are more difficult to assess because they are ongoing in nature—such as the implementation of a vision for culture change. According to the 2010 IPA progress report, completion of some action items is considered relatively “easy and quick,” whereas completion of others may be extremely complex and require a major investment of resources. The action items planned for completion in the 2012-2013 time period

represent 20 percent of the number of outstanding action items but correspond to 40 percent of the total workload in terms of outstanding effort, time, and costs, and, according to the 2010 IPA progress report, are the largest and most complex to implement.

Furthermore, FAO officials told us that it is difficult to determine which category most accurately reflects the implementation status of certain action items and to precisely differentiate among the categories themselves. For example, the designations under the “other” category—“continuous,” “no consensus among member states,” and “scheduled beyond 2013”—often characterize the nature of the action items and the reasons for delays rather than the action items’ actual implementation status in terms of time frames. Representatives of some FAO member states also noted that they cannot easily differentiate between some of the categories, such as the “continuous” and “scheduled beyond 2013” categories.

The PMU Did Not Provide Clear Guidance and Did Not Comprehensively Validate the Reported Status of Action Items

Despite the inherent difficulties in assigning the action items to the existing implementation status categories, the PMU provided only limited guidance to project leaders on how to define and differentiate among the implementation status categories. Based on what we have noted in various reports, organizations should develop clear definitions for categories to account for progress made and to apply the same definitions consistently to all actions for which it is measuring progress.¹⁷ The only guidance the PMU provided to project leaders was (1) the implementation status categories’ definitions (as shown in table 2); (2) a request for the project leaders’ judgment on the action items’ implementation statuses against the planned start and end dates of implementation; and (3) a request that, for any action items the project leaders assessed as being “subject to major delays,” the project leaders were required to provide comments explaining the impediments or risks to implementation of these action items. FAO officials noted that the PMU

¹⁷Related reports include GAO, *Content Analysis: A Methodology for Structuring and Analyzing Written Material*, [PEMD-10.3.1](#) (Washington, D.C.: Sept. 1, 1996); GAO, *Assessing the Reliability of Computer-Processed Data*, [GAO-09-365G](#) (Washington, D.C.: February 2009); and GAO, *Performance Plans: Selected Approaches for Verification and Validation of Agency Performance Information*, [GAO/GGD-99-139](#) (Washington, D.C.: July 30, 1999).

also worked with project leaders if they raised questions about categorizing the action items.

The PMU did not provide clear guidance on the definitions of and distinctions among implementation categories. For example, the PMU did not clearly define the “continuous” category, intended to characterize ongoing action items. The 2010 IPA progress report did not provide clarification on the implementation status of action items in the “continuous” category, such as “one action needed,” “several actions needed,” or “continuous actions needed” to complete these action items. Without clear guidance that adequately defines the categories and allows project leaders to consistently apply the definitions to action items that vary in nature, the quantitative measures of the reform plan’s status may be difficult to interpret.

Furthermore, the information in FAO’s 2010 IPA progress report was not comprehensively validated, which includes having an entity or individual independent from the project leader review and concur with the reported status of each action item, to provide a sufficient level of confidence that the reported information is credible. GAO’s methodological guidance notes that reliability checks and management review procedures are an essential component to ensuring that different individuals categorize data in a consistent and reliable fashion.¹⁸ The PMU relies primarily on the project leaders’ own assessment of the implementation statuses of action items that they are implementing. An FAO official told us that the PMU reviewed supporting documents for a subset of 2010 information provided by the project leaders, including all action items that project leaders reported as being completed, and on an ad hoc basis for others.

FAO officials acknowledged the need to improve the validity of the reported information for additional action items and have begun to monitor the progress of a selected number of action items that have yet to be completed. As of June 2011, the PMU has developed a risk-based approach to selecting 27 action items that have high significance, present a high risk level, involve large costs to FAO, and are not expected to be completed in 2011. One of the expected benefits of this management action, among others, is to improve the validity of the reported information for these action items. The PMU plans to obtain and validate the evidence

¹⁸GAO/PEMD-10.3.1 and GAO-GGD-99-139.

used by project leaders to support the reported implementation status of these 27 selected action items. In addition, the PMU is requesting that the project leaders increase the information provided, including the benefits of implementing these action items, specific planned and achieved activities associated with these action items, milestone dates, expenditures, savings, risks, and status of mitigating actions. These 27 action items represent about 21 percent of the 127 total action items reported as not completed as of the end of 2010. According to FAO, these action items include most of the complex and large projects to be implemented in the 2012-2013 time frame, comprise approximately 70 percent of the related total IPA budget for the period, and are expected by FAO management to deliver many of the benefits to be achieved through IPA implementation.

Reported Information May Not Precisely Reflect the Implementation Status of Some Action Items

We found that the implementation status categories were not consistently applied to the action items, and some action items could arguably be classified in multiple implementation status categories. We found the following examples of weaknesses in FAO's implementation status categories and cases in our nonprobability sample of 30 selected action items in which action items could reasonably be classified under more than one implementation status category:

- “Continuous” describes the nature of ongoing action items but does not measure the progress of action items against time frames. The 2010 IPA progress report showed some ongoing actions as “continuous” and others as “completed” or “on track.” For example, FAO reported the action item to implement a vision for culture change as “on track” because FAO had developed a vision statement without major obstacles—but FAO officials acknowledged that it could also be categorized as “continuous” because its implementation is ongoing in nature.¹⁹ The 2010 IPA progress report shows another action item that is ongoing in nature—that FAO pursues new partnerships—as “continuous.”²⁰
- Although the PMU's definition of “continuous” characterizes actions that do not have specific start and end dates, action items classified as “continuous” may, in fact, have planned start and end dates. For

¹⁹IPA action item 3.32.

²⁰IPA action item 3.15.

one action item, in which the Program and Finance Committees would support the Council in providing policy oversight of decentralization, FAO set an end date of December 2013 but classified the status as “continuous.”²¹ Furthermore, FAO could establish completion dates for some action items. For example, for the action item for FAO to allocate 5 percent of its regular budget for interdisciplinary work, FAO officials informed us that there is disagreement about this issue within the organization, but FAO could set a date to determine if the 5 percent target is reasonable relative to the other work that is funded by its regular budget.²² Although the project leader categorized this action as “continuous,” resolution on this action is uncertain and may be characterized as “subject to minor delays.”

- The “no consensus among member states” category provides a possible reason for delays in implementing action items, but no other category includes reasons for implementation delays. We found that all three action items categorized as “no consensus among member states” could have been categorized according to their actual implementation status—being subject to minor or even major delays. For example, FAO officials categorized the action item to rationalize coverage of FAO’s offices based on the reason for its delayed time frame, the lack of members’ consensus.²³ FAO member states did not meet the planned end date of December 2010 for this action item, and FAO officials do not expect to complete this action item until after 2013. Therefore, this action item could also be reported as “subject to minor delays” or “scheduled for implementation beyond 2013.”
- The “scheduled beyond 2013” category lacks clear definition and distinction from the “subject to minor delays” category. For example, the action item to increase FAO’s Office of Evaluation budget target over the 2010-2011 and 2012-2013 time frame was reported as “scheduled beyond 2013” with a planned completion date of 2013.²⁴ The project leader informed us that based on FAO management’s decision, FAO does not plan to achieve this target until after 2013. The 2010 IPA progress report noted that delays occurred beyond the

²¹IPA action item 3.76.

²²IPA action item 6.2.

²³IPA action item 3.84.

²⁴IPA action item 2.78.

originally planned completion date of 2012-2013. As such, this action item could also be categorized as “subject to minor delays” since its target will not be reached in the 2012-2013 biennium.

- FAO officials assessed action items’ status based on previous target dates, without accurately reflecting these action items’ updated status. For two action items in our sample—related to FAO’s implementation of the integrated International Public Sector Accounting Standards (IPSAS) and information system upgrade— the project leaders reported the implementation status as “subject to minor delays” when they are, in fact, “on track.”²⁵ Prior to the completion of the 2010 IPA progress report, FAO management agreed to extend the planned completion date from 2010 to 2013, but the project leaders and PMU officials continued to assess the progress of these action items against the prior planned completion date.
- Project leaders used their own interpretations when assessing the status of action items, so their assessments may not precisely represent the implementation status. For example, the action item to modify the format of reports produced by the FAO Council is categorized as “continuous,” but it could also be considered “completed” or “on track” because the format changes have already been made.²⁶ Although the action as specified in the IPA was completed, the project leader chose to categorize it as “continuous” because another issue, not specified in the IPA but related to the modified format of the Council reports, was still under debate among member states.²⁷

²⁵IPA action items 3.42 and 7.24.

²⁶IPA action item 2.22.

²⁷The issue related to whether the reports would be written by a Drafting Committee within the FAO Council, or by a reporter responsible for compiling the reports.

FAO Has Taken Steps to Address Factors That Hinder Its Ability to Implement Certain Reforms, but Some Impediments May Challenge Full Implementation

FAO has made efforts to identify and address factors that hinder its ability to implement the reform plan. It undertook a systematic risk assessment in 2010 to identify such factors and has since taken steps to address them, at both the program and project levels. However, we found that until FAO addresses other factors, such as disagreements among member states, some of the action items in our sample may be delayed beyond 2013 or may not be completed.

FAO Has Taken Steps to Identify and Address Factors that Hinder Implementation of Its Reform Plan

In 2010, FAO management undertook a systematic risk assessment to identify any threats to the reform plan's implementation at both the program and project levels, and actions needed to manage them.²⁸ The assessment revealed major gaps in management's implementation of the reform plan which could prevent FAO from achieving the intended benefits and damage its normal operations. It identified risks associated with the reform plan, rated the risk levels, and defined actions to control them. To develop the assessment, FAO's Office of the Inspector General partnered with a consultant to facilitate a self-assessment with project leaders and their staff that resulted in a risk log for each IPA project.²⁹ Project leaders and their staff were asked to identify significant risks that could affect implementation of their projects.³⁰ For example, the project leader responsible for decentralization identified a disruption risk that included Regional Offices becoming isolated from headquarters and each other. Project leaders and their staff rated these risks in terms of impact and likelihood. A FAO official told us risks were then color-coded from

²⁸According to FAO officials, program-level risks are associated with the overall management of the reform plan, while project-level risks are associated with a set of action items that have been grouped together into projects by the PMU.

²⁹According to the Executive Summary for the IPA Risk Assessment, each IPA project leader and his/her staff followed a structured and rigorous self-assessment process, facilitated by the consultant to build a risk log of the top 10 to 20 risks of their project.

³⁰FAO specifically identified risks related to: (1) delivery—that agreed activities are not completed to time, budget, and specifications; (2) benefit—that completed activities do not generate the expected level of improvement to FAO's performance; and (3) disruption—that reform activities produce side effects that harm FAO.

most at risk (red), to somewhat (amber), to least (green).³¹ Project leaders and their staff concluded the self-assessment by documenting the actions needed to control the risks associated with their projects.

FAO has taken steps to address weaknesses that the risk assessment identified at the program level. For example, in November 2010, the Director-General took the following steps to improve the reform plan's internal governance:

- established an IPA Program Board composed of FAO's senior managers, including the two Deputy Director-Generals, to improve internal oversight and support key executive decisions;
- assigned responsibility for reform program management to the newly established PMU;³²
- assigned responsibility for reform communications to the Office of Corporate Communications and External Relations;
- included the reform plan as a standing item on senior management meeting agendas and dedicated monthly meetings exclusively to this topic; and
- ensured that reform efforts are regularly discussed by the Executive Leadership Team.

The IPA Program Board, chaired by one of the Deputy Director-Generals, meets on a weekly basis and provides general oversight of the reform plan. The IPA Program Board has prioritized how resources for FAO's reform plan will be allocated in the 2012-2013 biennium according to (1) long-term sustainability of the reform plan, (2) the quality of projects,

³¹According to the *Management Report on IPA Implementation* in 2010-2011, the risk assessment identified 10 (7 red, 2 amber, 1 green) risks at the program level and 207 (49 red, 112 amber, 46 green) risks at the project level. The risk assessment also identified 68 dependencies (27 red, 37 amber, and 4 green). Project teams' rating of impact was based on acceptability to senior management or member states if the risk occurred, while their rating of likelihood was based on the probability of the risk.

³²Adequate staffing of the PMU was a red risk identified at the program level during the assessment. At the time of our review, the PMU included the director, director's secretary, one staff member, and one consultant.

(3) financial discipline, and (4) alignment with FAO's capacity to deliver.³³ Furthermore, at the request of the IPA Program Board, FAO's Office of the Inspector General plans to conduct a comprehensive review of management's implementation of the reform plan. According to FAO officials, the Office of the Inspector General expects to hire an external consultant to conduct this substantive review of the status of all 272 action items in late 2011, when the reform plan is halfway through its 5-year implementation time frame.

To address risks at the project level, the PMU has focused on the projects that have the greatest likelihood of hindering full implementation of the reform plan. The PMU has prioritized its efforts in the following order: (1) projects upon which many other projects are dependent, (2) projects that include the greatest number of risks rated as "red," and (3) other project risks that were rated as "amber" or "green." The PMU has been following up on actions taken by project leaders to mitigate these risks. For example, FAO officials told us the PMU worked with the IPA Program Board to recategorize action items into an increased number of projects, which according to FAO's 2010-2011 *Management Report on IPA Implementation* will help improve the PMU's application of project standards and management of project workloads, as well as more clearly presenting the reform plan's implementation strategy. A FAO official also told us the PMU plans to discuss such actions with the IPA Program Board if they are not effective.

³³These priorities were identified in FAO's *Management Report on IPA Implementation* in 2010-2011.

Factors Including Disagreements among Member States Could Hinder Full Implementation of the Reform Plan

Disagreements among Member States Continue to Impede Efforts to Complete Three Action Items

Qualifications of the Director-General

In 2009, the Conference Committee did not complete the action item for establishing qualifications for the Director-General position because, according to a FAO official, member states could not agree on the development of those qualifications.³⁴ According to FAO's 2010 IPA progress report, member states did not take further action to complete the action item, and member states' disagreement precluded the consideration of new qualifications prior to the June 2011 Director-General election. However, the United Kingdom developed a draft working document in June 2010 for the Conference Committee that included a job description and competency profile for the Director-General position.³⁵ This document was presented to the Conference Committee by the United Kingdom for information and to promote the exchange of ideas among member states in the future.

Country Office Locations

According to FAO's 2010 IPA progress report, an action item to review FAO's country office locations is not on track for completion because member states disagree on the criteria for country office coverage.³⁶ An FAO official told us that if the criteria for country office coverage outlined

³⁴IPA action item 2.100.

³⁵According to State, the United States consulted closely with the United Kingdom on the development of this draft working document and contributed to the competency profile.

³⁶IPA action item 3.84.

in the IPA were applied, FAO would reduce its operations to 5 country offices from its existing level of 74. To help member states determine the optimal scale and scope of the country office network, FAO management prepared a document that included management's overall vision for the structure and functioning of the decentralized offices network.³⁷ Member states discussed the content of this document in the 2010-2011 biennium and Regional Conferences highlighted the importance of FAO's country presence. For example, the Regional Conferences for (1) Africa, (2) Asia and the Pacific, (3) Europe, and (4) Latin America and the Caribbean all expressed the need for extending and strengthening FAO's country presence, while the United States and Canada, during their informal North America Regional Conference, felt additional resources for field offices could only be added if they did not result in a net transfer of resources from headquarters to the field. FAO officials told us they plan to provide member states with additional information on each country office—including staffing levels, operating costs, funding sources, and administered programs. They also expect this information to be discussed by the Governing Bodies in October 2011, as well as the Regional Conferences in 2012.

Composition of the FAO Council

FAO has not been able to complete the action item that proposes changes to the composition of the FAO Council because member states cannot agree on its overall size.³⁸ In October 2010, the Independent Chairperson of the Council developed a proposal to improve representation in the FAO Council and enhance the efficiency of its work, including a measure to increase the number of FAO Council seats from 49 to 56. However, member states did not accept this proposal. Some members argued for keeping the existing number of 49 seats. Others argued to further increase the number of seats, such as through a resolution developed by the Chair of the Group of 77 for the 2011 FAO Conference, which would increase the number of seats from 49 to 61.³⁹

³⁷This document identified gaps, challenges, risks, and issues related to decentralization, including how member states could determine the optimal scale and scope of the country offices network.

³⁸IPA action item 4.4.

³⁹The Group of 77 is a coalition of developing countries that promotes its members' collective interests. Currently, 131 developing countries are members.

A February 2011 summary document provided by the Independent Chairperson of the Council indicated that member states disagreed on whether membership should be increased to 61 seats or to keep the issue open for further consideration in the future. State officials told us that when the Group of 77 countries did not achieve support from two-thirds of the member states, they withdrew their resolution.

Interdependencies among IPA Projects Could Cause Implementation Delays

In 2010, FAO identified some interdependencies among IPA projects, including four action items in our sample, which could cause implementation delays because FAO cannot complete these action items without first completing another action item. For example, the project designed to produce financial statements that are compliant with international public sector accounting standards has been slowed by the delayed upgrade of an internal information system⁴⁰ While the PMU has recently taken steps to comprehensively identify interdependencies among IPA projects, additional delays could result from these interdependencies not being managed. For example, a FAO official told us that FAO has delayed implementing an action item that would roll over up to 5 percent of the assessed budget between biennia—part of the “reform of programming, budgeting, and results-based monitoring” project⁴¹—until FAO completes the IPSAS project by complying with IPSAS in calendar year 2013. In addition, FAO’s implementation of an action item that would introduce a new travel system as a part of its “reform of administrative and management systems” project could be subject to additional delays because its completion is dependent on implementing another action item included in the “information technology” project that would increase telecommunications capacity across the organization to support the new travel system.⁴²

Insufficient Support from Some Managers and Staff Could Inhibit Implementation of Some Action Items

According to FAO officials, some FAO program managers and staff have not shown sufficient support to fully implement some action items in our sample. With regard to the action item to implement culture change, FAO reported that 58 percent of the respondents to its 2011 employee survey disagree or are neutral that senior management is effectively communicating its vision of a new organizational culture. Based on this

⁴⁰IPA action item 7.24.

⁴¹IPA action item 3.11.

⁴²IPA action items 7.15 and 3.90.

survey, FAO also reported that its staff generally favored more face-to-face communication about the reform effort.⁴³ The project leader responsible for implementing the vision statement told us that FAO has hired a consultant to help improve staff commitment and engagement in implementing the vision statement throughout the organization. In addition, FAO's Office of the Inspector General commissioned an external audit report which identified lack of support among senior managers as a potential roadblock to implementing enterprise risk management (ERM). FAO officials responsible for implementing an action item that would establish an ERM framework at FAO told us that some managers have stated they lacked resources to support this work and were concerned that participating in the initiative would detract time from their regular work responsibilities.⁴⁴ Consequently, FAO officials also told us they are providing training to all departments to assist managers and staff in conducting ERM to comply with the initiative's requirements and overcome resistance. Furthermore, FAO officials stated that staff associations have raised concerns about an action item that establishes a staff mobility policy because it requires mobility for some categories of staff, but not others.⁴⁵ GAO has previously reported that employee involvement helps to create the opportunity to establish new networks and break down existing organizational silos, increase employees' understanding and acceptance of organizational goals and objectives, and gain ownership for new policies and procedures.⁴⁶ FAO's 2010-2011 *Management Report on IPA Implementation* also identified buy-in and cooperation from managers and staff as important elements for ensuring full implementation of this action item, and FAO officials have told us they are trying to address these elements.

⁴³Relates to IPA action item 3.32.

⁴⁴IPA action item 3.51.

⁴⁵IPA action item 3.61.

⁴⁶GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

USUN Rome's Efforts to Support FAO Management Reform Emphasized Oversight and Accountability

USUN Rome's efforts to support FAO management reform included the prioritization of oversight and accountability reforms, such as disclosure of internal audit reports and adoption of financial disclosure policies. These reforms are consistent with a strategic U.S. government initiative across the UN system and are reflected in USUN Rome's performance indicators on improving organization governance activities at FAO. To promote oversight and accountability reforms, USUN Rome worked formally and informally with member states to achieve consensus on these reforms by participating in the Geneva Group and an informal Regional Conference with Canada in November 2010.

USUN Rome Prioritized Oversight and Accountability Reforms That Are Consistent with a U.S. Government Initiative across the UN System

USUN Rome prioritized oversight and accountability reforms that are included in FAO's thematic area on governance reform and oversight and are reflected in the United States' United Nations Transparency and Accountability Initiative (UNTAI). The U.S. Mission to the UN in New York launched UNTAI in 2007 and identified eight areas where member states could exercise greater oversight to ensure UN funds and programs are used for their intended purposes.⁴⁷ USUN Rome officials told us its priorities are included in FAO's thematic area on governance reform and oversight and related to five of the eight UNTAI areas, which include the following:

1. *Disclosure of internal audits and other reports, including evaluations and investigations to member states.* USUN Rome promoted amendments to the Charter of the Office of the Inspector General that would include disclosure of internal audit reports consistent with the criteria identified by the UN's High-Level Committee on Management.⁴⁸ These amendments were adopted by the FAO

⁴⁷In September 2005, world leaders gathered at the UN World Summit in New York to discuss global issues such as UN reform, development, and human rights, as well as actions needed in each of these areas. The outcome document from the World Summit, endorsed by all members of the UN, outlines broad UN reform efforts in areas such as oversight and accountability and human rights. The document also called for the Secretary-General to submit proposals for implementing reforms to improve management functions of the Secretariat. Although the Secretary-General does not have direct authority over specialized agencies and many funds and programs, many member states wanted the reforms at the Secretariat to serve as a model for UN-wide reforms, according to State.

⁴⁸As a body sponsored by the UN System Chief Executives Board for Coordination, the UN High-Level Committee on Management is responsible for ensuring coordination in administrative and management areas across the UN system.

Council in April 2011, and USUN Rome reviewed an internal audit report subject to disclosure in June 2011.

2. *Whistleblower protection policies.* USUN Rome worked with FAO management to develop a single, clearly stated policy for all staff that identified their rights and mechanisms for reporting possible wrongdoing. FAO management issued this policy in December 2010.
3. *Financial disclosure policies.* As a reform action item, USUN Rome worked with FAO management and member states to develop a financial disclosure policy that is consistent with other policies used in the UN system. Currently, FAO is in the process of completing its pilot program and plans to launch the full program in 2012.
4. *Establishment of an ethics office.* Consistent with an action item in the reform effort, USUN Rome worked with FAO management to establish an Ethics Office led by an Ethics Officer that reports to the Director-General and Governing Bodies. USUN Rome met with the appointed Ethics Officer to discuss U.S. policies concerning ethics training and materials and financial disclosure processes.
5. *Independence of the respective internal oversight bodies.* To ensure greater transparency and accountability, USUN Rome worked with FAO management and member states to have the FAO Audit Committee be exclusively composed of members external to FAO. Currently, all five members of the FAO Audit Committee are external.

USUN Rome plans to further its efforts to promote oversight and accountability reforms in fiscal year 2011 by focusing on the remaining three UNTAI areas, which include the following:

1. *Public access to all documentation related to operations and activities including budget information and procurement activities.* USUN Rome identified key financial oversight and accountability standards either in place, in progress, or pending at FAO based on internal or external recommendations received by FAO since 2005. USUN Rome officials told us they plan to follow up on the status of these recommendations, especially those that address documentation.

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2. *Adoption of IPSAS.* As a member of the FAO Finance Committee, USUN Rome officials told us they are responsible for overseeing implementation of this reform action item and plans to follow up with FAO officials to ensure compliant financial statements are produced in calendar year 2013.
 3. *Establishment of a cap on administrative overhead costs.* To understand how FAO applies inflation cost estimates for general service staff, USUN Rome told us they plan to review the methodology used by the International Civil Service Commission to calculate general service staff salaries.

USUN Rome's performance indicators reflect its efforts to promote oversight and accountability reforms. As part of its goal to improve UN organization governance activities at FAO, USUN Rome developed two performance indicators related to oversight, accountability functions, operational efficiency, and a fully developed evaluation function. For fiscal year 2010, USUN Rome reported that it was on target for improving UN organization governance activities at FAO by strengthening its governance and oversight mechanism and improving its UNTAI score. USUN Rome also reported that it attended meetings with the UN International Fund for Agriculture Development to understand how FAO could improve its evaluation function. For fiscal year 2011, as part of its efforts to promote oversight and accountability reforms, USUN Rome plans to monitor (1) implementation of a new financial disclosure policy for certain FAO professionals and staff with fiduciary responsibilities; (2) development of a new corporate policy on partnerships with the private sector; and (3) proposals to reduce costs associated with general service staff and other administrative functions, such as travel; and (4) efforts to improve FAO's evaluation function using the International Fund for Agriculture Development's evaluation policy as a baseline.

USUN Rome Worked Formally and Informally with Other Member States to Promote Oversight and Accountability Reforms at FAO

With other member states, USUN Rome participated in formal sessions of the Conference Committee, as well as the FAO Council and its committees, to promote oversight and accountability reforms at FAO. According to USUN Rome officials, USUN Rome participated in all meetings of the Conference Committee, including Working Groups that were established in 2009, to reach consensus on how action items included in the reform effort should be completed.⁴⁹ For example, one of the Working Groups considered further reforms of systems, including plans for increasing the effectiveness of the decentralized offices. USUN Rome officials told us that in this Working Group, the United States emphasized the need for a system that would regularly evaluate the effectiveness of FAO's decentralized offices. USUN Rome also provided recommendations to the Conference Committee as a member of the FAO Council, Committee on Constitutional and Legal Matters, and Finance Committee. One of the recommendations provided by the Committee on Constitutional and Legal Matters addressed necessary changes to the Basic Texts of FAO, including establishment of Director-General term limits.

Consistent with its efforts to promote oversight and accountability reforms among member states, USUN Rome participated in the Geneva Group and an informal Regional Conference with Canada. According to State, this Conference occurred in Washington, D.C., and was the result of USDA-led interagency collaboration, in which USUN Rome, the State Department, and USAID were key partners. USUN Rome worked to achieve consensus on reforms related to oversight and accountability among member states within the Rome Chapter of the Geneva Group.⁵⁰ In 2011, the chapter had a focus group on oversight for FAO that met on an ad hoc basis. According to USUN Rome officials, the oversight focus group worked closely with the Inspector General and actively supported completing action items included in FAO's reform project on oversight. USUN Rome also participated in an informal Regional Conference with

⁴⁹The three Working Groups included (1) the Strategic Framework, Medium Term Plan 2010-2013, and the Program of Work and Budget 2010-2011; (2) proposed amendments to the Basic Texts and any changes found desirable in the size and regional representation in the Membership of the Council; and (3) reform of systems, culture change, and organizational restructuring.

⁵⁰Founded in 1964, the United States and the United Kingdom are permanent co-chairs of the 16-member Geneva Group, which is an informal caucus of like-minded member states that contribute 1 percent or more of the UN assessed budget.

Canada in November 2010 to improve strategic budgetary planning and implementation at FAO. To minimize the need for a budget increase, the North America region agreed that FAO should better utilize resources and identified priorities that member states could consider when developing the regular budget. The North America region also proposed the Secretariat improve its efforts to engage member states on identifying and aligning resources to support priorities by developing documentation that clearly identifies possible budget implications for their proposals. North America's priorities were shared in a letter to the Director-General in November 2010. The letter also requested a copy be provided to member states through the FAO Council.⁵¹ However, documents prepared for the 2011 FAO Conference did not include North America's priorities. As a result, USUN Rome used the agenda item on Regional Conferences during the 2011 FAO Conference to formally state North America's priorities for other member states.

Conclusions

FAO has been criticized over the last decade as a bureaucratic and poorly managed international organization. As a result of these criticisms, FAO's Governing Bodies commissioned an external evaluation, which found that FAO was experiencing a financial and program crisis that threatened the organization's future in delivering essential services. The external evaluation concluded that FAO needed to comprehensively reform its management, and in response, FAO leadership and its member states have adopted a multiyear reform plan. We found weaknesses in FAO's periodic reporting on the status of some reform action items. Without clear guidance on the categories developed to quantitatively measure the progress of reforms, project leaders could experience difficulties in precisely categorizing action items' status. Since the action items that remain to be completed represent the largest and most complex components of the reform plan, the accuracy of future progress reports becomes increasingly important to FAO member states that are responsible for providing appropriate oversight. FAO management has attempted to identify risks and address some weaknesses associated with the reform plan. However, full completion of the reform plan will require overcoming several impediments, such as interdependencies

⁵¹During the informal regional conference, the United States and Canada also discussed a number of other issues important to the future of FAO. These issues include the delegation of technical cooperation program authority to field offices, field office rationalization, and the process used to identify FAO representatives.

among projects and insufficient support from some managers and staff. In addition, implementation of the reform plan is a shared responsibility between FAO management and member states. For the three action items that are subject to disagreement among member states, FAO management cannot easily determine when member states might reach consensus on these action items—and this could occur after the reform plan’s scheduled end date of 2013.

Recommendations for Executive Action

To more accurately reflect the implementation status of some IPA action items and address various factors that could slow the pace of FAO’s reform plan, we recommend that the Secretary of State and the U.S. Representative to the UN Agencies for Food and Agriculture work with member states to take the following two actions:

- encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items; and
- determine before 2013 if consensus can be achieved for IPA action items currently subject to disagreement among member states.

Agency Comments and Our Evaluation

We requested and received comments on a draft of this report from State and FAO. State’s comments are reprinted in appendix II. State concurred with our recommendations, noting that State and USUN Rome will continue to develop strategies and measures that will address the recommendations contained in our report. State also noted that FAO’s periodic reporting on the status of implementation of some IPA action items is poor, and the accuracy of future progress reports becomes increasingly important to FAO member states that are responsible for providing appropriate oversight. State agreed to continue to work with FAO and member states to improve reporting on implementation of the reform plan. In addition, State acknowledged that, for those action items that are subject to disagreement among member states, FAO management’s options are somewhat limited.

FAO management’s comments are reprinted in appendix III, along with our responses to a specific point. Regarding our finding on FAO’s reporting on the reform plan’s status, FAO management commented that the implementation status categories were not developed by the PMU, but were adapted from FAO’s existing reporting categories used to assess results in FAO’s Program of Work and Budget. We clarified in our report that the PMU did not develop these implementation status

categories. However, the PMU did not provide clear guidance for project leaders to define and differentiate among the categories when assessing the status of IPA action items. FAO management noted that it would consider issues we described, and introduce any changes considered necessary to improve the clarity of the status of open IPA action items. FAO management also stated that the success of its reforms requires member states to overcome disagreements and different opinions in order to provide clear guidance to FAO management on how to implement the IPA action items over which consensus has not yet been reached. FAO management confirms its full commitment to play its part as Secretariat to the different Governing Bodies, and prepare proposals and documentation to facilitate consensus and decision making.

We also received technical comments from FAO management, which we have incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, the U.S. Representative to the UN Agencies for Food and Agriculture, the Food and Agriculture Organization, and other interested parties. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-9601 or melitot@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.



Thomas Melito, Director
International Affairs and Trade

Appendix I: Scope and Methodology

The objectives of this report were to examine (1) the methodology that the Food and Agriculture Organization (FAO) uses to report on the status of its reform plan, (2) factors that affect FAO's ability to implement its reform plan, and (3) actions the United States has undertaken to support FAO reform efforts. To address all of these objectives, we focused our review on FAO's Immediate Plan of Action (IPA), which we define as FAO's reform plan for the purposes of this report. We conducted a general review of all 272 IPA action items in FAO's reform plan, and selected a non-probability sample of 30 action items for more in-depth review. We selected these 30 action items because they fall among the six different thematic areas of the IPA and reflect the range of reported implementation status, according to FAO's most recent report on IPA status, as of December 31, 2010. For example, we selected action items related to FAO's establishment of a staff rotation policy that fall under the thematic area of "human resources reform," with reported implementation status of being "subject to minor delays," as well as FAO's appointment of an ombudsman, which falls under the thematic area of "effective governance and oversight," with reported implementation status of being "on track." Our sample was intended to be illustrative and not generalizable to the population of all 272 IPA action items. To help us better understand the factors that may affect FAO reform plan, we selected a sample with a higher proportion of action items that FAO reported as "subject to minor delays" than action items that FAO reported as "completed" or "on track." Table 3 summarizes the total number of IPA action items, by implementation status category, as reported by FAO in 2010, and the number of action items we selected within each of those categories for more in-depth review. Table 4 lists our selected 30 action items, categorized by IPA project and thematic area, and includes short descriptions of each action item, its planned start and end date, and status of implementation as of December 31, 2010.

Table 3: Summary of the Total Number of IPA Action Items and the Number Selected for In-Depth GAO Review, by Implementation Status, as of Dec. 31, 2010

Status	Total number of IPA action items by implementation status during 2009 and 2010	Number of action items selected for in-depth GAO review
Completed	143	6
On track	102	6
Subject to minor delays	15	8
Subject to major delays	0	N/A
Other: continuous	5	5
Other: no consensus among member states	3	3
Other: scheduled beyond 2013 by FAO Management	2	2
Other: proposed for deletion	2	0
Total	272	30

Sources: FAO's 2010 IPA progress report and GAO.

Table 4: List of 30 Selected IPA Action Items, as of Dec. 31, 2010

Theme	Project	IPA action item number	Description	Planned start date	Planned end date	Status
Governance Reform and Oversight	Governing Body Reform	2.22	The Council report will consist of conclusions, decisions, and recommendations (verbatim to provide detail and be published in all languages).	5/17/2010	11/25/2011	Continuous
Governance Reform and Oversight	Governing Body Reform	2.100	The FAO Conference will consider for approval desirable qualifications for the post of Director-General developed by the Conference Committee in 2009.	N/A	N/A	No consensus
Governance Reform and Oversight	Governing Body Reform	4.4	The functions of the Conference Committee, without prejudice to the statutory functions of the Council and its standing committees, are to recommend to the 36th session of the FAO Conference (2009) any changes found desirable in the size and regional representation in the membership of the Council and propose with advice from the Committee on Constitutional and Legal Matters any necessary changes in the Basic Texts to the 2009 Session of the Conference.	N/A	N/A	No consensus
Governance Reform and Oversight	Evaluation	2.78	The evaluation regular program budget will be increased to 0.8% of the total regular program budget (over two biennia), and once decided upon by the Governing Bodies, as part of the Program of Work and Budget (PWB) approval process, allocated in full to the evaluation office. Using the 2008-2009 base, the requirement would be U.S. dollars (USD) 3.2 million. In the draft PWB, it had been proposed to go halfway to this amount in 2010-2011. To reduce the implementation risk in the first biennium, the final draft PWB funds only one-third of the increase, USD 1.1 million in 2010-2011. The balance would be funded in the PWB 2012-2013.	1/1/2010	12/31/2013	Scheduled beyond 2013
Governance Reform and Oversight	Evaluation	2.86	The follow-up processes for evaluation will be fully institutionalized, including an independent monitoring system and reporting to the Program Committee.	10/1/2008	5/31/2010	Completed
Governance Reform and Oversight	Audit	2.91	In line with current policy, the work of the Office of the Inspector General will be extended to cover all major organizational risk areas, making use of external expertise as necessary.	1/1/2010	12/31/2011	On track

Appendix I: Scope and Methodology

Theme	Project	IPA action item number	Description	Planned start date	Planned end date	Status
Governance Reform and Oversight	Ethics	3.34	Review of Terms of Reference and proposed membership of Ethics Committee by the Committee on Constitutional and Legal Matters and the Finance Committee.	2/19/2009	10/31/2010	Minor delays
Governance Reform and Oversight	Ethics	3.35	Appointment and initiation of work by Ethics Committee.	1/1/2011	12/31/2011	Minor delays
Governance Reform and Oversight	Ethics	3.36a	Appointment of Ombudsman.	1/1/2011	12/31/2011	On track
Reform of Administrative and Management Systems	Administrative Service Model and FAO Manual	7.22	Carry out a major overhaul of the FAO Manual, reviewing and publishing a simplified framework, so that staff in all locations can understand and comply with FAO rules and regulations.	1/1/2010	12/31/2013	Minor delays
Reform of Administrative and Management Systems	Administrative Service Model and FAO Manual	7.23	Create a Business Improvement Unit, including streamlining and process improvement, overhaul of the FAO Manual, and other business improvement initiatives.	1/1//2010	12/31/2011	Completed
Reform of Administrative and Management Systems	Procurement	3.40	Creates provisions for local procurement during emergencies.	1/1/2010	6/1/2011	Completed
Reform of Administrative and Management Systems	International Public Sector Accounting Standards (IPSAS) and Field Accounting System Replacement	3.42	To Implement new or updated processes to support the recording, accounting, control, and reporting of financial transactions at decentralized offices. Processes include the policy, procedures, and system developments that collectively address the business requirements to support financial transaction processing at decentralized offices.	1/1/2007	12/31/2013	Minor delays
Reform of Administrative and Management Systems	IPSAS and Field Accounting System Replacement	7.24	Implementation of IPSAS as key initiative for the finance division and FAO as a whole.	5/1/2009	12/31/2013	Minor delays
Reform of Administrative and Management Systems	Travel	7.15	Other activities of the joint Rome-based agencies procurement initiative–Travel.	1/1/2010	12/31/2013	Minor delays

Appendix I: Scope and Methodology

Theme	Project	IPA action item number	Description	Planned start date	Planned end date	Status
Human Resources Reform	Mobility	3.61	Establish an incentive-based rotation policy in headquarters and between headquarters and the decentralized offices with clear criteria.	11/23/2009	12/31/2010	Minor delays
Human Resources Reform	Other Human Resources Actions	3.63	Decentralize and delegate decision making within clear policies and requirements, including further delegation of authorities from the Office of the Director-General and from senior management.	1/1/2010	12/31/2010	Completed
Managing for Results	Resource Mobilization and Management	3.15	Vigorously pursue new partnerships, including with the private foundations.	N/A	N/A	Continuous
Managing for Results	Enterprise Risk Management	3.50	Develop a project structure to implement an internally led organization-wide enterprise risk management (ERM) e.g. organize a project team and its terms of reference, obtain necessary training and external guidance as needed, prepare a work plan, etc.	4/1/2010	9/30/2010	Completed
Managing for Results	Enterprise Risk Management	3.51	Design an appropriate ERM model to develop a customized ERM framework for the organization, with the support of external risk management consultants. The ERM framework should include key components that address the objectives, strategy, organization, risk processes, monitoring, and reporting.	4/1/2010	12/31/2010	Minor delays
Managing for Results	Reform of Programming, Budgeting, and Results-Based Management Monitoring	3.11	In addition to capital account and technical cooperation program, introduce provisions for rollover of up to 5 percent of the assessed budget, between biennia, in order to smooth income and expenditure, thus reducing wasteful and inefficient transactions.	10/1/2008	12/31/2013	Scheduled beyond 2013
Managing for Results	Reform of Programming, Budgeting, and Results-Based Management Monitoring	6.2	5 percent of the budget to Deputy Director-Generals for interdisciplinary work.	N/A	N/A	Continuous
Managing for Results	Reform of Programming, Budgeting, and Results-Based Management Monitoring	7.1	Identify the areas of improvement and define the actions for the enhancement of the Results-Based Management.	N/A	N/A	Continuous

Appendix I: Scope and Methodology

Theme	Project	IPA action item number	Description	Planned start date	Planned end date	Status
Functioning As One	Partnerships	3.117	Establishment of a monitoring mechanism to ensure feedback and iterative improvement of partnership collaborations and of the FAO strategy.	9/1/2010	12/31/2013	On track
Functioning As One	Decentralization	3.76	The Program and Finance Committees will support the Council in providing policy oversight of all aspects of decentralization, including in particular the implementation of the Immediate Plan of Action.	9/30/2009	12/31/2013	Continuous
Functioning As One	Decentralization	3.84	Clearly distinguishing between well-established offices and any plans for additional new offices, rationalize coverage of country offices following results of review utilizing agreed criteria, taking into account both existing and potential locations, efficiency, projected cost savings, and cost/benefit analysis. Implementation of the results of the review will ensure that, at a minimum, the structural deficit is eliminated in the country representation through alternative forms of country presence, with further reductions desirable to free up resources for the improved functioning of the decentralized offices. Criteria to be applied: (a) size of the FAO Program (indicative ratio office costs to size of program 1:3); (b) commitment to the National Medium-Term Priority Frameworks as they are developed with FAO; (c) size and poverty levels of agriculturally dependent population; (d) priority to Least Developed Countries; (e) potential for agriculture in economic growth; (f) ease of servicing from another country; (g) potential for shared or fully joint representations with the UN system, particularly with other Rome-based agencies, and other regional organizations as appropriate; and (h) willingness of governments to cover costs of FAO presence.	1/1/2009	12/31/2010	No consensus
Functioning As One	Decentralization	3.88	Introduce benchmarks and a performance-based reporting and monitoring system for decentralized offices.	1/1/2010	12/31/2013	On track

Theme	Project	IPA action item number	Description	Planned start date	Planned end date	Status
Functioning As One	Decentralization	3.95	Transfer Office of Coordination and Decentralization functions to Regional/Sub-Regional Offices and to a coordination unit in the office responsible for operations.	1/1/2009	12/31/2013	Completed
Functioning As One	Technical Cooperation Program	3.22	Technical Cooperation Program resources to be allocated to regions under the authority of Regional Representatives, except for 15% retained under the authority of the department responsible for technical cooperation for use in emergencies, and 3% for interregional projects.	1/1/2010	12/31/2011	On track
Culture Change	Culture Change	3.32	Implementation of a vision for culture change.	11/23/2009	12/31/2013	On track

Source: FAO's 2010 IPA progress report.

To address our first objective to examine the methodology that FAO uses to report on the status of its reform plan, we reviewed and analyzed FAO's documents and data; we interviewed officials representing FAO, the U.S. government, and other FAO member countries. We reviewed the IPA progress reports that FAO issued since November 2009, focusing particularly on FAO's latest 2010 IPA progress report for IPA information reported, as of December 31, 2010. To understand the methodology FAO used for assessing and reporting IPA progress overall, we reviewed the Program Management Unit's (PMU) guidance for IPA project leaders to assess the status of the action items. We also met with FAO officials, including those representing FAO management, the PMU, and IPA project leaders to discuss the IPA assessment and reporting process. For the 30 action items in our sample, we obtained and analyzed documents that provided support for the implementation status of these action items and discussed the status with the project leaders and a PMU official responsible for reporting IPA progress. Furthermore, we met with officials representing the U.S. Mission to the UN Agencies in Rome (USUN Rome) and several other FAO member countries to obtain their views on FAO's IPA progress reports.

To examine factors that affect FAO's ability to implement its reform plan, our second objective, we analyzed FAO's documents, including audit documents, preliminary results of the 2011 FAO employee survey, as well as FAO Governing Bodies' reports and working documents. With FAO officials, we discussed the actions that FAO has taken to address weaknesses identified in FAO's risk assessment. Moreover, to better

understand factors that could hinder full reform plan implementation, we met with IPA project leaders and reviewed supporting documents they provided to conduct in-depth analysis of our sampled 30 action items. Since these sample action items include three action items reported in FAO's 2010 IPA progress report as having "no consensus among member states," we obtained views of several member states, including those of the United States, regarding these action items.

To address our third objective to examine actions the United States has undertaken to support FAO reform efforts, we reviewed documents and interviewed U.S. officials. The documents we reviewed include the United States' United Nations Transparency and Accountability Initiative, USUN Rome's Mission Strategic Resource Plan, USUN Rome's documentation of its priorities and efforts toward FAO reforms, cable correspondence between the Department of State's (State) International Organization Affairs Bureau and USUN Rome, and FAO Governing Bodies' reports and working documents. In addition, we interviewed State and USUN Rome officials to discuss their efforts, and met with FAO officials and officials representing several FAO member states to obtain their views on U.S. efforts for promoting reforms at FAO. Our discussions with representatives of FAO member states included those who participate in formal and informal working groups with the United States.

We conducted this performance audit from November 2010 to September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of State



United States Department of State

Chief Financial Officer

Washington, D.C. 20520

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "UNITED NATIONS: Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organization's Reform Plan," GAO Job Code 320818.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact John Tuminaro, Sr. Food Security Officer, Bureau of International Organization Affairs at (202) 647-1016

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Millette".

James L. Millette

cc: GAO – Thomas Melito
IO – Esther D. Brimmer
State/OIG – Evelyn Klemstine

**Department of State Comments on GAO Draft Report
UNITED NATIONS: Improved Reporting and Member States' Consensus
Needed for Food and Agriculture Organization's Reform Plan
(GAO-11-922, GAO Code 320818)**

Thank you for the opportunity to comment on your draft report entitled *United Nations: Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organization's Reform Plan*. The Department of State and USUN Rome have been strong supporters of the FAO reform process. The report provides timely and useful information on the status of FAO reform.

It is clear that full completion of the reform plan will require cooperation among FAO management and member states. For those actions that are subject to disagreement among member states, FAO management's options are somewhat limited. Thus, the Department of State and USUN Rome agree with the GAO's Recommendations for Executive Action, which recommend that the Secretary of State and the United States Permanent Representative to the UN Food Agencies work with member states to: (1) encourage FAO to develop clear guidance for assessing and categorizing the implementation status of Immediate Plan of Action (IPA) action items; and (2) determine before 2013 if consensus can be achieved for action items currently subject to disagreement among member states. The Department of State and USUN Rome will continue to develop strategies and measures that will address the recommendations contained in the GAO report.

We appreciate the report's acknowledgment of work undertaken by the Department of State and USUN Rome to ensure that the IPA is fully implemented by the end of the agreed timeframe in 2013. We assure you that this work will continue. As you know, the United States was a driving force behind FAO's reform process, including by providing funding to the Independent External Evaluation (IEE). Our goal is to increase the cost-effectiveness, efficiency, and accountability of the FAO, and all the Rome-based food agencies, in the context of broader UN system reforms. State and USUN Rome will continue to work with FAO officials and member states to continue to make the FAO a more relevant and reliable partner in the fight against food insecurity.

The Department of State agrees with GAO's conclusion that FAO's periodic reporting on the status of implementation of some IPA action items is poor. Since the action items that remain to be completed represent the largest and most complex components of the reform effort, the accuracy of future progress reports becomes increasingly important to FAO member states that are responsible for

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providing appropriate oversight. The fact that FAO is leaving the hardest reform recommendations for last - the action items planned for completion in the 2012-2013 time period represent 20% of the outstanding items, but correspond to 40% of the total workload in terms of outstanding effort, time, and costs, and are the largest and most complex to implement – makes the need for improved reporting all the more necessary. We will continue to work with FAO and member states to improve reporting on the implementation of reform.

The State Department agrees with the data and findings in the GAO report. However, we would like to take the opportunity to point out two slight inaccuracies. The report indicates that despite the lack of consensus among member states on the need for establishing formal qualifications for the post of Director-General for the 2011 election, the United Kingdom developed a draft working document that included a job description and competency profile for the position. We would like to add that the United States worked with the UK on this task, consulting closely, and contributed to the profile. We would also note that the report indicates that USUN Rome hosted an informal regional Conference for North America with Canada. This consultation occurred in Washington and was the result of interagency collaboration under the leadership of the U.S. Department of Agriculture, of which USUN Rome, the State Department, and USAID were key partners.

Appendix III: Comments from the Food and Agriculture Organization

Note: GAO comment supplementing those in the report text appears at the end of this appendix.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

The Director-General

Rome, 16 SEP 2011


DDO-DG/11/ 931

Excellency,

I refer to your letter dated 2 September 2011 on the study undertaken by the United States Government Accountability Office (GAO) entitled "United Nations: Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organizations Reform Plan."

I am pleased to submit herewith FAO's Response to the GAO Report together with FAO's observations to the same report. In that regard, I wish to inform you that I will be attending the G20 Ministerial Meeting which will be held in Washington on 23 September 2011.

Accept, Excellency, the assurance of my highest consideration.



Jacques Diouf

Her Excellency
Ertharin Cousin
Ambassador to FAO
United States Mission to the United Nations
Agencies for Food and Agriculture
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16 September 2011

FAO Management Comments to GAO Report: GAO-11-922

The Food and Agriculture Organization of the United Nations (FAO) welcomes the report received from the United States Government Accountability Office (GAO) titled "*Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organization's Reform Plan*". FAO Management notes that the two main recommendations on improved reporting and member states consensus confirm the work being undertaken by FAO to successfully complete the implementation of the Immediate Plan of Action (IPA) for FAO renewal, which stemmed from the Independent External Evaluation (IEE) report in 2007.

FAO renewal is an extremely ambitious, large and complex endeavor that requires to be recognized to better contextualize the GAO report. The IEE report foresaw "*the mammoth nature of the undertaking*" and the 2010 Risk Assessment report that identified the risks and mitigating measures associated with this major change programme, highlighted in its Executive Summary that the "*scale and complexity of the IPA are unprecedented in the UN and would only be seen in the private sector following a corporate acquisition*".

Notwithstanding these challenges, FAO Management wishes to highlight the good progress achieved at the mid-point of the IPA implementation programme. The IPA Board, comprising the Organization's most senior managers, is fully engaged in the internal governance of the reform and, as noted in the GAO report, has taken positive steps towards the effective management of the large and complex projects that still remain to be implemented in the next biennium.

FAO's comments focus on the two main recommendations of the report.

1. Improved Reporting:

FAO Management places great importance on quality reporting, and has taken steps towards addressing some of the issues raised in the GAO report relating to the statuses of IPA actions.

These statuses (completed, on track, subject to minor delays and subject to major delays) were not developed by the PMU, as indicated in the report, but were adapted from the corporate categories of progress toward achieving results in FAO's Programme of Work and Budget, as used by managers and provided in FAO's Mid Term Review synthesis report to member states. However, in reviewing the statuses assigned by Project leaders, the PMU determined that these corporate categories did not entirely cover the situation of all 272 IPA actions which, as indicated in the GAO report, are of a varying nature. As a result, the PMU introduced the "other" category which represents 4.4% of all IPA actions.

The GAO report highlights potential inconsistencies in the "other" category and the IPA Board in July requested that a review be completed of the 12 IPA action items categorized as "other" to determine whether an improved set of sub-categories would improve the clarity of the actual status of these 12 IPA actions. An update on the quantitative progress will also be reviewed during September 2011 by the IPA Board and this will provide the opportunity to fully consider issues described in the GAO report, and introduce any changes considered necessary to improve the clarity of the status of open IPA actions.

The GAO report questions whether the PMU should rely primarily on the Project leaders self-assessment of IPA action status without independent validation. As indicated in the report, the PMU has gathered documentary evidence from Project leaders to support the reported "closed" status of IPA actions. Periodic independent validation is considered desirable, and

Page 1 of 2

See comment 1.

16 September 2011

arrangements are in hand to have the office of the FAO's Inspector General undertake a review of all IPA actions, as we pass the half way stage in the reform programme.

The IPA Board decided in June 2011 to establish a more detailed internal reporting arrangement for 27 of the "most important/higher risk" IPA actions, covering status, risks, activities and milestones, as referenced in the GAO report. Amongst others, the expected benefit of this IPA Board decision is to ensure appropriate reporting of the larger and more complex IPA actions. In addition, the PMU is liaising with the Enterprise Risk Management project team to complete a "re-basing" of IPA risks and interdependencies amongst these actions in order to take into consideration significant new events that have occurred since the initial risk assessment review.

2. Member States Consensus:

FAO Management is fully aware that the success of the FAO reform is a shared responsibility between FAO Management, who must implement the IPA, and the FAO member states who, through the Governing Bodies, oversee the process and take major policy and governance decisions. This requires member states to overcome disagreements and different opinions in order to provide clear guidance to FAO Management on how to implement the IPA actions over which consensus has not yet been reached. FAO Management confirms its full commitment to play its part as Secretariat to the different Governing Body fora, and prepare high quality proposals and documentation to facilitate consensus and decision making.

The following are GAO's comments on FAO's letter dated September 16, 2011.

GAO Comment

1. FAO commented that the implementation status categories (completed, on track, subject to minor delays, and subject to major delays) were not developed by the PMU but were adapted from FAO's existing reporting categories used to assess results in its Program of Work and Budget. We clarified in our report that the PMU did not develop these implementation status categories. We noted FAO's use of these implementation status categories when assessing the progress of the reform plan. However, regardless of which FAO entity developed these implementation status categories, the PMU did not provide clear guidance for project leaders to define and differentiate among the categories when assessing the status of IPA action items. Consequently, we maintain our recommendation to State and USUN Rome to encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Thomas Melito, (202) 512-9601, or melitot@gao.gov

Staff Acknowledgments

In addition to the individual named above, Phillip Thomas, Assistant Director; Brian Egger; and Victoria Lin made key contributions to this report. The team benefited from the expert advice and assistance of Vaughn Baltzly, Debbie Chung, Martin de Alteriis, Justin Fisher, and Grace Lui.

Related GAO Products

United Nations: Management Reforms and Operational Issues. [GAO-08-246T](#). Washington, D.C.: January 24, 2008.

United Nations: Progress on Management Reform Efforts Has Varied. [GAO-08-84](#). Washington, D.C.: November 14, 2007.

United Nations Organizations: Oversight and Accountability Could Be Strengthened by Further Instituting International Best Practices. [GAO-07-597](#). Washington, D.C.: June 18, 2007.

United Nations: Management Reforms Progressing Slowly with Many Awaiting General Assembly Review. [GAO-07-14](#). Washington, D.C.: October 5, 2006.

United Nations: Weaknesses in Internal Oversight and Procurement Could Affect the Effective Implementation of the Planned Renovation. [GAO-06-877T](#). Washington, D.C.: June 20, 2006.

United Nations: Oil for Food Program Provides Lessons for Future Sanctions and Ongoing Reform. [GAO-06-711T](#). Washington, D.C.: May 2, 2006.

United Nations: Internal Oversight and Procurement Controls and Processes Need Strengthening. [GAO-06-710T](#). Washington, D.C.: April 27, 2006.

United Nations: Funding Arrangements Impede Independence of Internal Auditors. [GAO-06-575](#). Washington, D.C.: April 25, 2006.

United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight. [GAO-06-330](#). Washington, D.C.: April 25, 2006.

United Nations: Procurement Internal Controls Are Weak. [GAO-06-577](#). Washington, D.C.: April 25, 2006.

United Nations: Preliminary Observations on Internal Oversight and Procurement Practices. [GAO-06-226T](#). Washington, D.C.: October 31, 2005.

United Nations: Sustained Oversight Is Needed for Reforms to Achieve Lasting Results. [GAO-05-392T](#). Washington, D.C.: March 2, 2005.

United Nations: Reforms Progressing, but Comprehensive Assessments Needed to Measure Impact. [GAO-04-339](#). Washington, D.C.; February 13, 2004.

United Nations: Reform Initiatives Have Strengthened Operations, but Overall Objectives Have Not Yet Been Met. [GAO/NSIAD-00-150](#), Washington, D.C.; May 10, 2000.

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