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para la  
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y la  
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## FINANCE COMMITTEE

### Hundred and Eighteenth Session

Rome, 17 – 25 May 2007

### Resources for the Human Resources Management Division (AFH)

#### Executive Summary

1. At its 115<sup>th</sup> session, the Finance Committee underscored the crucial role of human resources management (HR) in enabling FAO to deliver its programmes. In this regard, the Committee took note of the limited resources available to the Human Resources Management Division (AFH) to implement its programme of work and emphasized the need to ensure that this programme was adequately funded. It agreed that the issues of resources allocated to HR management activities should be reviewed during the Committee's session of May 2007.
2. This paper discusses both the issue of resources available to HR activities, as well as those available to support the introduction of the Human Resources Management Model (HRMM) and Human Resources Management System (HRMS). The paper identifies the inherent risks, given the previous and current staffing reductions in the division, and outlines action being taken to absorb and reduce costs through re-prioritization of functions, reduction in service delivery and reorganization of functions in order to cope within the level of resources available.

#### Draft Recommendation

3. The Finance Committee is requested to review the information provided and to provide any guidance it deems appropriate with regard to the actions proposed in Section IV in light of the risks identified.

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## I. Background

4. At its 115th session, held in September 2006, the Finance Committee noted the information provided by the Secretariat in document FC 115/15, *Report on Human Resources Management Issues*. The Committee underscored the crucial role of human resources management in enabling FAO to deliver its programmes and, while recognizing the importance of such resources as capital of the Organization, acknowledged the need to safeguard them. The Committee also took note of the limited resources available to the Human Resources Management Division (AFH) to implement its programme of work and emphasized the need to ensure that this programme was adequately funded. To this end, it was agreed that the issues of resources allocated to HR management activities should be reviewed in the light of the Organization's budgetary constraints during the Committee's session of May 2007, following the introduction of the Human Resources Management System (HRMS).

## II. HR in a Results-Based Management Framework

5. The budgetary constraints faced by FAO over the past several biennia are rendering increasingly evident the need for the Organization to enhance the focus of HR activities towards a strengthened results-based management framework.

6. In presenting his Programme of Work and Budget for the 2006-07 biennium, the Director-General underscored that, while the pursuit of efficiencies remains an on-going management process, improving efficiencies and effectiveness will require *inter alia* eliminating low value-adding activities and the simplification and streamlining of processes. Furthermore, he recalled that for a knowledge organization such as FAO, effectiveness is greatly facilitated by its ability to continuously adapt to an increasingly uncertain environment, and develop competences to cope with future changes.

7. To this end, the Human Resources Management Division developed a framework aimed at significantly reformulating the way human resources are delivered within the Organization. The Human Resources Management Model (HRMM) which the Division began to implement in 2007, in conjunction with the HR Management System, will enhance the value of human resources services by shifting work from transaction processing towards strategy and advice, and improve accountability. Through the implementation of well-defined processes, HRMM charts a strategy by which FAO could capitalise on its human resources and ensure that it retains a workforce with the appropriate skills and competences that would allow it to effectively face the challenges ahead.

8. The HRMM reorganizes the HR function to rationalize and consolidate service delivery and free up resources for both savings and improvement in the quality of HR planning. By concentrating HR transaction processing functions in a single structure, efficiencies will be realised in the delivery of HR transactional services and, consequently, HR personnel could be realigned and redeployed from transaction processing activities to higher value-added activities, such as HR strategy, policy, advisory and development. The realignment of resources to higher value-added functions was endorsed by the Conference at its Thirty-third Session (November 2005) in view of the importance of such functions in the effective implementation of results-based management.

9. A key element of the HRMM will eventually be the delivery of a management information system to facilitate trend analysis and exception reports in real time on a range of HR matters. The system will also support greater delegation of authority by providing better management information reporting and enhancing the capacity of senior management to monitor delegations and thus improve accountability.

### **III. Deployment of the HRMM and HRMS**

10. The establishment of the Human Resources Management Model is underpinned by the introduction of the Human Resources Management System. HRMS will provide a homogenous service delivery process, eliminate duplication of roles in HR service delivery to derive savings and through a “self service” approach will also improve efficiency.

11. The first phase of the HRMS was implemented on 19 March 2007 with the release of the Payroll, Post Management and HR Servicing modules to central units (AFH and the Shared Service Centre). This release includes functionality for all staff entitlements, appointments and extensions, promotions, transfers, enrolments to social security and medical schemes, rental subsidies and dependency allowances. The implementation of the HRMS is being progressively introduced to the entire Organization in a phased and structured approach, with a view to ensuring its effective implementation. In June, the Leave Management System will also be released across the Organization, eliminating the need for paper processing of requests. While the core functionality of the new system has been completed and will be deployed, there are significant components that are still being developed. Further phases throughout 2007 will progressively rollout functionalities such as Self Service Position Management, HR Reporting, HR Development, iRecruitment and, in 2008, Performance Management to line managers and staff.

12. The new functionalities that will be made available through the HRMS System will allow for strengthened Human Resources Planning, streamlined recruitment processes through iRecruitment, strengthened competency development and new approaches to performance management. These functionalities are essential in supporting the implementation of the HR Action Plan that had been endorsed by the Finance Committee.

13. The benefits of the implementation of both the HRMM and HRMS will be attained by 2009. The Organization’s ability to capitalise on the benefits to be derived will depend in large measure on the capacity of the Human Resources Management Division to support the full development and rollout of the new functionalities described in the previous paragraph. This support capacity depends primarily on the resources made available to the Division.

### **IV. Resources for HR Management Activities**

14. The Organization’s overall budgetary reductions over successive biennia have led to ever greater competing demands among organizational entities for increasingly limited resources. This has led to a significant reduction in resources allocated to the human resources management division and other organizational entities over the past three biennia. As a result, AFH has been continually required to re-prioritize its activities between ongoing requirements and new initiatives. This has impacted adversely on those areas of new activity (policy development, proactive recruitment programmes, HR planning and management information and performance management) that AFH had included in the HR Action Plan and which are deemed crucial in assisting the Organization to institute a results-based management framework in the aim of effectively managing its human resources.

15. The difficult budgetary position of the Organization in 2007 has further constrained the resources made available to AFH for the post-implementation support to completed modules of the HRMS, as well as the work required for the further development of functionalities mentioned in paragraph 12 above and the full deployment of the HRMM. The division has given priority to HRMS post-implementation work by absorbing much of the post-implementation cost at the expense of other work.

16. It is evident that with (i) significant reductions on its budget to carry out ongoing programmes, and (ii) the need to absorb post-implementation HRMS costs AFH division will not be able to deliver its intended workplan in 2007. This will delay the delivery of the range of

benefits from improved HR processes that the Organization can derive from this major investment in the HRMS.

## V. Implication of budget constraints on the work of AFH

17. Given the situation as set out in the Annual Report on Budgetary Performance and Programme and Budgetary Transfers in the 2006-07 Biennium (doc. FC 118/2), AFH has curtailed its programme delivery to meet its 2007 budgetary allocation by reducing its participation in inter-agency meetings and postponing development of new programme development activities. These include areas specifically requested by the Finance Committee such as pro-active recruitment measures, development of a new performance management system, and development of a rotation policy. AFH will be unable to support the implementation of the HRMS adequately, particularly in terms of the rollout of new functionalities such as Recruitment, Position management, and HR management information reporting and planning.

18. In order for AFH to operate within the “maintenance” budget level proposed in the Summary Programme of Work and Budget 2008-09, the division is proposing certain measures to further increase its efficiency and focus on core high-value services.

19. The first measure comprises the restructuring of the Human Resources Management Division to focus its activities on core HR functions that are of a strategic HR management policy and advisory nature. The revised organizational structure would focus on five principal HR functional areas namely, (i) Staffing, position management and Organization design, (ii) Staff development and performance management, (iii) HR Policy, Planning and Strategy, (iv) Administration of Justice and, (v) Social Security.

20. Economies of Scale would be derived through the transfer of transactional activities to the Shared Services Centre. Accordingly routine activities, based on established rules and standard procedures and of a high volume such as *inter alia* the issuance and publication of vacancy announcements, the management of the appointment process for general service and temporary assistance staff, and the processing of payments for compensation claims, would be located in the Shared Services Centre.

## VI. Conclusion

21. The difficult budgetary climate faced by FAO in 2006-07 presents a major challenge for AFH, coming as it does at the same time that the Organization is implementing a major new HR management system.

22. This has required a range of measures to absorb costs through reorganization and streamlining, as well as a reduction in the delivery of HR services. It also places the HRMS deployment plan, currently envisaging an implementation of the bulk of the functionality associated with the HRMS in 2007, at some risk. One consequence may well be the deferral to 2008-09 of some areas of functionality that cannot be supported in 2007.