

# CL 153/3 Adjustments to the Programme of Work and Budget 2016-17

## Information Note no. 1 – November 2015

### *Respective authority of the Governing Bodies and Management concerning the proposed adjustments to the Programme of Work and Budget 2016-17*

#### I. Introduction

1. This note provides information on the respective authority of the Governing Bodies and Management to deal with matters addressed in document *CL 153/3 Adjustments to the Programme of Work and Budget 2016-17*, taking into account the deliberations of the Finance Committee, at its Hundred and Sixtieth session (2-6 November 2015), the Programme Committee, at its Hundred and Eighteenth session (2-6 November 2015), and the Joint Meeting of these Committees. Document CL 153/3 is limited to addressing adjustments to the Programme of Work and Budget 2016-17, approved by the Conference, at its Thirty-ninth session (6-13 June 2015).

2. This Information Note draws upon a number of previous submissions on the matter to the Governing Bodies or the Members,<sup>1</sup> as well as opinions delivered to the Governing Bodies. It seeks to address the matter in light of the general objective of the FAO Reform that there should be greater clarity on the respective areas of Governance and Management.

#### II. Revised organizational structure

3. Under Rule XXIV, paragraph 3 (j) of the General Rules of the Organization (GRO), the Council is required to “*consider and approve recommendations of the Finance Committee on the general structure of the administration and technical services of the Organization*”. Rule XXVII, paragraph 7 (r) of the GRO provides that a function of the Finance Committee is “*to consider (...) proposals of the Director-General on the general structure of the administration and technical services of the Organization*”.

4. While matters pertaining to the “*general structure of the administration and technical services of the Organization*” are entrusted to the Council and the Finance Committee, insofar as matters pertaining to the structure of the Organization usually have a programmatic dimension and concern the achievement of the Strategic Objectives of the Organization, such matters have also occasionally been referred to the Programme Committee.

5. In addition, in previous submissions to, and deliberations of the Governing Bodies, the issue of the respective authority of the Conference and of the Council in relation to organizational changes has been addressed in some detail. As the supreme, plenary Governing Body of the Organization, the Conference has inherent authority to deal with matters pertaining to the general structure of the Organization, notably in the context of the approval of the Programme of Work and Budget, which traditionally contains proposals on the matter. However, this does not limit the authority of the Council. In this connection, reference should be made to a number of actions arising from the FAO Reform, such as Conference Resolutions 7/2009 and 8/2009, which called upon the Conference to deal primarily with policy and regulatory matters and the Council to address budgetary, programme and administrative matters, as the “*executive arm*” of the Organization. Paragraph 2 of Conference Resolution 8/2009 provides that “*The Council will exercise a major role in respect of (...) approving and overseeing any major organizational changes which do not require approval by the Conference*”. This particular resolution was adopted in response to IPA action 2.14 prescribing that the Council should play an increased role in deciding and advising on “*major organizational changes, not requiring Conference changes of Basic Texts*”.<sup>2</sup>

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<sup>1</sup> See, for instance, document C 2005/3 Sup. 1 Add 1, although in a context that has changed in a number of respects. See also CL 144/3 “*Further Adjustments to the Programme of Work and Budget 2012-13*”. See also “*Authority of the Council to approve adjustments to the organizational structure of FAO*”, Note by the Legal Counsel, June 2012.

<sup>2</sup> The IPA established a status of “*functional juxtaposition of roles*” between the Conference and the Council, where each of these Governing Bodies has its own area of competence and its functions, rather than a status of hierarchical subordination of the Council to the Conference.



6. In light of the above, as well as Rule XXIV, paragraph 3(j) of the GRO, the Council is vested with general authority to approve the proposed revised organizational structure. This is even more the case as these do not constitute “*major organizational changes*”. In addition, the Council exercises an important role in approving adjustments to the Programme of Work and Budget, under Rule XXIV, paragraph 2(d) of the GRO,<sup>3</sup> as foreseen also in Conference Resolution 10/2009 “*Implementation of the Immediate Plan of Action regarding the Reform of the Programming, Budgeting and Results-based Monitoring System*”, and which may include adjustments to the organizational structure.

7. Under the above framework, the practice of the Organization for the past ten years has consisted in referring for approval to the Governing Bodies - i.e. either the Conference or the Council - **changes (a) to offices or divisions in the Apex and in the regions, and (b) to departments and divisions, at headquarters, as well as (c) related reporting lines**. This corresponds to “*the general structure of the administration and technical services of the Organization*” within the meaning of the Basic Texts. Document CL 153/3 is fully in line with this practice.<sup>4</sup> Adjustments to smaller units below that level (i.e. which do not affect the general structure of the administration and technical services of the Organization) have been routinely addressed by Management, as part of the Director-General’s authority to direct the work of the Organization under *inter alia* Article VII, paragraph 4 of the Constitution. Likewise, a range of internal management arrangements that are being put in place to ensure more effective programme delivery are within Management’s authority.

**8. In conclusion, the Council is being invited:**

**8.1. to approve, under Rules XXIV, paragraph 2 (d) and XXIV, paragraph 3(j) of the GRO the revised organizational structure, set out in Annex 1 to document CL 153/3; and**

**8.2. to note, as appropriate, that other actions taken or implemented under this framework, including enhanced internal management arrangements, are within managerial authority.**

### **III. Revised budgeted post establishment**

9. The FAO Reform introduced changes in the treatment by the Governing Bodies of the budgeted post establishment in the context *inter alia* of the reform of the Programming, Budgeting and Results-based Monitoring System. In particular, since 2005 the Organization introduced a Programme of Work and Budget with **a summary of indicative post counts for units in the organizational structure, together with resource allocation for these units**. The revised post establishment, set out in Annex 2 to document CL 153/3, would need to be approved by the Council, as part of its general authority to approve adjustments to the Programme of Work and Budget, under Rule XXIV, paragraph 2 (d) of the GRO and consistent with past practice.<sup>5</sup>

10. Actions under or within this approved aggregate post establishment – such as possible transfer of individual positions or of staff members, grading and classification of positions, recruitment decisions or decisions to fill positions on a temporary basis, extensions of appointment, succession planning, authority for individual decisions, etc. – are matters within managerial authority.

11. The Director-General acts under the terms of the Constitution and the General Rules of the Organization. More specifically, the Director-General manages the staff under the Staff Regulations which are approved and amended by the Council. Under Article VII, paragraph 4 of the Constitution, subject to “*the general supervision of the Conference and the Council*” the Director General has “*full power and authority to direct the work of the Organization*”. Rule XXXVIII, paragraph 1, of the GRO reiterates that the Director-General has “*full power and authority to direct to the work of the Organization, subject to the general supervision of the Conference and of the Council and in accordance with the (GRO) and the*

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<sup>3</sup> This Rule provides that “*the Council shall (...) decide on such adjustments to the Programme of Work and Budget as may be required in the light of the decisions of the Conference on the budget level*”.

<sup>4</sup> A special regime applies to the actual establishment of regional and subregional offices. These offices are established with the approval of the Conference, under Article X, paragraph 1 of the Constitution, or by the Council on the delegation of the Conference, under Article V, paragraph 3 of the Constitution. However, this is not at issue in the context of the proposals currently under consideration, because no regional or subregional offices are being established.

<sup>5</sup> It should be recalled that the overall budgeted post establishment is the same as that approved by the Conference in the Programme of Work and Budget 2016-17. In addition, it is important to stress that the approval of the budgeted post establishment by the Conference or Council does not prevent the Director-General from taking action in respect of individual posts (e.g. transfer of posts) or making adjustments to smaller units, which do not affect the general structure of the administration and technical services of the Organization. These actions are subsequently reflected in the Programme of Work and Budget for the next biennium.

*Financial Regulations. The Director-General is the executive officer of the Organization, and as such (is required to) service the Conference and the Council, carry out their decisions, and act on behalf of the Organization in all its transactions". The Director-General is also, under Rule XXXVIII, paragraph 2 of the GRO, "responsible for the internal administration of the Organization and for the appointment and discipline of the staff".*

12. In managing the staff, the Director-General acts in accordance with the framework established by the Staff Regulations which, in line with Rule XL, paragraph 4 of the GRO, are approved and amended by the Council. Staff Regulation 301.1.2 provides *inter alia* that "staff members are subject to the authority of the Director-General who may assign them to any of the activities or offices of the Organization". It is also to be noted that while traditionally the Finance Committee has received submissions on issues related to Human Resources Management, this is done for general information purposes and general reporting on policies, as the matter is essentially one within managerial authority (subject, however, to financial implications of decisions on matters within the authority of the International Civil Service Commission).<sup>6</sup>

**13. In conclusion, the Council is being invited:**

**13.1. to approve, under Rule XXIV, paragraph 2(d) of the GRO, the revised budgeted post establishment set out in Annex 2 to document CL 153/3; and**

**13.2. as appropriate, to take note that other actions, are within managerial authority under the framework of the Basic Texts and the Staff Regulations.**

#### **IV. Revised distribution of the net appropriation by budgetary chapter**

14. The net appropriation is distributed by budgetary chapters. This is in accordance with traditional principles of budgetary preparation and implementation. A number of provisions of the Basic Texts either explicitly or implicitly require that the budget of FAO be structured in chapters. These include Rules XXIV, paragraph 3 (d) and XXVII, paragraph 7(d) of the GRO, Financial Regulation 3.3 (whereby budget estimates are to be divided *inter alia* into chapters and programme objectives), as well as various provisions regarding transfers within chapters and between chapters set out in Financial Regulation 4.5. The chapter structure has traditionally been reviewed, in one way or another, by the Programme and Finance Committees and the Council, and is reflected in the Appropriations Resolution adopted by the Conference.

15. Insofar as the proposed revised distribution of the net appropriation involves transfer of resources between chapters, as reflected in Table 2 of document CL153/3, the revised distribution requires either approval by the Finance Committee under Rule XXVII, paragraph 7 (d) of the GRO and Financial Regulation 4.5. (b), or approval by the Council under Rule XXIV, paragraph 3 (d) of the GRO and Financial Regulation 4.5 (b).

16. Authority of the Council to approve the revised distribution of the net appropriation also flows from its authority to decide on adjustments to the Programme of Work and Budget as per Rule XXIV, paragraph 2 (d) of the GRO. Paragraph 3 of Conference Resolution 6/2005 "*Budgetary Appropriation 2016-17*" specifically requested "*the Director-General to propose amendments to the Programme of Work (...) for consideration by the Programme and Finance Committees and approval by the Council at its 153<sup>rd</sup> Session in December 2015, noting that both within chapter transfers and transfers from one chapter to another required to implement the proposals during the biennium will be handled in accordance with Financial Regulation 4.5*"<sup>7</sup>.

**17. The Council is therefore being invited, as indicated in document CL 153/3, to approve, under Rules XXIV, paragraph 2(d) and XXIV, paragraph 3(d) of the GRO and Financial Regulation 4.5(b), the revised distribution of the net appropriation by budgetary chapter.**

#### **V. Updated results frameworks and output targets and indicators for the Strategic Objectives**

18. The updated results frameworks and output targets and indicators for the Strategic Objectives contained in Annexes 5 and 6 to document CL 153/3 are matters within Management authority pertaining to budgetary execution, in the context of Conference Resolution 10/2009 on the Reform of the Programming,

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<sup>6</sup> The Conference, at its session of June 2013, stressed the need to allow "full managerial scope to the Director-General in the implementation of the Programme of Work and Budget", cf. C 2013/REP, paragraph 103.

<sup>7</sup> C 2015/REP, paragraph 73.

Budgeting and Results-based Monitoring System. This revised system introduced a tighter results-based framework including *inter alia* organizational results, targets and indicators. The establishment of this framework is a matter within managerial authority, as reflected in a previous submission to the Programme and Finance Committees.<sup>8</sup> The Council is invited to take note of the updated results framework and of the output targets and indicators.

19. The updated results frameworks and output targets and indicators for the Strategic Objectives provide a basis for monitoring of performance based on achievement of planned results, including a revised biennial Programme Implementation Report, as required by paragraph 2 of Conference Resolution 10/2009. This Report will be referred, in due course, to the Governing Bodies (Joint Meeting of the Programme and Finance Committees, Council and Conference).

**20. In conclusion, the Council is being invited to take note of the updated results frameworks and output targets and indicators for the Strategic Objectives contained in Annexes 5 and 6 to document CL 153/3. This will subsequently provide a basis for monitoring, through the revised Programme Implementation Report.**

## VI. Other programme matters

21. Document *CL 153/3 Adjustments to the Programme of Work and Budget 2016-17* includes some limited adjustments to programmes of the Organization within the already approved Programme of Work and Budget 2016-17. Consistent with the rules and practice of the Organization, these adjustments are within managerial authority.

22. They are being reported to the Committees and the Council under the general framework of Rule XXIV, paragraph 2 of the GRO defining the role of the Council on matters pertaining to current and prospective activities of the Organization, including its Strategic Framework, Medium Term Plan and Programme of Work and Budget and in light of Conference Resolution 10/2009 “*Implementation of the Immediate Plan of Action regarding the Reform of the Programming, Budgeting and Results-based Monitoring System*” which was adopted as a result of the FAO Reform.<sup>9</sup>

## VII. Conclusions

23. In conclusion, the Council is being invited:

### **On the revised organizational structure**

- (a) to approve the revised organizational structure, set out in Annex 1 to document CL 153/3; and
- (b) to note, as appropriate, that other actions taken or implemented under this framework, including enhanced internal management arrangements, are within managerial authority.

### **On the budgeted post establishment**

- (a) to approve the revised budgeted post establishment set out in Annex 2 to document CL 153/3; and
- (b) as appropriate, to take note that other actions, are within managerial authority under the framework of the Basic Texts and the Staff Regulations.

### **On the revised distribution of the net appropriation by budgetary chapter**

- (a) to approve the revised distribution of the net appropriation by budgetary chapter.

### **On the updated results frameworks and output targets and indicators for the Strategic Objectives**

- (a) to take note of the updated results frameworks and output targets and indicators for the Strategic Objectives contained in Annexes 5 and 6 to document CL 153/3; and
- (b) to take note that they will subsequently provide a basis for monitoring, through the revised biennial Programme Implementation Report.

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<sup>8</sup> This is a new feature of the FAO work planning process that was implemented for the first time in 2014. See document PC115/2-FC 154/9 “*Progress on the Medium Term Plan 2014-17: Results framework, regional priorities and budgetary adjustments from work planning and efficiencies*”.

<sup>9</sup> The issue of the respective competence of the Finance Committee, the Programme Committee and the Joint Meeting of the Programme and Finance Committees may need to be clarified. This might, *inter alia*, require some consultation between the Chairpersons of these Committees. This is primarily a governance matter, for the Members, but which also concerns indirectly Management.