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FINANCE COMMITTEE

Hundred and Fortieth Session

Rome, 10 - 14 October 2011

Progress on the Financial Disclosure Programme

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

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EXECUTIVE SUMMARY

- This document provides an update on progress of the Financial Disclosure Programme. A Working Group was set up as planned, to draft the declaration questionnaire as well as a guide to the questionnaire, and define the risk criteria for the selection of staff, who would be required to submit declarations. The working group was supported by an external consultant, Ernst & Young. Subsequently, a Pilot Phase was initiated, involving 60 staff members who submitted declarations. The declarations are being reviewed by an external reviewer.
- The implementation of the Pilot Phase is on schedule, as per the roadmap for the implementation of the Financial Disclosure Programme. The roadmap was endorsed by the Finance Committee at its 135th Session in October 2010. It foresees the rollout of the Financial Disclosure Programme in January of 2012, and progress in the Pilot Phase suggests that the milestones in the roadmap will be met.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the information provided in this document.

Draft Advice

- **The Finance Committee takes note of the information provided on progress on implementation of the Financial Disclosure Programme.**

1. The purpose of this document is to provide an update on the progress of implementation of the Financial Disclosure Programme. A previous progress update was provided to the Finance Committee at its 138th session in March, 2011¹, as requested by the Finance Committee at its 135th session in October 2010. At that time, a roadmap was endorsed by the Finance Committee for the implementation of the financial disclosure programme from December 2010 to December 2011, by which time the programme would be operational.

2. The roadmap foresees a “*start and transition phase*” (from December 2010 to February 2011), a “*pilot phase*” during which a number of pilot initiatives will be carried out (from March 2011 to July 2011), and a “*learning and roll-out phase*” (from September 2011 to December 2011). More specifically, the roadmap contained the following sequential elements:

- a) Initiation of the financial disclosure process, through the preparation of a questionnaire and relevant “frequently asked questions” (from December 2010 to February 2011);
- b) Design of the model financial disclosure programme with all modalities for its implementation (from January 2011 to mid- May 2011);
- c) Identification of staff members who would participate in a first pilot submission of declarations (March and April 2011);
- d) Preparation and submission by those identified staff members of financial declarations (mid-May 2011 to July 2011);
- e) Review of pilot declarations for consistency and conformity with the financial disclosure programme requirements (August 2011 to mid-September 2011);
- f) Identification of relevant declarations for testing (September 2011);
- g) Performance of selected testings on the pilot (from October to November 2011; and
- h) Review of results of the pilot, introduction of any necessary modifications and inception of the programme (December 2011).

3. As reported earlier, an Inter-departmental Working Group had been established to, *inter alia*, draft the declaration questionnaire and a guide to the questionnaire, and identify the risk criteria that are relevant for the participation in the Financial Disclosure Programme of staff other than those at grade D-1 and above. The Working Group operated with the support of the external consultant Ernst & Young. After reviewing various models of financial disclosure adopted by other organizations, and bearing in mind the need to implement a system tailored to meet the needs of FAO, it was decided to proceed with an approach similar to that applied by IFAD. The approach is based on a certification of adherence to the Organization’s internal standards and regulations. The objective of the Financial Disclosure Programme is to identify, manage, reduce or eliminate the risk of conflicts of interest arising from the financial holdings or outside activities of staff members, spouses and dependent children.

4. Following the Working Group outputs, the Pilot Phase was initiated. The Pilot Phase was conceived as a means to test the implementation of the Financial Disclosure Programme in the Organization with a selected group of staff members, in preparation for the official launch in January 2012. Staff Regulation 301.1.11 renders financial disclosure obligatory for all staff members at grade D1 and above, and allows the Director-General to require “*other staff to file financial disclosure statements as he deems necessary in the interest of the Organization*”.

5. The Pilot Phase involved staff members at all levels based on an assessment of their job-specific risk factor. In total, 60 staff members participated, including all Assistant Directors-General. These staff members were required to complete a questionnaire pertaining to gifts/gratuities, income from outside sources, outside employment, benefits and other financial interests of both the staff members and their dependents, over a 12-month period.

6. In support of the Pilot, a training programme was implemented for the participants in the Pilot Phase, addressing the background, purpose and concepts of the financial disclosure programme,

¹ FC 138/14

answered frequently asked questions and provided specific guidance on the completion of the financial disclosure. In addition, an Administrative Circular regarding the Pilot Phase was issued.

7. In line with the roadmap, the pilot phase is currently at its mid-point and on schedule. All participants in the Pilot Phase have submitted financial disclosure questionnaires, and facilities have been put in place to carry out the review. The external reviewer, an experienced member of the firm Ernst & Young, is carrying out the review of the submitted declarations. The review will be followed by performance testing on the basis of the results of the Pilot Phase, after which, if necessary, adjustments will be made before the rollout of the Financial Disclosure Programme is initiated in January of 2012.

8. Finally, as announced earlier (doc. FC 138/14), a financial disclosure communication plan is nearing finalization. The communication plan aims to help staff understand the changes in the financial disclosure programme, address any concerns and provide advice on compliance with relevant requirements.