

April 2012



منظمة الأغذية
والزراعة للأمم
المتحدة

联合国
粮食及
农业组织

Food and
Agriculture
Organization
of the
United Nations

Organisation des
Nations Unies
pour
l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная
организация
Объединенных
Наций

Organización
de las
Naciones Unidas
para la
Alimentación y la
Agricultura

FINANCE COMMITTEE

Hundred and Forty-third Session

Rome, 7 - 11 May 2012

**Progress Report on Implementation of the External Auditor's
Recommendations**

Addendum 2

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

Mr Nicholas Nelson

Officer in Charge, Finance Division

Tel: +30-6 5705 6040

This document is printed in limited numbers to minimize the environmental impact of FAO's processes and contribute to climate neutrality. Delegates and observers are kindly requested to bring their copies to meetings and to avoid asking for additional copies. Most FAO meeting documents are available on the Internet at www.fao.org

E

EXECUTIVE SUMMARY

- Addendum 2 presents information on Host Country Agreements for FAO Representations which was requested by the Finance Committee at its 140th Session in October 2011.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to take note of the information presented in this document, and provide its guidance as deemed appropriate.

Draft Advice

- **The Committee noted the additional information provided on Host Country Agreements and requested that an update be provided on progress in this area at a future session of the Committee.**

Host Country Agreements for FAO Representations

1. The majority of Host Country Agreements (HCAs) for FAO Representations date back to late 70's-early 80's. Almost all HCAs include an annual contribution from the host country towards the running costs of the office. In some cases the contribution is in cash (Government Counterpart Cash Contribution), whilst in others it is through the provision of office space, staff to be seconded, free provision of utilities etc. The contributions in cash are expressed in either US dollars, local currency or the equivalent in USD of a local currency amount, and may undergo periodic revisions to reflect the changed economic situation. The revisions are incorporated in the HCA following an exchange of letters between the two parties. Except in few cases, the agreements and the relevant host country contributions stipulated therein have not been revised since they were established.

2. The HCAs require a substantial revision and re-negotiation effort to reflect the changed economic and social conditions of the relevant countries. In addition, they need to be revisited to ensure that they are in line with FAO's vision on decentralization, which is currently being discussed by the Organization's Governing bodies which should deliberate on the subject. This new vision is based on a more flexible and adaptable structure of decentralized offices that would better address the needs of the Member states, particularly the most vulnerable countries and populations, as well as take full advantage of the knowledge and resources that each country has to offer. The new vision would also enhance the role of Upper-Middle and High Income Countries with a focus on liaison functions including improved collaborative partnerships, technical assistance and knowledge sharing. Once these proposals are endorsed by the Governing Bodies, work will start on new HCAs.

3. Ideally, there should be a different agreement model for each type of FAO's presence. Preparatory work by various FAO units, including LEG, suggests that the new agreement models will be made of two sections. The first, applicable, *mutatis mutandis*, to all countries, will regulate the legal and protocol aspects of FAO's presence in the country, whilst the second will define the obligations of both parties. In terms of country's contribution the following models could be applied:

- Countries in the lower middle-income category should provide at least premises (MOSS compliant) and logistics staff (i.e. drivers, guards)
- Countries in the upper middle-income category should be able to provide, in addition to premises and logistic staff, an annual cash contribution whose level could be pre-determined and applied to a group of countries in this category

4. The Organization has recently finalized the revision of a country agreement for one of the Central Asia countries (not yet approved by the host country). This agreement contains innovative features in that it provides an umbrella coverage for the project-related activities in the country, and goes into the direction of considering budgetary and EB funded activities as one. This model could be used as a basis for a new HCA, to be applied worldwide.