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# PROGRAMME AND FINANCE COMMITTEES

**Hundred and Fifteenth Session of the Programme Committee  
and Hundred and Fifty-fourth session of the Finance Committee**

**Rome, 26-30 May 2014**

**Progress on the Medium Term Plan 2014-17:  
Results framework, regional priorities and budgetary adjustments from  
work planning and efficiencies**

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## Executive Summary

- The Secretariat has embarked on implementation of the PWB 2014-15 since January 2014, following endorsement of the Adjustments to the PWB 2014-15 by the 148<sup>th</sup> session of Council in December 2013.
- Updated versions of the MTP 2014-17 results framework for Outcomes and Outputs with indicators and targets are provided for use in monitoring and reporting, for the information of the **Programme Committee (Section I, paragraphs 2-22 and Web Annexes 1 and 2)**.
- An overview of regional priorities as expressed by the 2014 Regional Conferences, which are being used to focus implementation of the PWB 2014-15 and will be used to review the MTP 2014-17, is provided for the information of the **Programme Committee (Section II.A, paragraphs 23-28)**.
- An overview of 2014 Regional Conference observations on decentralization is provided for the information of the **Joint Meeting (Section II.B, paragraphs 29-30 and Table 1)**.
- Budgetary transfers arising as a result of work planning is provided for authorization by the **Finance Committee (Section III.A, paragraphs 31-43)**, as well as measures to achieve efficiency savings (**Section III.B, paragraphs 44-47**). Experience to date is highlighted for the information of the **Joint Meeting (Section III.C, paragraphs 48-52)**.

## Guidance sought from the Programme Committee

- The Programme Committee is invited to:
  - take note of the results framework indicators and targets as basis for formal monitoring and reporting on the implementation of the MTP 2014-17;
  - take note of the regional priorities and provide any guidance to inform the Council's consideration of the reports of the Regional Conferences at its 149<sup>th</sup> session in June 2014.

## Guidance sought from the Finance Committee

- The Finance Committee is requested to endorse the forecasted chapter distributions of the 2014-15 budgetary appropriation of USD 1,005.6 million arising from preparation of biennial work plans, noting that the forecasted budgetary transfers arising from the implementation of the Programme of Work will be reported to the Finance Committee for review and approval in November 2014.
- The Finance Committee is invited to take note of the progress and measures to achieve USD 2.7 million efficiency savings that had been diagnosed, but not yet implemented, within the total required budgetary savings of USD 36.6 million.

## Guidance Sought from the Joint Meeting

- The Joint Meeting is invited to:
  - take note of the Regional Conferences' observations on decentralization and the decentralized offices network;
  - consider jointly the views of the two Committees and provide any further views or guidance to Council and Management.

### *Introduction*

1. The Secretariat has embarked on implementation of the Programme of Work and Budget (PWB) 2014-15 since January 2014, following endorsement of the Adjustments to the PWB 2014-15<sup>1</sup> by the 148<sup>th</sup> session of the Council in December 2013,<sup>2</sup> which recalled the full managerial scope of the Director-General in its implementation. This document serves three purposes:

- a) Section I and Web Annexes 1 and 2 provide updated versions of the results framework for Outcomes and Outputs with indicators and targets for use in formal monitoring and reporting on the Medium Term Plan (MTP) 2014-17.
- b) Section II provides an overview of regional priorities as expressed by the 2014 Regional Conferences (held during February-May), as well as their views on decentralization, for use in implementing the PWB 2014-15 and reviewing the MTP 2014-17, in line with the cycle of programme planning put in place by the Conference.<sup>3</sup>
- c) Section III responds to the observations of the Council, which noted that further budgetary transfers could arise as a result of work planning, as well as from using the most efficient and effective modalities of implementation during the biennium and would be handled in accordance with Financial Regulation 4.5.

### **I. Update on the results framework 2014-17**

2. This section provides an overview of progress in the completion and refinement of the results framework for the MTP 2014-17 to implement the five Strategic Objectives (SOs) and Objective 6, the four Functional Objectives (FOs) and three special Chapters. The results framework guides the planning of FAO's work under the PWB and will provide the basis for monitoring and evaluation, as set out in the Adjustments to the PWB 2014-15 (Section III and Annex 5). The results framework has been updated following the finalization of 2014-15 work planning and will continue to evolve based on experience.

3. The results framework comprises:

- a) Five Strategic Objectives with indicators, Outcomes with indicators and targets (two- and four-year) for the medium-term 2014-17, and Outputs with indicators and annual targets for the 2014-2015 biennium;
- b) for Objective 6, the Functional Objectives and special Chapters, Outcomes with key performance indicators and targets (two- and four-year), and Outputs.

4. The determination of Output and Outcome level targets and key performance indicators was completed by Strategic Objective Coordinators and heads of business units in April 2014. This section contains further details of the process and methodology for developing indicators and targets, as well as updates to the results frameworks to reflect the most recent information available.

### *Outcome level monitoring*

5. Organizational Outcomes reflect changes in the country-level and/or global enabling environment needed to foster the achievement of the higher level Strategic Objectives. They relate to those issues at country or international level – in areas within FAO's mandate and core functions – which could impede progress, including for example: relevance of policy and programming frameworks, level of resources and investments committed, level and capacity of coordination/partnerships, and capacity for availability and use of information for decision-making.

6. Indicators at the Outcome level measure the number of countries that have made the necessary changes and established the required capacities to achieve the Strategic Objectives, in the areas where FAO contributes; or the extent to which the international community has made progress on improving

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<sup>1</sup> CL 148/3

<sup>2</sup> CL 148/REP paragraphs 7-8

<sup>3</sup> CR 10/2009 in Basic Texts part II.F

the global enabling environment framework, for example through the development of policy frameworks, norms, standards and agreements. The information generated will allow FAO to increase the focus of its support, and will also provide a framework to assess FAO's contribution to Outcome level changes.

7. Outcome-level indicators are clustered into the main determinants of success, for example: relevance of policy and programming frameworks; level of resources and investments committed; level of coordination/partnerships established; and availability/use of information and data for decision making.

8. Each Outcome-level indicator is measured through a number of sub-indicators or 'elements of measure'. For example: for Strategic Objective 1, Outcome 2, indicator A (i.e. 1.2.A): 'number of countries with improved governance and coordination mechanisms for eradicating hunger, food insecurity and malnutrition', the changes in the set of policies, institutions and interventions are measured through the following four elements: a) existence of high-level inter-ministerial food security and nutrition mechanism; b) existence of national accountability mechanism; c) existence of well-functioning governmental coordination mechanisms to address food security and nutrition; and d) level of multi-stakeholder participation and civil society engagement.

9. To ensure clarity of definitions and consistency of measure across countries, each element of measure is further underpinned, where meaningful, by specific 'qualifiers'. For the example above, the existence of well-functioning governmental coordination mechanisms to address the food and nutrition security element has four qualifiers which define the criteria applicable to a 'well-functioning coordination mechanism'. Similarly, indicators which include terms such as 'adequate', 'effective', 'well-functioning' etc. are all underpinned by detailed qualifiers/criteria.

10. There are a total of 34 Outcome level indicators for 17 Outcomes across the five Strategic Objectives. Progress (from a 2014 baseline) will be measured at the end of the 2014-2015 biennium and the 2016-17 biennium. The indicators and targets are presented in Web Annex 1.

11. Some changes were made to the indicators of Outcomes 1 and 3 of Strategic Objective 2, and minor revisions and refinements were made to a number of other Outcome and Output indicators. These changes were the result of extensive feedback on the indicators, and the lessons learned from the pilot baseline assessment (see below). These revealed data gaps, raised important questions on how results would be interpreted, and highlighted the unrealistic resource requirements to measure some indicators as originally formulated.

12. In line with the request of Council,<sup>4</sup> Globally Important Agricultural Heritage Systems (GIAHS) has been clearly represented in Output 2.1.1 of Strategic Objective 2. Furthermore, in line with the suggestion of the Joint Meeting,<sup>5</sup> the target for timely despatch and translation of documents in indicator 10.1.A has been increased to 90 percent at the end of 2015 and 100 percent at the end of 2017.

#### *The baseline assessment*

13. As most Outcome level indicators measure the number of countries that have improved, their baseline values are technically zero. However, an assessment of the current situation at country level has been conducted, and this will provide a reference point against which to measure progress at the end of 2015 and 2017.

14. This assessment included both secondary data collection and a primary survey at country level, and followed a pilot phase which was conducted in August-September 2013. Lessons from the pilot, and further reflection on the methodology of this fully-fledged assessment have led to changes in how baseline data is presented. Web Annex 1 replaces the preliminary Outcome-level baseline data presented in the previous version (Annex 5 of Adjustments to PWB 2014-15).

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<sup>4</sup> CL 148/REP paragraph 7 l)

<sup>5</sup> CL 148/8 paragraph 4 d)

15. The survey was conducted in a sample of 39<sup>6</sup> countries in order to make the best use of existing time and resources. The sample countries were chosen as being representative of the entire ‘population’ of countries in which FAO has ongoing activities. The sample also ensured sufficient coverage of the issues which each relevant Strategic Objective aims to address and of all regions where FAO provides its support.

16. The baseline assessment was conducted between February and April 2014. Collection of secondary data included Web-based research (from the World Bank, IMF, MDG Web sites, among others), as well as a review of relevant policy documents and information gathered at country level. Primary data were collected through a structured questionnaire, completed by a wide range of respondents in each sample country including from government, UN agencies, international donors and international financial institutions, research institutions/academia, civil society and the private sector. This provided a rich perspective on the country-level enabling environment and capacity to achieve the Strategic Objectives.<sup>7</sup>

17. Once data collection was completed, each Outcome-level indicator was derived through a composite of sub-indicators which used data from primary and secondary sources at country level. A value was calculated for each indicator, ranging from zero to one, as a result of an average of the values of the sub-indicators. The value for each indicator was then coded into ten classes (ranging from 1: No/Negligible to 10: High).<sup>8</sup>

18. Movement in the Outcome-level indicators will be determined by two follow-up assessments at the end of 2015 and 2017. Progress will be measured by the number of countries which have moved up at least one level (i.e. countries which increased their indicator value and moved from their original class to a higher one).

#### *Output level monitoring*

19. Outputs are FAO’s contribution in terms of processes, products and services to the Organizational Outcomes. They represent the results for which FAO is directly accountable at the global, regional and national levels through the tangible delivery of FAO’s interventions funded through regular and extrabudgetary resources.

20. Fifty output level indicators for the five Strategic Objectives are presented in Annex 2. Each is based on an underlying methodology note which outlines the indicator rationale, detailed definition and method of estimation.

21. Annual output targets for the current biennium have been agreed. A methodology to systematically monitor progress against these targets is being finalized and will be rolled out over the coming months.

22. The revised version of the results framework presented in Web Annex 1 (Outcome level indicators) and Web Annex 2 (Output level indicators) includes only those indicators which the Organization is confident it can measure, and which will provide the most meaningful data for monitoring implementation of the MTP. The development of the results framework, baseline and target setting will be reviewed in terms of lessons learned during implementation.

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<sup>6</sup> South Sudan was removed from the original sample of 40 countries for security reasons

<sup>7</sup> Baseline information for Strategic Objective 4 was derived independently of the corporate assessment, and is based on existing secondary data sources such as FAOSTAT and UNIDO Statistics, among others.

<sup>8</sup> For some Outcome indicators, data were coded into fewer classes where appropriate to the specific indicator.

## II. Summary of regional priorities

23. In line with the cycle of programme planning put in place by the Conference, the Regional Conferences provide advice on programme and budget matters for consideration by the Council in the first year of the biennium. The five Regional Conferences (Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, Near East) were held during the period February to May 2014. In relation to agenda items on programme and budget matters, each Regional Conference considered: a) priorities for FAO activities in the region; and b) decentralization and decentralized offices network. The outcome of Regional Conference deliberations on these matters is found in their reports,<sup>9</sup> and summarized below. They will inform the implementation and review of the MTP, as will global developments such as the post-2015 development framework,<sup>10</sup> the 2014 report of the Intergovernmental Panel on Climate Change (IPCC), and the outcome of the Second International Conference on Nutrition.

24. The 3<sup>rd</sup> session of the Informal North American Regional Conference took place from 15-16 April 2014. The report of the session was not available at the time of preparation of this document and will be provided as input at the Council.<sup>11</sup>

### **A. Summary of recommendations from the Regional Conferences on regional priorities**

25. The five Strategic Objectives represent those areas of work on which FAO is focusing its efforts in support of Member Nations. Priorities for FAO activities in each region were considered by the respective Regional Conferences based on:

- a) The reviewed Strategic Framework and new Medium Term Plan, which contain the Strategic Objective results frameworks for organizing the response to priorities in the region.
- b) Regional priorities, which focus on region-specific needs as endorsed by the Regional Conferences. In preparation of the 2014 Regional Conferences these were updated and placed under the umbrella of FAO's new Strategic Objectives.
- c) Country Programming Frameworks (CPF), which informed the identification of regional priorities and constitute an important and dynamic pillar of the Organization's delivery mechanisms.

26. In each of the Regional Conferences, the updated regional priorities were considered under the overall umbrella provided by the five Strategic Objectives. Within each region, Members then reviewed a set of proposed regional initiatives, taking into account the CPFs of the countries in the region and the regional priorities.

27. The regional initiatives serve as a mechanism to ensure effective delivery and impact, providing a cohesive framework for FAO's actions at country level in each of the regions, through common themes across country priorities. The regional initiatives are aimed at harnessing capacities, skills and resources from across the Organization and provide an important entry point for enhancing partnerships, including resource partners. Table 1 lists the regional initiatives (RI) endorsed by the Regional Conferences, along with the relevant regional priorities, by region and Strategic Objective. While the regional initiatives are shown in Table 1 under the lead SO, most are of a cross-cutting nature and contribute to more than one Strategic Objective.

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<sup>9</sup> Documents C 2015/14, C 2015/15, C 2015/16, C 2015/17, C 2015/18

<sup>10</sup> C 2013/8 PIR 2012-13, paragraphs 20-28

<sup>11</sup> C 2015/LIM/1

28. The Regional Conferences also identified a number of other areas of work (as summarized in the last row of Table 1) under the Strategic Objectives and Objective 6, including:

- a) provision of data, information and statistics in food and agriculture;
- b) addressing sustainable management of natural resources management and contributing to climate change adaptation and mitigation;
- c) facilitating engagement of youth in agricultural development with a particular focus on youth employment;
- d) tackling issues of food loss and waste;
- e) control of animal disease, plant pests and food safety hazards;
- f) implementation of Globally Important Agricultural Heritage Systems (in particular Asia)

*Table 1. Priorities and regional initiatives endorsed by the 2014 Regional Conferences*

<b>Strategic Objective</b>	<b>Near East (NERC)</b>	<b>Asia and the Pacific (APRC)</b>	<b>Africa (ARC)</b>	<b>Europe (ERC)</b>	<b>Latin America and the Caribbean (LARC)</b>
<b>SO1</b> Contribute to the eradication of hunger, food insecurity and malnutrition	<ul style="list-style-type: none"> <li>Enhancing food security and nutrition and strengthening capacity to address vulnerability</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening food and nutritional security</li> </ul> <p><b>RI: Zero Hunger Challenge in Asia and the Pacific</b></p>	<p><b>RI: Renewed partnership for a unified approach to end hunger in Africa by 2025 under the framework of CAADP</b></p>	<ul style="list-style-type: none"> <li>Strengthening food security and nutrition</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing food security and nutrition</li> </ul> <p><b>RI: Support to the Hunger-Free Latin America and the Caribbean Initiative</b></p>
<b>SO2</b> Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	<ul style="list-style-type: none"> <li>Protecting and managing scarce and fragile natural resources and adapting to climate change</li> <li>Fostering sustainable and inclusive agricultural production</li> </ul> <p><b>RI: Water scarcity (Phase II)</b></p>	<ul style="list-style-type: none"> <li>Fostering agricultural production and rural development</li> <li>Enhancing equitable productive and sustainable natural resource management and utilization</li> <li>Coping with the impact of climate change on agriculture and food and nutritional security</li> </ul> <p><b>RI: Regional rice initiative (Phase II)</b> <b>RI: Blue Growth sustainable aquaculture development and intensification</b></p>	<ul style="list-style-type: none"> <li>Increase production and productivity of crops, livestock and fisheries</li> <li>Promote sustainable use and management of natural resources</li> </ul> <p><b>RI: Improving and sustaining production intensification through integrated management of agricultural landscapes</b></p>	<ul style="list-style-type: none"> <li>Policy advice to governments in support of sustainable intensification for small holders</li> <li>Natural resource management, including climate change mitigation and adaptation</li> <li>Control of animal disease, plant pests and food safety hazards</li> </ul>	<ul style="list-style-type: none"> <li>Increasing production efficiency and adoption of good practices for sustainable agriculture, livestock, forestry and fisheries</li> <li>Enhancing climate change adaptation, improving governance mechanism and supporting decision-making for sustainable development</li> </ul>
<b>SO3</b> Reduce rural poverty	<ul style="list-style-type: none"> <li>Enhancing livelihoods of rural people, smallholders and vulnerable populations</li> </ul> <p><b>RI: Sustainable small-scale agriculture for inclusive development</b></p>	<ul style="list-style-type: none"> <li>Fostering agricultural production and rural development</li> </ul>	<ul style="list-style-type: none"> <li>Addressed as part of the Regional Initiatives on the renewed partnership to end hunger and on sustainable production intensification, with built-in components for rural poverty reduction (such as social protection and employment generation for men, women and youth)</li> </ul>	<ul style="list-style-type: none"> <li>Policy advice to governments in support of sustainable intensification for small holders</li> <li>Natural resource management, including climate change mitigation and adaptation</li> </ul> <p><b>RI: Empowering smallholders and family farms for improved rural livelihoods and poverty reduction</b></p>	<ul style="list-style-type: none"> <li>Reducing poverty and improving social protection in rural areas, enhancing rural territorial development and family farming.</li> </ul> <p><b>RI: Family farming and rural territorial development</b></p>

<b>Strategic Objective</b>	<b>Near East (NERC)</b>	<b>Asia and the Pacific (APRC)</b>	<b>Africa (ARC)</b>	<b>Europe (ERC)</b>	<b>Latin America and the Caribbean (LARC)</b>
<b>SO4</b> Enable more inclusive and efficient agricultural and food systems at local, national and international levels	<ul style="list-style-type: none"> <li>Developing efficient, sustainable and competitive food systems and reducing food losses and waste</li> </ul>	<ul style="list-style-type: none"> <li>Fostering agricultural production and rural development</li> </ul> <p><b>RI: Developing local value chains for food security and nutrition in the Pacific island countries</b></p>	<ul style="list-style-type: none"> <li>Support market access and sanitary measures for better trade</li> </ul>	<ul style="list-style-type: none"> <li>Policy advice to governments in support of sustainable intensification for small farms</li> <li>Control of animal disease, plant pests and food safety hazards</li> <li>Policy and institutional support for entry of Member States into regional and global trade, standard-setting and organizations of regional economic cooperation</li> </ul> <p><b>RI: Agrifood trade and regional integration</b></p>	<ul style="list-style-type: none"> <li>Developing inclusive, efficient, sustainable and competitive food and agricultural systems and reducing food losses and waste</li> </ul> <p><b>RI: Improving national and regional food and feed systems in the Caribbean</b></p>
<b>SO5</b> Increase the resilience of livelihoods to threats and crises	<ul style="list-style-type: none"> <li>Increasing resilience of livelihood systems of communities and ecosystems to threats and crises</li> </ul> <p><b>RI: Building resilience for enhanced food security and nutrition</b></p>	<ul style="list-style-type: none"> <li>Improving capacity to respond to food and agricultural threats and emergencies</li> <li>Coping with the impact of climate change on agriculture and food and nutritional security</li> </ul>		<ul style="list-style-type: none"> <li>Natural resource management, including climate change mitigation and adaptation</li> <li>Control of animal disease, plant pests and food safety hazards</li> </ul> <p><b>RI: Building resilience in the dry lands of Africa</b></p>	<ul style="list-style-type: none"> <li>Reduction of the impact of shocks and disasters, improved food and nutrition security, as well as help reduce the pressure on and rehabilitation of natural resources</li> </ul>
<b>Other Major Areas of Work highlighted in Regional Conference Reports</b>	<ul style="list-style-type: none"> <li>Support data, information and knowledge sharing on food security and nutrition (including gender-disaggregated data)</li> <li>Support communication and national action plans for addressing food losses and waste reduction in the region</li> <li>Continue technical support to the Regional Commissions (fisheries, locust)</li> </ul>	<ul style="list-style-type: none"> <li>Provide statistics and information for policy formulation</li> <li>Support climate change adaptation and mitigation</li> <li>Regional implementation of the Globally important Agricultural Heritage System</li> <li>Continue to engage in the Global Agenda for Sustainable Livestock and UN-REDD</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen capacities in agricultural statistics, M+E, and information and communication</li> <li>Improve the productivity and competitiveness of the rice value chain</li> <li>Strengthen implementation of social protection programmes</li> <li>Upscale good practices for youth employment in agriculture</li> <li>Continue to support multiple aspects of CAADP</li> </ul>	<ul style="list-style-type: none"> <li>Control of animal disease, plant pest and food safety hazards and emergencies</li> <li>Natural resource management with emphasis on climate change mitigation and adaptation and sustainable use of plant and animal genetic resources</li> <li>Reducing food waste and loss</li> <li>Nutrition-sensitive development of local food chains and systems</li> </ul>	<ul style="list-style-type: none"> <li>CELAC Plan of Action 2014</li> <li>Implementation of VGGT</li> <li>Climate change adaptation</li> <li>Address forestry matters, in particular forest losses</li> <li>Sustainable aquaculture</li> <li>Control and eradication of transboundary diseases</li> <li>Engage multiple stakeholders, including parliamentary alliances</li> <li>Address challenges related to rural youth and indigenous people</li> <li>Strengthen family farming and rural producers</li> </ul>

**B. Decentralization and decentralized offices network**

29. At its 144<sup>th</sup> session in June 2012, the Council endorsed proposals on decentralization and the decentralized offices network in three broad areas: a) improved planning and priority setting; b) improvements in the decentralized offices network; and c) an integrated model of programme delivery, including the integration of development, emergency and rehabilitation activities, as well as more strategic use of TCP resources, and improved human resources management for enhanced performance, accountability and country-level impact.

30. The 2014 Regional Conferences considered the steps taken, progress made and further proposals to improve the structure and function of the decentralized offices network and generally concluded as follows:

- a) endorsed the measures pursued to reinforce capabilities within the decentralized offices network and highlighted the progress made since 2012;
- b) expressed satisfaction with the improving quality of FAO Representatives and urged the strengthening of country offices to carry out their work;
- c) encouraged the continued delegation of authority to FAORs to lead planning and delivery of country programmes, which are central to country-level action;
- d) welcomed the strategic use of the Technical Cooperation Programme in line with Country Programming Frameworks (CPF) and urged the completion of CPFs for all countries in the regions; and
- e) encouraged FAO's work in partnerships with regional economic integration organizations, civil society and the private sector, as well as the expanded use of South-South Cooperation.

### **III. Budgetary transfers arising from work planning and efficiencies**

31. The Council, in endorsing the Adjustments to the PWB 2014-15, noted that further budgetary transfers could arise as a result of work planning, as well as from using the most efficient and effective modalities of implementation during the biennium, which would be handled in accordance with Financial Regulation 4.5. The Council also looked forward to being informed in due course of the efficiency savings that had been diagnosed but not yet implemented.

#### **A. Budgetary transfers**

##### *Work planning*

32. During 2013, Strategic Objective Coordinators (SOCs) elaborated their results frameworks with their teams, and prepared work plans with products, services and indicative resource allocations, in consultation with headquarters and decentralized offices. The aim was to apply a programmatic and synergistic approach by reaching agreement on the contributions that will be necessary from technical departments and decentralized offices in order to achieve indicator targets (see Section I) and to develop the appropriate mix of aligned FAO and partner contributions.

33. Work planning was undertaken from June 2013 to February 2014, guided by the Corporate Programmes Monitoring Board (CPMB). High-level strategic work plans were prepared with SO and Outcome indicators and Outputs further elaborated and reviewed, then operational work plans were prepared and implementation arrangements put in place.<sup>12</sup>

34. Detailed resource planning took place as part of work planning in two phases:

- a) the identification of efficiency savings amounting to USD 36.6 million as requested by the Conference, which resulted in budgetary chapter transfers that were approved by the Council in December 2013 in the Adjustments to the PWB 2014-15; and
- b) specific resource allocations by Strategic Objective Coordinators, Regional Representatives, technical units and business units to deliver the products and services in the operational work plans under the Strategic Objectives and Objective 6, Functional Objectives and special Chapters, which resulted in further forecasted budgetary chapter transfers.

35. The preparation of operational work plans and the second phase of resource planning had two main effects. The first was the identification of areas of work that could be consolidated in the drive to identify areas of emphasis and de-emphasis, and for more effective and efficient implementation. The second effect was forecasted budgetary chapter transfers to realign correctly resources to results and support functions, and the effect of resource allocations, in the final stages of work planning. The forecasted budgetary chapter transfers are presented in Table 2 for endorsement by the Finance Committee and are explained below for the Functional and Strategic Objectives.

##### *Functional Objectives*

36. During the work planning exercise the work of some staff in OCC and OCP<sup>13</sup> was reviewed and realigned to the services that need to be delivered under FO8 (*Outreach*). In particular, the time of staff on posts in OCC and OCP with expertise in knowledge exchange and capacity development, which was budgeted under the Strategic Objectives, has been planned under FO8 (Outputs 8.1.3 and 8.2.3) to ensure common approaches and best practices in supporting the work plans of the SOs. This results in a forecasted transfer of USD 9.9 million, primarily from SO1, into FO8.

37. Similarly through work planning, work in three areas was consolidated under FO10 (*FAO Governance, oversight and direction*): resources for legal advisory services that was budgeted under the SOs (to Output 10.3.3); the Ombudsman function that was budgeted under FO11 (to Output 10.3.3); staff and non-staff resources that were budgeted in FO9 to cover functions related to conference servicing (to Output 10.1.1); and resources in the regional offices for Regional

<sup>12</sup> CL 148/3 Adjustments to the PWB 2014-15, paragraphs 71-104

<sup>13</sup> Office for Corporate Communication (OCC); Office for Partnerships, Advocacy and Capacity Development (OCP)

Representatives and related support positions that were budgeted under the SOs for project formulation and monitoring (to Output 10.3.4). This results in a forecasted transfer of USD 7.6 million into FO10.

*Strategic Objectives*

38. The forecasted transfer of USD 15.1 million out of SO1 is primarily due to the realignment of work on knowledge exchange, capacity development and legal advice to FOs 8 and 10 as described above, and work planning in the decentralized offices.

39. The net forecasted transfer of USD 1.4 million out of SO2 is a composite of work planning effects related to the transfer of knowledge exchange, capacity development and legal advice to FOs 8 and 10 as described above; the consolidation of work related to EMPRES animal and plant pests and diseases early warning and risk management in SO5; and consolidation of work on environmentally-sensitive technologies, previously budgeted under SO4, with work related to environment under SO2.

40. The net forecasted transfer of USD 2.6 million out of SO3 arises from initially lower than budgeted planning of resources in social protection under SO3 and a technical adjustment of resources to Objective 6 for flagship publications, partially offset by the refocusing and inclusion under SO3 of work on financing mechanisms in rural finance and on the relationship between value chain development and employment generation that was originally budgeted under SO4, giving particular attention to women and youth.

41. The net forecasted transfer of USD 3.8 million out of SO4 is mostly due to the consolidation of work for EMPRES food safety early warning and risk management in SO5; refocusing of work on financing mechanisms in rural finance, and of work on the relationship between value chain development and employment generation under SO3; and the consolidation of activities relating to environmentally-sensitive technologies under SO2.

42. The net forecasted transfer USD 7.4 million into SO5 mostly reflects the refocusing and consolidation of activities related to EMPRES early warning and risk management from SOs 2 and 4, together with a higher than budgeted planning of resources for resilience work at institutional and community levels from SO3.

*Revised budgetary chapter distribution*

43. The Finance Committee is requested to endorse the forecasted budgetary transfers arising from work planning as set out in Table 2.

*Table 2: PWB 2014-15 - Forecasted transfers between budgetary chapters arising from work planning*

Ch	Strategic/Technical/Functional Objective	Adjusted PWB 2014-15 (CL 148/3)	Forecasted budgetary transfers arising from work planning	Revised chapter distribution
		1	2	3
1	Contribute to the eradication of hunger, food insecurity and malnutrition	94,617	(15,109)	79,508
2	Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	198,681	(1,414)	197,267
3	Reduce rural poverty	62,142	(2,646)	59,496
4	Enable more inclusive and efficient agricultural and food systems at local, national and international levels	115,217	(3,808)	111,409
5	Increase the resilience of livelihoods to threats and crises	37,905	7,358	45,263
6	Technical Quality, Knowledge and Services	54,746	475	55,221
7	Technical Cooperation Programme	134,721		134,721
8	Outreach	64,712	9,878	74,590
9	Information Technology	35,501	(716)	34,785
10	FAO Governance, Oversight and Direction	80,213	7,640	87,854
11	Efficient and Effective Administration	81,691	(1,659)	80,031
12	Contingencies	600		600
13	Capital Expenditure	21,886		21,886
14	Security Expenditure	23,017		23,017
<b>Total</b>		<b>1,005,648</b>		<b>1,005,648</b>

## B. Efficiencies

44. The Council at its 148<sup>th</sup> Session in December 2013, appreciated that the required budgetary savings of USD 36.6 million had been identified in the Adjustments to the PWB 2014-15 in line with the guidance of Conference to fully implement the programme of work in a cost effective manner. The Council looked forward to being informed in due course of the efficiency savings within this total required budgetary savings that had been diagnosed, but not yet implemented for a total of USD 2.7 million.<sup>14</sup>

45. Based on the recent decisions of the International Civil Service Commission (ICSC) and UN General Assembly in conjunction with the ongoing ICSC comprehensive review of the UN Common System compensation package for staff, the Organization expects that the balance of the savings will occur in the biennium from the measures being put in place through this review, as described in the Progress Report on Implementation of the Human Resources Strategic Framework and Action Plan.<sup>15</sup> Since these measures affect staff costs across all budgetary chapters, they have already been factored into the distribution of resources.

<sup>14</sup> CL 148/REP paragraph 7

<sup>15</sup> FC 154/11 paragraphs 40-46

46. The Council also endorsed the total contribution of USD 4 million of the Organization's cost-share of the UN Resident Coordinator system in 2014-15, including USD 2 million from the FAO country office network, and recognized that FAO was committed to finding USD 2 million from further efficiency gains and savings. The Organization expects to be able to put in place measures to achieve these savings by the end of the biennium. Since these savings will not take place during the 2014-15 biennium, the USD 2 million balance will be funded from the unspent balance of the 2012-13 appropriation for this one-time expenditure that is closely associated with new ways of working in decentralized offices under transformational changes.

47. The Council also encouraged further cooperation among the Rome-based agencies in particular in seeking convergence of financial, administrative and management systems and processes with a view to achieving further efficiency savings and gains. The Organization has allocated USD 0.3 million from Capital Expenditure to carry out a study to identify potential areas of convergence, interoperability and integration between the ERP systems of the three Rome-based agencies.

### **C. Implementation arrangements**

48. Implementation arrangements have been put in place since the beginning of 2014 to enable effective execution of the PWB 2014-15, based on the principle of preserving existing and well-functioning delivery mechanisms, while addressing critical gaps in terms of corporate delivery and accountability.

49. As noted in Section II.A, regional initiatives have been developed as the main mode for delivery at regional level based on CPFs of the countries and the regional priorities contributing to the Strategic Objectives. RIs cut across a number of Strategic Objectives, but each regional initiative has a lead SO, and they serve to ensure delivery and impact by informing FAO's actions at country level in each of the regions.

50. Established delivery mechanisms within organizational units have been reinforced with the introduction of Delivery Managers (DMs), who provide a results-oriented bridge between Strategic Objective Coordinators (SOCs) and the units delivering products and services. The Delivery Managers coordinate, monitor and steer delivery towards desired results as measured by the indicators (see Section I) in a corporate approach that brings together contributions of headquarters technical units and decentralized offices.

51. Delivery Managers' roles have been defined and incumbents identified accordingly. DMs for corporate technical activities at headquarters are supported by Assistants Director-General and Directors. Similarly, regional initiative DMs based in regional or subregional offices support the SOCs in implementation, and in turn are supported by the relevant Regional Representative and units and staff involved with the Regional Initiative (RI) at headquarters and decentralized locations. FAO Representatives act as DMs at country level within the context of Country Programming Frameworks, which encompass *inter alia* country-specific work elements of RIs, corporate technical activities and other areas of work.

52. These implementation arrangements evolve naturally from transformational change introduced in the 2012-13 biennium, which were in turn commended by the 2014 Regional Conferences as a key basis for effective implementation and improved performance in 2014-15 (see Section II.B).