



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

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

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

29th FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Caracas, Venezuela, 24 to 28 April 2006

Matters arising from the Thirty-third Session of the FAO Conference

I - Introduction

The scope of this document is to inform the FAO Regional Conferences about the substantive outcome of the Thirty-third Session of the FAO Conference which was held in Rome on 19-26 November 2005, and to provide an opportunity for comments on the actions under way to give effect to the Conference decisions.

II - Summary of main items for discussion and their outcome

Programme of Work and Budget and reform proposals

The Conference considered the Programme of Work and Budget for 2006-07, including the reforms proposed by the Director-General. It adopted two important Resolutions in this respect. The proposals before the Conference and the implications of the Resolutions are addressed in further detail below.

Independent External Evaluation of FAO (IEE)

The Conference also confirmed the earlier endorsement by the FAO Council of the Independent External Evaluation of FAO (IEE). The IEE is to be carried out during the 2006-07 biennium. The Council established a special Committee for its supervision and a budget for its execution, to be funded by extra-budgetary contributions. The eventual conclusions of the IEE are to be examined by, and acted upon, by the Council and ultimately the Conference in 2007.

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International Conference on Agrarian Reform and Rural Development

The Conference also reviewed the preparations for the International Conference on Agrarian Reform and Rural Development (ICARRD) which will be hosted by Brazil in March 2006, an initiative which was supported unanimously.

Other important Resolutions

Resolutions were also adopted by the Conference on the following subjects:

- the implementation of the UN General Assembly Resolution on the Triennial Comprehensive Policy Review of Operational Activities for Development of the UN System, requesting the Director-General to take appropriate actions and to submit an interim report on the implementation of the Resolution to the next Conference;
- declaring 2008 as International Year of Potatoes; and declaring 2009 as International Year of Hard Fibres.

III - Overview of the proposals for the PWB 2006-07, including reforms

Documentation before the Conference

The main Programme of Work and Budget 2006-07 document (C 2005/3) contained three resource scenarios of zero nominal growth (ZNG), zero real growth (ZRG) and real growth (RG) of 2.5% per annum, within a “business-as-usual” perspective.

A Supplement to this main PWB document (C 2005/3 Sup.1) was entirely devoted to reform proposals from the Director-General, within two resource envelopes: RG of 2.5% per annum, and a Higher Real Growth scenario of 9.25% for the biennium stemming from a specific request from the Council in June 2005. The proposals included *inter alia* changes to the organizational structure at Headquarters and in decentralized locations, as well as significant modification to ways of working, all aimed at improved services to Members, particularly in the light of needed accelerated action to implement the Millennium Development Goals (MDGs) and in recognition of FAO’s role as a knowledge-based Organization. The Director-General emphasized that these reforms were necessary and urgent, but not tied to a particular budget level.

As requested by the FAO Programme and Finance Committees in September 2005, additional information was also submitted for Members to understand better the import of the proposed reforms (document C 2005/3 Sup.1 Add.1). Finally, an information document entitled: “*FAO Reform: A vision for the 21st century*”, was issued (C 2005/INF/19) in order to apprise Members further about the importance of the reforms and the process used, also placing them in historical perspective.

This substantial set of documents can be consulted from the FAO Web-site.

Main thrusts of the reforms

The main guiding principles underlying the proposed reforms were generally supported by the Conference and included: reinforcing the country focus, with selectivity in allocating FAO resources, while marshalling resources to support Members; focusing on capacity building; strengthening interdisciplinarity and policy assistance; working together with UN system partners; reinforcing alliances with civil society and peoples' organizations; deepening cooperation with intergovernmental organizations; and improving management processes.

In the meantime, recognized FAO priorities were protected, with particular reference to:

- International Plant Protection Convention, Codex Alimentarius, the Treaty on Plant Genetic Resources, the Rotterdam Convention on pesticides, the Right to Food, the Code of Conduct for Responsible Fisheries;
- control of transboundary pests, plant and animal diseases; national and regional programmes on food security, including investment for water control, value addition and infrastructure; disaster mitigation and emergency preparedness.

A new Chapter (and underlying programme) structure was proposed for articulating the programme of work, as follows:

- Chapter 1: Corporate Governance
- Chapter 2: Sustainable Food and Agricultural Systems
- Chapter 3: Knowledge Exchange, Policy and Advocacy
- Chapter 4: Decentralization, UN Cooperation and Programme Delivery
- Chapter 5: Management and Supervision Services
- Chapter 6: Contingencies
- Chapter 8: Capital Expenditure
- Chapter 9: Security Expenditure

The proposed restructuring at Headquarters was aimed *inter alia* at aligning the structure of departments and offices with the programmes, bringing together activities that are mutually reinforcing, achieving a better balance among units, improving interdisciplinarity and promoting less hierarchical lines of communications and methods of work.

The proposed overhaul of the FAO offices in decentralized locations included among main features: extended coverage of country offices particularly to benefit the categories of Least Developed Countries (LDCs), Low Income Food-deficit Countries (LIFDCs), Landlocked Developing Countries (LLDCs) or Small Island Developing States (SIDS), while also involving more equitable cost-sharing arrangements with host countries falling in other categories; the establishment of 16 Subregional Offices (of which seven in new locations, with the remainder being covered by the existing Regional and Subregional Offices) composed of multidisciplinary teams (to be achieved with an overall reduction of 122 established posts, including elimination of 48 international professional posts and 37 director-level posts), and taking account of the

membership of Regional and Subregional Economic Integration Organizations (REIOs); and Regional Offices with a different focus (i.e. dealing more with major regional issues and region-wide institutions; contributing substantively to the formulation of regional strategies and policies; taking the lead in the organization of Regional Conferences; and periodically reporting on FAO performance in the region).

IV - Decisions of the Conference on the PWB 2006-07 and reforms

The outcome of the deliberations of the Conference on these important matters was principally in the form of two Resolutions, one on Budgetary Appropriations for the 2006-07 biennium, and the other on Reforms in the Organization.

As regards the regular budget for 2006-07, the approved level is US\$ 765.7 million. This represents a nominal increase of US\$ 16.6 million over the 2004-05 budget of US\$ 749.1 million, essentially to meet escalating security costs. The approved budget does not compensate the Organization for inflation in 2006-07 with the consequence that during 2006-07 US\$ 38.6 million are to be absorbed through further efficiency savings and programme reductions.

The Budgetary Appropriations Resolution requests that a revised PWB document be submitted to the May 2006 sessions of the Programme and Finance Committees for their approval.

The Resolution on Reforms in the Organization is reproduced in Annex 1. Through its main operative paragraphs and its Annex, the Resolution:

- supports streamlining of administrative and financial processes and authorizes the establishment of the Shared Services Centre to consolidate hitherto dispersed administrative support units at headquarters and in the regions;
- authorizes the progressive implementation of a first stage of the reform proposals related to the organizational structure at Headquarters comprising six changes;
- acknowledges the need for strengthened decentralization and requests as a first step the implementation of proposals in one region and one additional subregional office.

The Council was mandated to decide on further implementation of the reform proposals as soon as possible and appropriate.

V - Follow up to the Conference directives

Progressive Implementation of approved first step of reform proposals

Many of the changes to the headquarters organizational structure that were authorized by the Conference as a first stage of reform were implemented effective 1 January 2006. However, it was felt preferable not to implement at this stage the proposals to integrate the country policy assistance function and the Investment Centre with the Economic and Social Department, pending the consideration of further proposals by the Council in November 2006.

The Secretariat is also proceeding with the implementation of the reform proposals related to the decentralization in one region and one additional subregional office. This will take place in the Africa region, while the additional subregional office would cover Central Asia. In doing so, the Director-General is addressing the practical implications: i.e. *inter alia* initiating a process of consultation with the member countries of the sub-regions concerned regarding the location of new offices on the basis of well-defined criteria, assessing the required staffing numbers and profiles leading to the eventual redeployment of staff or the establishment of new posts, ensuring that appropriate budgetary allocations are available to the concerned offices and establishing the parameters for agreements with host countries and provision of adequate premises.

In the concerned region and subregion (i.e. Africa and Central Asia), country-level capacities may be strengthened through the establishment of additional national professional officer posts and greater delegation of authority to FAO Representatives (FAORs). In line with the spirit of the reform proposals, the cost of FAO offices in the countries belonging to the groups of least developed countries (LDCs), low-income food-deficit countries (LIFDCs), land-locked developing countries (LLDCs) and small island developing states (SIDS), will continue to be met by the Organization, with some support from the host country. In these groups of countries, multiple accreditation arrangements will continue to be used where relevant. In the countries of the region falling outside of the above categories, the Organization would seek agreement from governments to meet costs beyond one international professional and one support staff member that would be funded by FAO.

In the same region and subregion, each country office will be able to access the services of a multidisciplinary team of policy and technical specialists located in a subregional office (four in Africa and one in Central Asia). The heads of the subregional offices will be responsible for the coordination of the multidisciplinary teams which will be drawn from headquarters and decentralized offices. Also, FAORs will be expected to allocate up to 30 percent of their time to contributing, within their areas of technical expertise, to the work of the multidisciplinary team within the concerned subregion, both in and outside their country of assignment.

The subregional offices in Africa and Central Asia will be given the authority and resources to provide policy and technical assistance to the countries they cover, upon request from the FAORs, without having to refer to the Regional Office or to headquarters. An adequate financial, administrative and operational system will be put in place to ensure information, planning, monitoring and reporting on activities, together with the relevant control and audit arrangements. The subregional offices will also maintain liaison and develop cooperation with the respective REIOs covering the subregion or part of it, as appropriate.

Reporting lines from these decentralized offices to headquarters will be carefully defined, taking into account the functions of the headquarters departments. In this regard, the Office for Coordination of Normative, Operational and Decentralized Activities (OCD) will continue to be responsible for maintaining unity of purpose between headquarters and decentralized offices.

In other geographical areas, while no structural changes will take place for the time being and current roles and relationships are to be maintained, the decentralized offices will be able to benefit from further administrative streamlining and increased delegation of authority as well as other measures, which are under the authority of the Director-General.

Preparation of revised Programme of Work and Budget 2006-07

A formulation process is under way throughout the Secretariat to prepare revised PWB proposals for 2006-07 for consideration by the Programme and Finance Committees in May 2006.

The document will be based on the new Chapter structure which was adopted by the Conference and will provide revised budgetary proposals at the approved budget level. It will also advise of plans to implement the various aspects of the reforms already approved by the Conference or otherwise within the authority of the Director-General, and plans for achieving efficiency savings.

Preparation of new reform proposals

As was foreseen by the Conference, the Director-General held consultations in December 2005 with Member Nations through their Permanent Representatives in Rome regarding the submission of modified reform proposals to the Governing Bodies. It was concluded that there was no need for an extraordinary session of the Council at the end of June or early July 2006, but that modified reform proposals could be submitted to and considered by the September 2006 sessions of the Programme and Finance Committees and the November 2006 Council. These proposals would seek authorization to fully implement the decentralization proposals made in the Director-General's earlier reform proposals, which would *inter alia* entail the creation of four further subregional offices in new locations and reconfiguration of the hitherto unaffected Regional Offices and Subregional Offices. Regarding headquarters, in line with the Conference's recommendation that further changes to the structure should be maintained within the existing number of departments, a possible structure for presentation to the November 2006 Council is provided in Annex 2.

Annex 1

**Resolution on Reforms in the Organization
adopted by the 33rd session of the FAO Conference**

THE CONFERENCE

Welcoming the initiative of the Director-General to submit to the Conference reform proposals regarding the programmes, structures and ways of work of the Organization,

Noting that the Director-General had emphasized that reforms were necessary and urgent, and that they should be implemented regardless of the budget level, and that he intended to seek extra-budgetary support to meet part of the transition costs,

Sharing in the Director-General's assessment of the need to enhance the Organization's ability to fulfil its mandate through its normative and operational activities including through concrete contributions to the well-recognized challenges such as assisting Members and achieving the Millennium Development Goals (MDGs), and assisting developing countries' implementation of international agricultural and food standards,

Recognizing the need to respond to the renewed commitment to rural investment by all interested partners, and ever growing opportunities for harnessing knowledge for agriculture,

Taking into account the ongoing reform across the entire UN System, mindful of the necessarily dynamic nature of a process of adaptation to changing contexts and new demands,

Looking forward to the results of the Independent External Evaluation (IEE) of FAO as a guide to enhancing the effectiveness and efficiency of the Organization; and stressing that the IEE and the reform proposals should be mutually supportive. Also looking forward to the implementation of the recommendations of the Independent Evaluation of Decentralization and the management response,

1. Requests the Committee of the Council to make available the findings of the IEE.
2. Expresses general support for the rationale and guiding principles underlying the Director-General's reform proposals as a basis for further deliberation and implementation of the reform of the FAO.
3. Supports streamlining of administrative and financial processes aimed at achieving further efficiency gains and enhanced human resources policy and management; and authorizes the establishment of the Shared Services Centre.

4. Endorses the new chapter structure as reflected in general terms in document C 2005/3 Supp.1 and its Addendum as a basis for further elaboration of the Programme of Work and Budget (PWB) 2006-07 at the programme entity level for consideration by the Programme and Finance Committees in May 2006.

5. Acknowledges the need for strengthened decentralization of the Organization, and requests that as a first step the Director-General's proposals be implemented in one region and one other Sub-Regional office. It mandates the Council to decide on further implementation of the Director-General's proposals as soon as possible and appropriate.

6. Authorizes the Director-General to start progressive implementation of his proposals on changes to the organizational structure of Headquarters, without an increase in the number of Departments, by implementing a first stage (see Annex), in addition to those reform proposals that fall under his own authority.

7. The Director-General will consult with Members and Governing Bodies regarding the possible need for an extraordinary session of the Council at the end of June - early July.

ANNEX

- integrate the country policy assistance function with the Economic and Social Department;
- integrate the Investment Centre with the Economic and Social Department;
- unite the various advocacy activities, including TeleFood, Goodwill Ambassadors, and the International Alliance Against Hunger under one single unit;
- strengthen the knowledge management and capacity-building aspects of the Organisation's technical and country assistance activities;
- integrate nutrition and consumer protection within the Agriculture Department, ensuring that emphasis on normative nutrition activities is maintained;
- integrate security functions.