

Chair's Aide-Mémoire

Joint meeting of Working Groups I, II and III of the Conference Committee for IEE Follow-up (CoC-IEE)

Friday 5 June 2009

Chaired by Vic Heard, Chair WG I

Progress Report on IPA implementation and Trust Fund budget situation, and update on the Root and Branch Review report

1. The Working Groups welcomed the revised progress report on the implementation of the Immediate Plan of Action (IPA) and Trust Fund budget situation (www.fao.org/uploads/media/FINAL%20CoC-IEE%20report%205%20June.pdf), which also included actions related to the Root and Branch Review (RBR) recommendations.
2. **RBR costs and savings:** following the last meeting of the Working Groups held on 20 May, Management produced, in agreement with Ernst & Young, a set of revised costs and savings associated with the RBR and evaluated over a 7-year timeframe, as agreed by the Finance Committee in May. Members acknowledged that the net cash savings position reported by Ernst & Young had changed from USD 37.4 million over 5 years as previously submitted in late April 2009 to an updated figure of USD 7.8 million over 7 years, and that these cash savings were in addition to the effectiveness improvements that would derive from the implementation of the RBR recommendations. It was stressed, however, that the sense of urgency in implementing the IPA actions and the RBR recommendations should remain high.
3. **IPA funding requirements in 2009:** Members noted with appreciation that, as a result of the reduction in RBR cost estimates for 2009 (from USD 5.25 million in Phase I of the study to a final figure of USD 1.86 million in Phase II) and the creative mechanisms adopted by Management, the external funding requirements for the IPA Trust Fund would be reduced from USD 19.9 million to USD 15.27 million. Management was encouraged to continue exploring areas of further savings and to seek other possible solutions to find the funding necessary to implement all the actions planned for 2009, which should not be delayed to the extent possible.
4. **IPA sequencing:** Members noted that the IPA and RBR actions requiring external funding in 2009 had been consolidated into one 2009 IPA schedule, sequenced in terms of the contribution of each action to “managing for results”, and that funding this 2009 IPA schedule of sequenced actions would require USD 9.83 million. The proposed sequencing was endorsed by Members, on the understanding that the proposed schedule would be used in the remainder of 2009 to commit funds from the IPA Trust Fund for those actions that require external funding.
5. **IPA Trust Fund:** Management reported that, as at 27 May 2009, Trust Fund pledges had increased to USD 7.13 million (from the USD 6.93 million previously reported as at 13 May), while contributions had remained at USD 3.5 million, noting that, given the already scheduled 2009 IPA activities, the shortfall of IPA Trust Fund for 2009 was still significant. While acknowledging the shortfall in pledges, Members also noted the importance of increasing the current level of payments, as Management cannot commit funds to IPA actions on the basis of pledges, but only on the basis of the level of payments received. It was pointed out that this schedule represented only a part of the IPA actions, the majority of which were proceeding during 2009 without recourse to external funding. Members looked forward to reviewing a structured and sequenced programme of IPA actions for 2010-11, which Management was expected to present to the Working Groups in conjunction with the PWB 2010-11 preparation. The Chair strongly urged those who had made pledges to convert them to contributions as rapidly as possible.

6. In the course of the discussion, the following additional points were made:
- Management was asked to look at country level costs which could be met by countries hosting FAO offices and wishing to contribute to the effort of the reform process;
 - the importance of providing quality language services (translation and interpretation) was reiterated; it was noted in this regard that an internal review of FAO's language services model should be completed in 2009.

Review of the concept of *Reform with Growth*

1. Members welcomed the Chair's background and discussion paper (www.fao.org/uploads/media/concept%20of%20reformwithgrowth%20english_1.pdf), which was intended to facilitate the deliberations of the Working Groups by providing an input for the clarification of the term *Reform with Growth*. A written contribution to the debate by Afghanistan was also appreciated.

2. Members recalled that this matter had recently been examined by the Joint Meeting of the Programme and Finance Committees in mid-May. The Working Groups endorsed the findings of the Committees which, while recognizing that there could be a range of perceptions about the implications of the concept, emphasised that *Reform with Growth* entailed, *inter alia*, an adequately resourced Organization with stronger comparative advantage, improved governance and reinforced technical, administrative and managerial competencies, at Headquarters as well as in Decentralized Offices¹.

3. The need to consider a long-term approach to *Reform with Growth*, combining increase in resources with greater accountability and effectiveness of a reformed Organization, was stressed by Members. Moreover, the following inputs were made in an attempt to further clarify the concept:

- the inclusion of the impact on food security as one possible element of the definition of *Reform with Growth* could be considered;
- concern was expressed about the predictability of extra-budgetary resources, which may be influenced by external factors outside the control of donors, such as the current financial crisis. In this context, the need for programmes and projects funded through extra-budgetary contributions to contribute to the Strategic and Functional Objectives of the Organization was underlined;
- maintaining adequate levels in the Organization's Human Resources, in terms of both quality and quantity, was considered a key element of *Reform with Growth*;
- adequate monitoring of the process of *Reform with Growth* should be ensured; to this end, it was noted that the formulation of Organizational Result X1, under Functional Objective X, could accommodate this need;
- questions were raised on how the concept of an integrated budget and *Reform with Growth* could be mirrored in a Resolution of the forthcoming session of Conference in November. In this connection, Members looked forward to reviewing the draft PWB in July, which should include a draft Appropriations Resolution.

¹ Specifically, paragraph 17 on the report of Joint Meeting of the Programme and Finance Committees (CL 136/10, 13 May 2009) reads as follows: "The Committees submitted to the CoC-IEE the following initial elements related to the concept of "reform with growth" for its consideration. The growth should be real, considering the following points:

- a) a primary consideration of ensuring efficient and effective delivery of services to member countries;
- b) the need to guarantee sustainability of the reforms presently carried out in the Organization;
- c) the imperative of ensuring that highly qualified and sufficient human resources are at the disposal of FAO;
- d) growth requirements not to be defined by pre-determined figures but be assessed in the first instance against the Strategic and Functional Objectives and MTP approved by the governing bodies; and
- e) the expected full integration of Regular Budget and extra-budgetary resources in the MTP and PWB."

Annex

Agenda for the meeting

1. Chair's introduction
2. Progress Report on IPA implementation and Trust Fund budget situation, and update on the Root and Branch Review report
3. Review of the concept of *Reform with Growth*