

2008-09

C 2007/3

The Director-General's
Programme
of Work
and Budget



C 2007/3
August 2007
*Thirty-fourth Session
of the Conference
17 - 24 November 2007*

2008-09

The Director-General's
Programme
of Work
and Budget

Food and Agriculture
Organization
of the United Nations
Rome, 2007

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

All rights reserved. Reproduction and dissemination of material in this information product for educational or other non-commercial purposes are authorized without any prior written permission from the copyright holders provided the source is fully acknowledged. Reproduction of material in this information product for resale or other commercial purposes is prohibited without written permission of the copyright holders. Applications for such permission should be addressed to the Chief, Publishing Management Service, Information Division, FAO, Viale delle Terme di Caracalla, 00153 Rome, Italy or by e-mail to copyright@fao.org

© FAO 2007

Printed by the Internal Printing Unit, FAO

TABLE OF CONTENTS

DIRECTOR-GENERAL'S OVERVIEW	3
SCOPE OF DOCUMENT	5
SECTION I. OVERALL CONTEXT	7
A. Independent External Evaluation of FAO (IEE) and its Eventual Outcome	7
B. UN Reforms	8
C. Implementation of Reforms Approved by FAO Governing Bodies	10
D. Savings and Efficiency Gains	13
SECTION II. SUBSTANTIVE THRUSTS	18
A. Major Trends and Challenges	18
B. Multidisciplinary Thrusts	21
C. Regular Budget and Extrabudgetary Resources – Towards and More Integrated Presentation	29
D. Programme of Work: Chapter Summaries	37
SECTION III. KEY FINANCIAL AND BUDGETARY ISSUES	50
A. Introduction	50
B. Incremental Budgetary Requirements to Execute the Programme of Work 2008-09	51
C. Requirements to Tackle Financial Health, Liquidity Situation and Reserves	64
D. Conclusions	67
E. Draft Resolutions for Adoption by the Conference	72
LIST OF ANNEXES	
Annex 1 – Programme Narratives and Resource Tables	74
Annex 2 – Regional Dimensions	120
Annex 3 – Post Changes	130
Annex 4 – Overview of Balance Sheet	131
Annex 5 – Overview of Total Resource Availability (before cost increases)	134
Annex 6 – Summary Tables by Chapter and Programme	135
Annex 7 – Allocations by Organizational Unit	139
Annex 8 – Organigrammes	142
Acronyms	144

DIRECTOR-GENERAL'S OVERVIEW

I have the honour to submit to the Conference proposals for the Programme of Work and Budget 2008-09. On many occasions, political leaders and the vast constellation of non-governmental actors have recognised the central role that agriculture and rural development must play in the efforts of countries to achieve the Millennium Development Goals, particularly those of eradicating extreme poverty and hunger and ensuring sustainable use of natural resources. The magnitude of the task is significantly increased by a number of trends affecting food and agriculture, which are briefly addressed in Section II. These include uneven population growth, urbanisation, rapid economic integration and the resulting changes in food consumption and production patterns in competition with the demands for alternative sources of energy such as bioenergy. At the same time, agricultural production systems must adapt to take account of the tremendous pressures on natural resources of a growing global population, the implications of climate change, the incidence of transboundary pests and diseases as well as the demand for higher food quality and safety. The entire Programme of Work is designed to respond to these challenges. The programmes focus on priority areas of FAO's comparative advantages, strengthening the linkage between global analytical work and the experience gained from local application, while emphasising multidisciplinary action and taking maximum advantage of external alliances.

In the past two years, the governing bodies have been closely engaged in supporting changes in programmes and management structures aimed at achieving greater focus, effectiveness and efficiency in the delivery of FAO's services to Members. Implementation of the FAO reforms approved by the governing bodies between November 2005 and June 2007, is proceeding well. The Reforms have opened up opportunities for the Organization to benefit from substantial contributions in kind and in cash from host governments, reduce layers of management and realise savings by shifting resources to lower cost locations. Completion of the approved measures will require action into the next biennium, such as the implementation of the Shared Services Centre in its new configuration, which will deliver considerable cost savings in the provision of administrative and financial services from 2009. The Secretariat remains fully committed to pursuing savings and efficiency gains, while ensuring that decentralization will translate into more effective services to beneficiaries.

This PWB formulation has been developed in the context of a particularly complex set of circumstances, against the broad backdrop of the continuing efforts to strengthen and improve FAO and the UN system, through the ongoing Independent External Evaluation of FAO (IEE) and the UN system-wide reform process. The report of the IEE is also before Conference, but this PWB had to be finalised before its findings were available. The Secretariat looks forward to supporting the governing bodies in their decisions, recognizing that these are likely to have considerable implications on future Programmes of Work. Regarding the ongoing UN Reform initiatives and a new Triennial Comprehensive Policy Review of Operational Activities for Development of the UN system, pending completion of discussions in the UN General Assembly, the Organization will continue its active participation in UN country pilots as well as system-wide discussions on reforms aiming at strengthening the effectiveness of the United Nations system as a whole. At the same time, it will intensify its partnership with WFP and IFAD in substantive and administrative areas of collaboration.

This PWB takes account of the detailed guidance from the Programme and Finance Committees and the Council on programme and budgetary matters, following their deliberation on the Summary PWB at their May and June 2007 sessions. The recommendations they made as regards format and contents of this full PWB principally called for:

- the further development of, and more ample justifications for a "maintenance budget" (i.e. in keeping with recognised priorities expressed by the membership, while factoring anticipated cost increases and other incremental requirements to maintain the purchasing power of FAO's programmes at 2006-07 levels); and*
- more modest financial proposals to start rebuilding the financial viability of the Organization.*

On the programmatic front, while heeding the advice of the Council to the effect that “a major reprioritization effort would not have been warranted at this stage”, planned work in four key multidisciplinary areas has been specially highlighted:

- knowledge exchange, to make the most of both explicit and tacit knowledge in serving Members, including through dissemination of best practices, interactive services with interested constituents, and thematic knowledge networks;*
- capacity development, taking a mainstreamed approach across all FAO programmes in addressing Members’ needs in a wide range of institutional and policy areas;*
- climate change, to progressively reflect major contributions inherent in FAO’s mandate, towards both mitigation and adaptation policies and measures; and*
- bioenergy, to tap its potential in an equitable manner, ensuring that the food security and environmental sustainability dimensions are understood and taken into account.*

The PWB serves ultimately to support the adoption of an Appropriation Resolution by the Conference setting inter alia the Regular Programme assessments on Members. In addition to assessed contributions, FAO is going through a period of record levels of approvals for voluntary contributions. This important revenue stream could provide a funding source for addressing overall resource requirements, if FAO’s programmes are formulated in the context of a coherent and well governed resource mobilisation strategy covering all sources of funds. Pending decisions of the governing bodies on the recommendations of the IEE, the groundwork is laid in this PWB for a more integrated presentation of Regular and extrabudgetary resources, as requested by Members, paving the way for more progress in future planning documents.

Section III.D illustrates the overall implications of both a maintenance budget and more limited measures to start rebuilding the financial viability of the Organization. The maintenance budget proposal includes provisions for cost increases of US\$ 101.4 million – which are unavoidable and fully explained in the document – and incremental requirements of US\$ 18.7 million (down from US\$ 23.9 million in the SPWB) that have been reported to or endorsed by Members for implementation in 2008-09 (capital expenditure, transition costs of approved reforms and the introduction of Russian as an FAO language). Following the guidance of Council, the minimum additional requirement of US\$ 37.3 million is proposed as a contribution towards restoring the financial health of the Organization. The two draft Resolutions would therefore lead to increases in assessments over the current biennium of 21 percent – compared with the range of 26 to 34 percent presented in the SPWB.

I appreciate that these proposed increases may still be regarded as large by some Members. Others may, however, conclude that these figures represent the inescapable consequence of the wish of Members, expressed on many occasions, to receive valuable services for themselves and to pursue international cooperation in FAO’s mandate areas. As always, the Secretariat defers to the judgement of Members assembled at the Conference, only seeking at all times to offer clarification regarding the consequences of whatever decisions may be contemplated.



Jacques Diouf
Director-General

SCOPE OF DOCUMENT

1. In considering the Summary PWB 2008-09 at their May/June 2007 sessions, the Programme and Finance Committees and the Council provided specific guidance on the contents of the full PWB. This document responds to that guidance, as set forth below, and concisely describes the main challenges and policy issues likely to influence FAO's work in the next biennium, together with the proposed major programme thrusts and resource allocations.
2. This PWB is elaborated in the overall context of the ongoing IEE, UN Reforms and implementation of approved FAO Reforms as described in *Section I*. The Council: *"agreed that the proposals for a maintenance budget in the SPWB provided a basis for further development in the full PWB. In this connection, it recognised that a major reprioritisation effort would not have been warranted at this stage, as it would have prejudged eventual recommendations of the IEE on the substance of FAO's work."* Accordingly, the full PWB keeps a prime focus on, and amplifies on the initial data provided in relation to a "maintenance" budget: i.e. aimed at preserving purchasing power in the execution of the Programme of Work in the 2008-09 biennium by identifying anticipated cost increases and implications for incremental costs reported to or endorsed by Members, while continuing the substantive priorities already agreed by the membership and reflecting the organizational changes so far approved by the governing bodies. It also presents proposals for the funding of reserves and long-term liabilities, but of a more limited nature and within a more phased approach than in the SPWB, to match related expectations at the Council.
3. The Council also: *"agreed that further analysis was needed in the full PWB to facilitate informed decisions by the Conference."* Among the aspects requiring clear explanations and justifications, the Council singled out in particular: cost increases, efficiency gains and savings and proposals for capital expenditures. These dimensions are addressed under *Section I.D* and the major *Section III*.
4. The Council further: *"welcomed the intention to provide a more integrated presentation of Regular Budget and extrabudgetary resources in the full PWB, bearing in mind the need for building strategic and balanced approach to resource mobilisation to respond to global and local needs and challenges."* *Section II.C* is devoted to this matter.
5. Finally, the Council: *"concurred with the advice of the Committees to the effect that the full PWB should better articulate programmatic content under the "maintenance" budget, including implementation at the field level and taking account of the recommendations from the recent sessions of the Technical Committees to the maximum extent possible. The document should also seek to ensure more explicit reflections of important new subjects such as climate change and bioenergy, and adequate coverage of inter-disciplinary thrusts such as capacity building and knowledge management."* The full PWB covers these substantive thrusts in *Section II*, and a detailed *Annex 1* provides programme level narratives and resource allocations down to programme entity level, with an accent placed on expected achievements, with regional dimensions illustrated in *Annex 2*.
6. It is recalled that, as mandated by the last Conference, the Programme and Finance Committees endorsed in May 2006 a Revised PWB 2006-07¹ which incorporated a revamped chapter and programme structure (in itself an outcome of the decisions of the Conference on

¹ PC 95/3 - FC 113/14

Reforms in the Organization). The new programme structure involved a significant reformulation effort and considerably streamlined programme entities, with the total number going down from 261 to 186. More detailed information can be found on FAO's Internet Web site at www.fao.org/pwb (e.g. programme entity formulations, scheduled sessions, information on posts). This Revised PWB 2006-07 provided the main programmatic underpinning of the PWB 2008-09. Hence, any change analysis provided in the document (i.e. when comparing with a “base” situation) is generally in relation to the Revised PWB 2006-07.

SECTION I. OVERALL CONTEXT

A. Independent External Evaluation of FAO (IEE) and its Eventual Outcome

7. Together with this PWB 2008-09, the usual outcome of which is a Conference Resolution on the budgetary appropriations, the November 2007 sessions of the Council and Conference will have to examine the report of the IEE team and the Director-General's in-principle response.

8. The IEE was commissioned by the governing bodies in November 2005 and its scope is very broad, addressing four major components: 1) the technical work of FAO; 2) administration, management and organisation; 3) governance; and 4) FAO in the multilateral system.

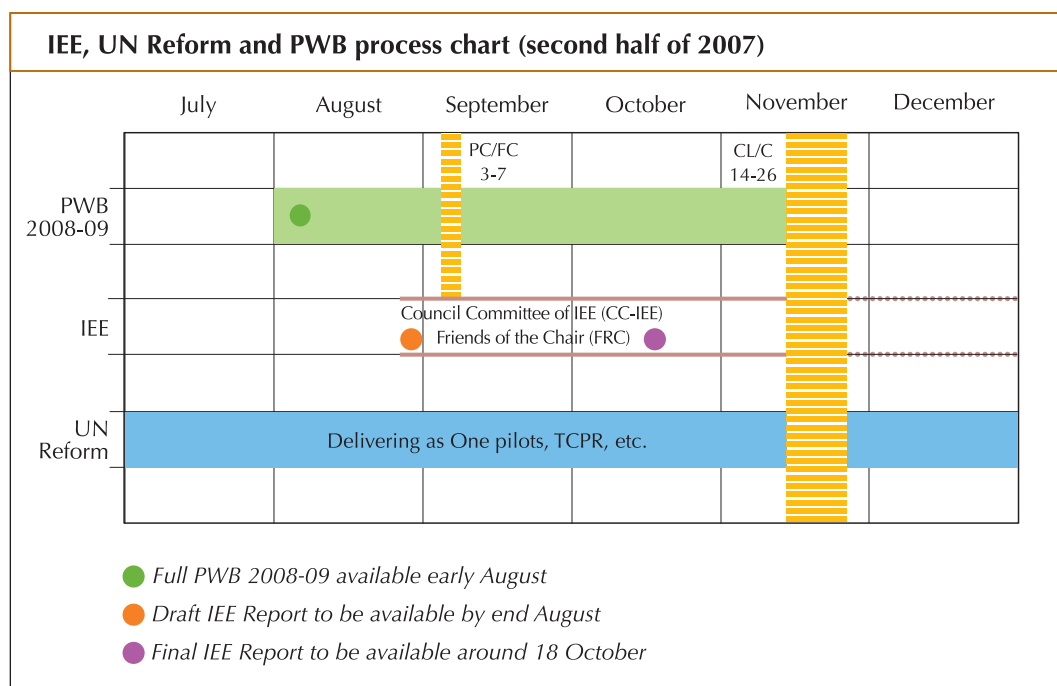
9. Special bodies have been set up in connection with this important exercise. The Council Committee for the IEE was established by the 129th Council in November 2005 and has overseen the management of the IEE throughout the biennium, including attention to key logistical and financial aspects. It will receive the final report of the IEE before the 133rd Council in November 2007.

10. A "Friends of the Chair" mechanism, to be presided by the Independent Chairperson of the Council, was established by the 130th Council in November 2006. It is intended to facilitate dialogue among Members and support the governing bodies in developing their decisions at the Conference in relation to the IEE. Its meetings would be open to all Members of the Organization with a core group of representatives per region, and a representative of the Director-General.

11. At its first meeting held on 15 June 2007, the Friends of the Chair recognised that the draft report of the IEE would be available in all languages towards the end of August and the final report around mid-October and noted the intention of the IEE team to address indicative cost implications in the final report. The latter final report will be accompanied by an "in-principle response" from the Director-General.

12. Therefore, at the time of writing (July 2007) the draft report of the IEE is still under preparation. The scope of the eventual recommendations, their budgetary implications and possible timing of implementation of the final recommendations to be considered by the Conference will only be known in October 2007. They cannot obviously be reflected in the present PWB document.

13. In this light, the June 2007 Council foresaw in the second half of 2007 separate processes of: review of the full PWB up to the Conference through the sessions of the Programme and Finance Committees in early September 2007 and the 133rd Council in November; and consideration of the IEE documentation through the Friends of the Chair. This is summarily portrayed in the following chart (which for the sake of completeness includes an additional horizontal bar referring to ongoing UN reform initiatives and some of its key components, as alluded to in the following section).



14. It is clear that the Conference will need to act – as it will deem appropriate – on both the PWB 2008-09 and the IEE report, possibly with the benefit of the Friends of the Chair having negotiated beforehand the elements of an implementation “road map”. The PWB could, as usual, serve as the prime basis for a decision on the biennial budget, while amendments to the Programme of Work and necessary budgetary adjustments during 2008 and 2009 cannot be prejudged at this juncture but could arise as a result of the overall decisions of the Conference in November 2007.

B. UN Reforms

15. Broad reform initiatives in the UN system have implications for all UN institutions but remain very much in the nature of work in progress at this stage. FAO is actively participating in UN system-wide discussions and in the eight "delivering as one" country pilots. It is also engaged with the other Rome-based food agencies to improve substantive and administrative collaboration both at headquarters and in the field. Improved cooperation and coordination arrangements are clearly to be welcomed, but they could entail additional costs, while harmonisation of business practices could yield savings in the longer term. Budgetary implications must be assessed as accurately as possible and factored into future PWBs, when firm guidance from intergovernmental processes and feedback from ongoing country pilot exercises is available.

16. An information document was submitted to the 132nd Council in June 2007 covering the status of FAO's engagement in UN system reforms and a seminar on UN Reform was organised at headquarters with Permanent Representatives also in June 2007. A synthesis of key aspects is provided below, reflecting what is known at the time of writing:

- The report of the Secretary-General's High-level Panel on UN System-wide Coherence in the areas of Development, Humanitarian Assistance and the Environment (the "HLP" report) was launched in November 2006. While comments from the Secretary

General have been submitted to the UN General Assembly, the intergovernmental deliberations on the HLP Report are still continuing in the UNGA;

- . The Conference will have before it² an interim report on the implementation by FAO of the Triennial Comprehensive Policy Review (TCPR) of Operational Activities for Development of the United Nations System adopted by the UN General Assembly in 2004. A new TCPR is under preparation and negotiation and final endorsement of a TCPR resolution is expected to take place at the General Assembly in November/December 2007. Some aspects of the new TCPR should be of prime relevance to the role of Specialized Agencies within UN Country Teams, including the agencies' capacity to mobilise extrabudgetary resources for country-level activities in the context of UNDAFs and in support of their normative work;
- . The FAO Secretariat is actively involved in: 1) "delivering as one" pilots at country level, primarily through the related UN Country Teams and also through various UN Development Group mechanisms, including a new Informal Support Committee "Delivering as One" at the ASG/ADG level. The country pilots are complex and particularly important exercises aiming at testing different approaches that enable the UN System to engage in more joined-up and cost-effective ways of working at country level. FAO's engagement is aimed at ensuring that these approaches are inclusive of the capacities and activities of UN specialized agencies with or without field presence, and at contributing to the establishment of an effective mechanism for evaluating the results of the pilots;
- . The FAO Secretariat is also fully engaged in: the search for improvements of UN System business practices, principally through the High-level Committee on Management (HLCM); and the review of the CEB, through the High-level Committee on Programmes and the CEB itself.

17. The HLP report recommends that: *"to build long-term food security and break the cycle of recurring famines, especially in sub-Saharan Africa, WFP, FAO and IFAD should review their respective approaches and enhance inter-agency coordination"*. The three main pillars for substantive collaboration in 2008-09 have been identified, as follows:

- . policy formulation, capacity building, knowledge management and advocacy;
- . increased investments in agricultural and rural development as well as food security, where IFAD and FAO are particularly concerned; and
- . emergency and rehabilitation contexts, including disaster risk reduction, where WFP and FAO are heavily engaged in relief, early recovery and the transition to development.

18. To improve substantive collaboration, FAO, IFAD and WFP have established regular high-level consultations and launched several initiatives at field and headquarters level. Recently, the three agencies have established joint food security thematic groups at country level within the framework of "One Programme". Cooperation will also be actively pursued in the context of National Programmes for Food Security based on the "twin-track" approach, as presented in the Anti-Hunger programme and the International Alliance Against Hunger.

19. In the first area, enhanced cooperation is anticipated on such thematic areas as: GIEWS, FIVIMS, remote sensing, market analysis and linking producers to markets, locust control and animal health, land and water management, as well as farmer empowerment (Farmer Field Schools).

² C 2007/17

20. In the second area, assistance to IFAD lending operations from FAO has been increasing and is expected to result in greater interface with both the Investment Centre and FAO technical divisions. IFAD has also launched a pilot programme to enhance its country presence. Two of these pilots are with FAO (in Mozambique and in the United Republic of Tanzania) and others are expected to follow during 2007 (Colombia, Rwanda, Madagascar and Viet Nam).

21. In the third area, notable examples of joint work with WFP include the preparation of a food security chapter in the Common Humanitarian Action Plan in a few countries, co-leadership of food security clusters in several countries, as well as in relation to targeting, logistical support, preparation and evaluation of WFP's country strategies and protracted relief and recovery operations (e.g. in earthquake affected areas of northern Pakistan, in the Horn of Africa).

22. On the administrative side, the Heads of Administration in the three agencies established a working group and earlier this year identified opportunities for future joint initiatives as well as an appropriate set of governance and delivery mechanisms for appraisal and execution of future opportunities for cost effective collaboration. Current and future areas of administrative collaboration are described in *Section I.D on Savings and Efficiency Gains*.

C. Implementation of Reforms Approved by FAO Governing Bodies

23. Significant reforms, particularly changes to the organizational structure, were approved by the governing bodies in phases, i.e. principally by the 33rd session of the Conference in November 2005 and the 131st Council in November 2006, as well as the 132nd Council in June 2007 as regards the location of one subregional office. Implementation of these reforms unfolded through the 2006-07 biennium and will continue to the extent required into the next biennium. The budgetary implications have been reflected in this full PWB. Progress reports were submitted to the FAO Council,³ and a brief overview of the status of implementation of decisions of governing bodies – at the time of writing – is provided below regarding headquarters and those decentralized locations affected by reforms.

Headquarters structure

24. Following the decisions of the 2005 Conference and the November 2006 Council, a revamped structure has been in place as of 1 January 2007. It is shown in the organigramme in *Annex 8*, and this organizational structure is retained under the maintenance budget elaborated in this PWB.

25. The restructuring implemented during the current biennium includes three major changes over previous arrangements, which will: contribute to more effective action in important new subjects such as climate change and bioenergy; ensure adequate coverage of interdisciplinary thrusts such as capacity building and knowledge management; and secure higher visibility and priority for FAO's interface with the UN system:

- . The new Natural Resources Management and Environment Department (NR) comprises the following three new Divisions: Land and Water Division, transferred in part from the old Agriculture Department; a new Environment, Climate Change and

³ CL 131/18 paragraphs 54-167 and Annex 3; CL 132/16

Bioenergy Division; and Research and Extension Division; the Secretariat of the CGIAR Science Council is located in the ADG's office.

- . The new Knowledge and Communication Department comprises the following four Divisions: Information Technology Division, which was the former Information Systems and Technology Division in the Administration and Finance Department; Knowledge Exchange and Capacity Building Division; Communication Division, formerly the Information Division, which incorporates liaison activities with National Committees, World Food Day and TeleFood; and Conference, Council and Protocol Affairs Division. The International Alliance Against Hunger functions are assigned to the Office of the Assistant Director-General.
- . The Office of Special Adviser to the Director-General has been replaced by the Office of UN Coordination and MDG Follow-up.

26. The revamped headquarters structure also includes a renamed Agriculture and Consumer Protection Department (AG). A small Crisis Management Centre has been established in the Office of the Assistant Director-General, AG to coordinate responses to crises in transboundary pests and diseases of animals and plants, as well as food safety crises. The Secretariat of the Commission on Genetic Resources for Food and Agriculture has moved to the Natural Resources Management and Environment Department. The functions and resources relating to soil management and fertilizers of the former Land and Water Division have been integrated into the Plant Production and Protection Division. The Agricultural Support Systems Division has been renamed the Rural Infrastructure and Agro-Industries Division.

27. In the Economic and Social Development Department, the Gender, Equity and Rural Employment Division has been established from some of the functions and resources of the former Rural Development Division and Gender and Population Division. The Agricultural Development Economics Division incorporates the Global Perspectives Studies Unit. The Commodities and Trade Division has been renamed the Trade and Markets Division.

Shared Services Centre in its new configuration

28. The 2008-09 biennium is expected to see the completion of the implementation of the Shared Services Centre (SSC) in its new configuration. It is recalled that, in order to achieve cost savings in the provision of administrative and financial services, and to address the fundamental requirement of providing real-time processing services and call centre support to FAO's worldwide operations, the activities of the SSC are to be divided into three continental time zones: a) Latin America and Caribbean; b) Asia and the Pacific; and c) Africa, Europe and Central Asia, and the Near East. These three hubs, to be located in Santiago, Bangkok and Budapest, will report to a coordination centre in Rome to ensure adequate and uniform quality standards worldwide.

29. As SSC work relating to the Africa and Near East regions is to be performed from Budapest, corresponding reductions can be made to the present regional Management Support Units (MSUs) in Accra and Cairo, to become smaller administrative units. With regard to the Santiago and Bangkok hubs, staffing of the administrative units in these locations are being adjusted in this PWB to reflect effective workloads linked to personnel servicing and travel operations in respective regions.

30. As further described in the next section, this configuration will allow for substantial recurring savings of US\$ 8 million per biennium compared with the previous configuration of

a headquarters Management Support Service and Management Support Units in each of the Regional Offices outside headquarters, to be fully realised after the completion of implementation in 2009. This includes a reduction of 72⁴ positions at headquarters (7 professional and 65 general service) and a net increase of 57 positions elsewhere (6 professional and 51 general service), resulting in a net reduction of 15 positions overall.

31. For the hub in Budapest, considerable support was obtained from the Hungarian authorities both in terms of suitable premises and to facilitate the transition process. It is foreseen that the facilities in Budapest should be ready from January 2008, and an initial group of locally-recruited staff would have been trained to commence operations in human resources servicing, travel and user support. More generally, the transfer of activities will be done in a phased manner between January and October 2008, to ensure orderly transition, and necessary redeployment of headquarters-based staff.

Decentralized offices

32. - *Africa Region*: The new Subregional Office for Central Africa has been operational in Libreville, Gabon, with its professional staff complement (i.e. the Subregional Coordinator and technical officers) since 2006. The host country agreement for the new Subregional Office for Eastern Africa in Addis Ababa, Ethiopia was signed in January 2007 and the office is to be operational by July 2007. The Subregional Office for Southern Africa with a new host country agreement and revised staffing configuration has replaced the pre-existing one in Harare, Zimbabwe. The Subregional Office for Western Africa, co-located with the Regional Office for Africa in Accra, Ghana is also operational (the related agreement with the host country was signed in September 2006). The modified staffing structure of the Regional Office for Africa has been implemented.

33. - *Europe and Central Asia Region*: The Regional Office for Europe and Central Asia is to be relocated to Budapest, Hungary and the host country agreement was signed in March 2007. It should be operational by July 2007, with some adjustment to the staffing of the former Regional Office for Europe to reflect a more appropriate skills mix. The pre-existing Subregional Office for Central and Eastern Europe will be co-located with the Regional Office and its modified staffing structure should also be in place by July 2007. In line with the agreement with the host country signed in August 2006, the Subregional Office for Central Asia in Ankara, Turkey is now operational. In addition, contacts with the Russian Government are ongoing to establish a Liaison Office in Moscow (LORU).

34. - *Latin America and Caribbean Region*: Further contacts with the host government are under way towards the establishment of the Subregional Office for Central America in Panama, as endorsed by the 132nd Council of June 2007. The conditions offered by the Government of Panama are comparable to those agreed by other countries hosting Subregional Offices. Consultations have been initiated with the Regional Office for Latin America (RLC) regarding a revised staffing of the regional office and the existing Subregional Office for the Caribbean.

35. - *Near East Region*: The 132nd Council of June 2007 also noted the interest of one country in the subregion in hosting a possible subregional office to serve the Gulf Cooperation Council States and Yemen and that consultations were still ongoing in order to formulate a concrete proposal in due course. Accordingly, this is not reflected in this PWB.

⁴ Included in this figure is 1 professional and 8 general service posts in respect of procurement, to be confirmed following a re-engineering study on off-shoring the procurement functions.

D. Savings and Efficiency Gains

36. The vigorous pursuit of efficiencies has been under way in FAO since 1994 and remains a high priority and ongoing management process. The results of the Organization's efforts up to the 2004-05 to make inputs less costly without negative impact on outputs, and improve cost recovery for services rendered, has yielded efficiency savings estimated of more than US\$ 120 million per biennium compared with 1994.

37. The approach initiated in 2006-07, which will continue to be followed in 2008-09, recognised that it was necessary to further broaden the scope of work for improving efficiency to make it consistent with current best practice. Following governing body guidance in 2005, efficiency savings cover four broad themes:

- . Efficiencies: focusing on inputs, as defined by the FAO Council at its 110th Session and seeking "*reductions in the cost of inputs without material negative impact on the outputs*"⁵;
- . Cost recovery improvements: ensuring FAO is adequately reimbursed for its services, where appropriate, also in accordance with the expectations of the Council;
- . Streamlining administrative and financial processes: aimed at achieving further efficiency gains and enhanced human resources policy and management, as supported by Conference Resolution 6/2005 on reforms in the Organization; and
- . Productivity gains: targeting opportunities for increases in outputs without increasing the cost of inputs.

Efficiency gains in 2006-07

38. For 2006-07 FAO committed to attaining a typical public sector efficiency savings rate of 1.0–1.5% p.a., recognising that the increasing complexity of measures for the attainment of cost savings on an ongoing basis would now require investment or readiness to incur transitional costs.

39. A comprehensive framework to identify new efficiencies was put in place with five overarching principles: all activities are included; targets are agreed with managers who are then held accountable for delivering and reporting results; appropriate levels of delegation and internal control are defined; effective internal pricing strategy and incentives are established to promote greater interdisciplinary collaboration; and all programmes are auto-evaluated using common criteria and procedures.

40. In the first instance, it was recognised that unrecovered variable costs of providing administrative and operational support (AOS) services to extrabudgetary projects are effectively borne by the Regular Budget, thereby straining the Organization's capacity to implement its Programme of Work. Through an increase in support-cost rates for projects in direct support of Regular Programme activities, which was approved by the governing bodies in 2006, reimbursements to the General Fund are increasing in excess of US\$ 5 million.

41. With regard to other areas of efficiency savings and productivity gains, the Director-General established an interdepartmental working group that identified 55 specific opportunities for streamlining administrative procedures. Furthermore, 31 delegations of authority on a range of management and administrative actions were issued. These measures have contributed to productivity gains by redirecting effort to higher value-added activities.

⁵ CL 110/REP paragraph 24

42. In continuing to streamline decision-making and promote empowerment, the Organization sought to eliminate layers of management by reducing the number of Director-level and associated general service posts across headquarters. Savings from the reduction of 21 Director-level and associated support staff posts, most of which were reallocated to the same units, amounted to some US\$ 9 million in 2006-07.

43. Review of the headquarters organizational structure led to the abolition of the Office of World Food Summit Follow-up and Alliances, OFA, with most of its activities transferred to other units; an adjustment for efficiencies was made to the non-staff resources of the communications and public information activities; and a post was abolished in the TCP unit, without loss of output through the redistribution of work. Taken together, these actions yielded savings of US\$ 1.3 million in 2006-07 which were utilised to bolster high-priority areas.

44. Outside of headquarters, the Organization has been able to successfully "offshore" administrative and information systems development work as related to the HRMS and other projects, to the less costly location of the Regional Office for Asia and the Pacific, in Bangkok, where the infrastructure in terms of office accommodation and management support is well established. Furthermore, the streamlining of policy and operations groups in regional offices has yielded savings of US\$ 2.9 million in 2006-07.

Initiatives for pursuing efficiencies in 2008-09

45. The current efficiency initiatives can be broken down into four types: those aimed at completing the approved reforms of the Organization; those which are of an institutional nature in that they cut across all spheres of the Organization's work; those which concern a business process under the direct influence of a single manager; and focusing on working with external partners to pursue initiatives of an inter-agency nature.

46. - *From the ongoing reform:* Complex business process changes were set in motion in 2006-07 with respect to the full implementation of the Shared Services Centre (SSC), where savings of US\$ 8 million⁶ are anticipated after a period of transition up to 2009⁷. Staff-cost differential savings and some overall staff reductions arising from the implementation of the SSC would be optimised from the consolidation in the SSC of administrative expertise and functions currently distributed throughout the Organization. For example, the processing of Journal Vouchers, project budget revisions and imprest account processing, would be undertaken by the SSC at lower cost locations. Recruitment and servicing of Conference staff, currently performed by KCC, would also move to the SSC.

47. The ongoing reform of the Organization is contributing to improved efficiency also through the decentralization of technical and support staff to lower cost locations, recognising that the cost of inputs varies substantially between geographical locations. The positioning of multidisciplinary teams in new geographical locations has begun to yield savings arising from favourable staff-cost differentials totalling US\$ 4.1 million (at 2006-07 costs), which will largely accrue from 2008-09. Furthermore, the continued streamlining of policy and operations groups in regional offices will yield further savings of US\$ 1.2 million in 2008-09, further efficiency savings in the TCP unit will be pursued.

⁶ CL 131/18 paragraph 74

⁷ The costs associated with this transition are shown in *Section III.B: One-time and Transition Costs*.

48. While increased decentralization is allowing the Organization to be closer to its Members, thereby improving its services to them, it has also opened up opportunities for the Organization to benefit from substantial contributions in kind and in cash by host governments, towards one-time and running costs of subregional offices. With respect to the subregional offices directly concerned by the Director-General's reforms (i.e. in Africa, Europe and Central Asia and Latin America and the Caribbean), biennial contributions towards running costs averaging in excess of US\$ 300,000 per office have been negotiated and foresee the provision of some 7 junior technical officers and 8 support staff in every subregional office. The benefit of these services and contributions, largely to be realised from 2008-09, is estimated at approximately US\$ 15.9 million per biennium. Furthermore, pre-existing agreements with the remaining subregional offices are also under discussion, with a view to possibly re-aligning the contributions of the concerned host countries to the new cost-sharing criteria.

49. - *At the institutional level:* The implementation of the Human Resources Management System (HRMS) in March 2007 provides the foundation for further streamlining of business processes, including the remote processing of administrative actions. Electronic personnel records and electronic processing are being developed to derive maximum benefit from the new system. During 2007 and 2008-09 the Organization intends to deploy the HR Management Model – a new arrangement for managing HR processes and supporting managers in HR matters – that will improve the overall quality and efficiency of HR management while achieving cost savings. However, like the SSC, this complex deployment will continue to require investment in 2008-09 and as such, US\$ 2.15 million is budgeted for this purpose in *Chapter 8*. The Organization is also continuing to assess modifications to the lump-sum entitlement travel arrangements with a view to achieving efficiency savings in 2008-09.

50. Efficiency savings are inextricably linked with enhancing the Organization's effectiveness - improved efficiency and greater effectiveness go hand-in-glove and allow the Organization to systematically learn from success and failures, share results and eliminate low value-adding activities, while continuing to simplify and streamline processes. It has long been recognised in FAO that sustainable efficiencies, and their full integration into day-to-day processes, has to be fully owned by managers in order to harness their commitment. Managers need a stable framework with clearly elucidated principles and incentives to proactively re-examine the simplification and sustainability of core business processes, including cross-cutting ones, through re-engineering rather than fine-tuning.

51. To encourage adoption of more efficient practices, as soon as budgetary conditions allow, the Organization wishes to implement an incentive system through the provision of increased budgets for programme activities where managers propose viable and sustainable efficiency measures. One approach envisaged is to withhold on average 1% of the units' annual budgets, as an "efficiency tax", allowing managers the opportunity to earn back a part or all of the funds withheld, based on demonstrable and sustainable efficiencies. Another approach is to create an "innovation fund" by channelling, say, 1% of the Regular Programme budget into a centrally managed fund which would permit investment in process changes addressing innovative cross-cutting ways of improving the Organization's efficiency or productivity.

52. - *At the budget-holder level:* In the finance area, the use of self-service facilities and electronic workflows in corporate financial systems are being explored. During 2007, the Finance Division expects to implement a new banking structure for headquarters which will generate cost savings in 2008-09 by consolidating transactions through one bank, increased automation of the banking process and the phasing out manual payment methods.

53. In respect of infrastructure services, energy saving and environmental measures are being assessed. The establishment of a central registry system is also being studied, to allow for a better utilisation of human resources and economies of scale. Further efficiencies could be achieved with the technological development of a Digital Records Management System (DRMS) and search engine applications. Funds have been earmarked in *Chapter 8: Capital Budgeting* to implement these projects. Measures have been taken to reduce to a minimum the external storage of printed materials with the benefits expected to accrue in 2008-09.

54. - *At the inter-agency and UN system level:* The Joint Meeting of the 96th Session of the Programme Committee and the 115th Session of the Finance Committee in September 2006 requested FAO to explore the extent to which closer collaboration on “back-office” administrative and processing work between the Rome-based agencies could lead to overall savings efficiencies in this area. The Organization has since reported on numerous existing areas of efficiencies enacting from joint action by FAO, WFP and IFAD. Many of these initiatives are derived from interaction and agreement between the functional heads of the agencies and an improved forum for interagency discussion and oversight on these matters is now established.

55. Further measures are being actively pursued and, at the request of the Committees, a progress report will be presented in May 2008 which will include estimates of savings. Opportunities exist in this area of external partnership and the areas of ongoing collaboration as well as those being explored are highlighted below.

56. In procurement, specifications for purchase of goods, tender results, tender documents, contract templates and terms and conditions are shared with the objective of converging towards common standards, such as the joint FAO, WFP and IFAD tender to purchase electric energy on the liberalised market resulting in savings of 9-15%. Current initiatives include mobile telephony, where FAO and WFP jointly prepared the Request for Proposal text and tendered at the same time to the same bidders with a common aggregated volume to achieve lower rates. Together with IFAD, FAO is retendering its travel contract and all three agencies are jointly entering into direct fare negotiations with airlines.

57. In human resources, FAO is responsible for the management of the medical insurance contracts covering staff and retirees of the three institutions (as well as ICCROM), and also administers the participation of all FAO and WFP staff members in the United Nations Joint Staff Pension Fund (UNJSPF) and all matters relating to their pension benefits. Additionally, the 'Staff Compensation Plan' for accidents attributed to the performance of official duties in both FAO and WFP is administered by the Social Security Branch in FAO.

58. In the area of common training, the Management Development Centre was established for the Rome-based United Nations institutions as a joint project that arose from the WFP, FAO and IFAD HR Network, with significant ongoing support from DFID. The three institutions are also collaborating with the UN Staff College in the design, development and delivery of a UN system-wide programme for leadership development for the proposed Senior Management Network. FAO also maintains the Administrative Manual which embodies the administrative provisions governing the application of regulations and rules for both FAO and WFP and handles cases of appeal lodged by WFP staff members.

59. In the finance area, IFAD worked directly with FAO and WFP on a joint tender for the new actuary for After-service Medical Coverage and a joint Actuarial Review of the After-service Staff Benefits Plan. There is also cooperation in institutional contract activities with FAO/WFP in relation to projects (e.g. Field Presence initiative in Tanzania). Treasury units of WFP and FAO cooperate regularly for payment and foreign exchange services in remote

places. There are discussions and exchanges between the three institutions regarding the UN General Assembly decision to move to internationally accepted accounting principles (IPSAS).

60. In information systems, access to the Credit Union system is available to staff in WFP and FAO. The system is supported with basic personnel data fed from the FAO and the WFP systems, and interacts with the respective payroll systems to apply recoveries for loan repayments and monthly deposits on share accounts. The Medgate system is supported by FAO and managed by the Medical Office and is in use by FAO, WFP and IFAD.

61. In the conference and protocol area, FAO handles the issuance of identity cards and visas for WFP and the renewal of Laissez Passer for IFAD and WFP. FAO lends interpreters to WFP and there is regular liaison between the Terminology Unit of FAO with IFAD and WFP to maintain a common approach to translation. FAO also provides support to WFP staff with regard to the importation of vehicles, registration of national/CD plates, petrol coupons, driving licences, and import licences for shipment of household goods and personal effects.

62. In the area of country office services, discussions are ongoing between FAO and IFAD on the hosting and operation of IFAD country offices from FAO offices in some countries. A Framework Agreement is under consideration, setting out the main principles and rules for the proposed scheme, including the provision of services at cost. Such arrangements could lead to more cost effective country offices and would facilitate collaboration by FAO and IFAD on country-level activities.

63. In the knowledge exchange area, in Web site design and development, there is an exchange of experiences, knowledge and Web technologies in order to re-use structures, solutions and platforms. A common platform is being developed for collaborative workspace and knowledge exchange and there is a sharing of guidelines for document scanning and conversion, and for Web publishing.

64. In other areas, FAO provides diplomatic pouch services to WFP and IFAD, and WFP facilitates the dispatch of diplomatic pouch in some countries where they have better logistics. The institutions agree loans of staff to share experience and provide support and there is joint agreement on some business continuity issues. FAO provides some medical services to IFAD and there is also collaboration on a coordinated response to Avian Human Influenza.

65. A mechanism (in terms of both structure and processes) is essential to the success of this enhanced initiative and to this end, an Inter-Institution Coordination Committee (IICC) has been established composed of the Heads of Administration and Finance Departments and Heads of Units responsible for interagency affairs of FAO, IFAD and WFP. It will be responsible for reviewing, approving and prioritising the overall programme of interorganization activities, provide authority for the necessary resources, and ensure that approved initiatives are included in each institution's overall Management Plan. It will also consider mechanisms for joint service provision, such as initial Memoranda of Understanding followed by a more integrated service approach in the medium term, including delivery through joint Shared Services Centre mechanisms.

66. In the context of the HLP Report and drawing on the Paris Declaration on enhancing aid-effectiveness, the Organization will also be an active partner in the UN system for developing harmonised approaches to budgeting and financial aspects, such as financial reporting to donors, common Letter of Agreement formats and cash transfers.

67. The Organization looks forward to the recommendations of the IEE insofar as they present further opportunities for streamlining and efficiency gains.

SECTION II. SUBSTANTIVE THRUSTS

A. Major Trends and Challenges

Trends affecting food and agriculture

68. Over the long term, fundamental changes already underway will continue to affect food and agriculture at global, national and local levels. The impact of those changes will be most acute in the developing regions, transforming rural areas, farming sectors and shaping evolving patterns of food security. The main drivers of change include: a) uneven population growth; b) urbanisation and changing food production, distribution and consumption patterns; c) increased mobility of goods, capital and labour across borders but also within countries; d) growing pressure on natural resources such as land, water and biodiversity; e) increasing demands on agriculture to provide food, feed and energy resources; f) climate change; g) food safety and biosecurity, including transboundary pests and diseases.

69. The world's population is likely to grow from 6.5 billion at present to 9.2 billion people in 2050. The bulk of this increase will take place in developing countries, with the poorest countries experiencing higher population growth. Fertility rates in these countries will remain high, the share of people in economically non-active age brackets will decline only slowly and the "demographic dividend" that has helped push up growth in some regions will remain moderate, particularly in the first decades of this century. Many of these countries are in sub-Saharan Africa.

70. Population growth will also be unevenly distributed within countries. Over the next 25 years the whole increment in global population will concern urban areas. While urbanisation affects all countries, its impact will differ vastly. Urbanisation in richer countries often means added agglomeration benefits (economies of scale, energy efficiency, shorter transportation and communication channels) and, therefore, income growth. In poorer countries, by contrast, urbanisation can result in a shift from rural to urban poverty, expanding slums and further pressures on social services. It may also mean abandonment of agricultural land and loss of fertile cropland to urban development.

71. Urbanisation will have a profound impact on the location of food production, volumes and composition of international trade and distribution channels, with such key facets as: the role of multinational food companies, global sourcing arrangements, expanding supermarkets and relocalisation of food supply systems through national and regional markets. Access to rapidly evolving food distribution systems will be determined by a variety of factors ranging from the availability of efficient physical infrastructure to the ability of meeting quality and safety standards set by local and/or international distribution chains. The transformation of food systems being experienced at all levels generates greater demand for higher food quality and safety, and for production technologies which ensure environmental sustainability and agro-ecosystem resilience. The dominance of food chains and agro-industry in food systems has impacts on local and national markets and creates new institutional mechanisms governing producer-processor or retailer relationships. Farmers who fail to meet these standards could be crowded out from domestic markets, reducing rural income growth and the viability of farming, and thus exacerbating urbanisation trends. The livelihoods of those producers and rural groups who do not possess the appropriate natural, financial and human capital assets will remain a major policy concern of both governmental authorities and non-state development actors.

72. Despite the resulting challenges for rural development in general and agricultural policy in particular, the world as a whole is expected to be a richer one. The World Bank

forecasts the next 30 years to be a period of dynamic growth, with continuing benefits from freer movements of capital, goods, and services which could foster growth, allow rapidly emerging economies to generate the necessary domestic investments and eventually boost personal incomes. For developing countries as a whole, per capita incomes are expected to rise by 3.5% per annum over the next 30 years. Regrettably, it is not foreseen that this will be shared evenly. The economies of East Asia and South Asia are expected to continue to grow rapidly (5.2% p.a. and 4.2% p.a. respectively), while countries in sub-Saharan Africa may lag behind (2.2% p.a.).

73. Urbanisation and income growth will change food consumption patterns as well as physical activity, calorie needs and overall impact on people's health. Where incomes are projected to rise swiftly, the observed shift towards higher food consumption levels, including more energy dense foodstuffs, meat and livestock products, could accelerate. Populations which will not experience income growth or face stagnation for a variety of reasons, will see continuing threats to their food security situation and persistent problems of undernourishment. The result could be a startling "double burden of malnutrition", where hunger, obesity and vulnerability to non-communicable diseases co-exist.

74. Robust, albeit uneven, income growth and rapid urbanisation will clearly bear on the volumes and direction of agricultural trade flows. Overall net food imports by developing countries are expected to rise significantly over the next 30 years. The Near East and North Africa region is, and would remain the most import-dependent region. For poorer countries with weak agricultural sectors, rising import dependency could become a reason for concern, particularly if import prices remain high or even continue to increase. On the other hand, valuable opportunities to boost agricultural exports will need to be explored and pursued in developing regions, also bearing in mind the importance of such concepts as "aid for trade" contributing to food security.

75. The world is witnessing severe and competing pressures on land and water resources as well as on biodiversity. These include urban needs and bioenergy, coupled with serious threats to the natural resource base, e.g. due to homogenised systems based on a handful of agricultural seeds and breeds, forest loss and degradation, increases in fishing capacity and demand for fish which are leading to overexploitation of fisheries resources, as well as expanding aquaculture.

76. At the same time, to feed the expected 9.2 billion people in 2050 and meet other needs, global agricultural production will have to increase by up to 80% over current levels and much of the increase will need to take place in developing countries. For this increase to materialise, new land will have to be brought into cultivation, and more importantly, productivity of existing agricultural land will need to rise further through intensification and enhanced resource use efficiency. This will require adequate know-how and sustainable ways to use ever scarce resources. It will also require better infrastructures and more investments in rural areas.

77. Over the next decades, the impacts of climate change and its variability will put unprecedented stresses on world economies and threats to the livelihoods of many people. Forests (and afforestation) can mitigate climate change and provide renewable energy. Agriculture is contributing to climate change through greenhouse gas emissions, while being negatively affected by global warming through increased climate variability (e.g. more floods and droughts, changing patterns of precipitation). Climate change is expected to accelerate pressures on the environment, as long-established production systems become destabilised and abiotic stresses (such as water shortages, salinity, aridity and heat) are increased, also in the light of growing demands for food. A rise in average temperatures will have effects on agriculture, especially in arid and semi-arid regions. Water scarcity will increase, threatening

agriculture particularly in least developed countries. Changes in oceanic patterns will have effects on fisheries, especially in tropical regions. Climate change will endanger biodiversity of species and ecosystem balance, with potential emergence of new animal and plant pests and diseases. Therefore, climate change and the associated increased incidence of extreme weather events could exacerbate the vulnerability of populations who are already food insecure and who lack compensation means. Mitigation of, and adaptation to climate change have to be addressed in a holistic way through integrated strategies.

78. Alongside a massive expansion in international movements of goods, a growing threat of new transboundary pests and diseases has emerged. At the same time, as noted above, climate change is likely to change the distribution patterns of animal diseases and plant pests. These diseases will pose major challenges to both rural and urban areas, especially in the small backyard operations systems (pigs, poultry, etc.) presently providing livelihoods for very large number of people. Recent outbreaks of severe acute respiratory syndrome (SARS) and highly pathogenic avian influenza (HPAI) have demonstrated that there is a need to develop new control strategies to strengthen systems' ability to withstand change.

Continued adherence to global goals and efforts required to attain the Millennium Development Goals (MDGs)

79. The Strategic Framework 2000-2015 adopted by the FAO Conference in 1999 set out three interrelated global goals that the Organization should help Members achieve:

- . access of all people at all times to sufficient nutritionally adequate and safe food, ensuring that the number of chronically undernourished people is reduced by half by no later than 2015;
- . the continued contribution of sustainable agriculture and rural development, including fisheries and forestry, to economic and social progress and the well-being of all; and
- . the conservation, improvement and sustainable utilisation of natural resources, including land, water, forest, fisheries and genetic resources for food and agriculture.

80. The setting of the MDGs shortly after the FAO Strategic Framework marked a renewed commitment by the international community to address, in a holistic manner, basic issues related to economic and social development. Of most direct relevance to FAO are the first goal (MDG1), to eradicate extreme poverty and hunger (with a target of halving them by 2015), and the seventh goal (MDG7), to ensure environmental sustainability. The goals, reaffirmed at the 2005 World Summit, remain the driving force for the UN system, and the 2005 Conference reiterated the need for concrete contributions from FAO for achieving the MDGs.

81. However, progress so far in achieving hunger and poverty reduction goals has been mixed. While parts of the world are on track for achieving MDG1 (East Asia) or have already met the target (China), others are at severe risk of failing to cut the prevalence of hunger and poverty by half by 2015 (sub-Saharan Africa). Inter-regional differences persist even in countries and regions that are exhibiting overall progress towards achieving MDG1. Moreover, "hidden hunger" caused by deficiency of iron, iodine, zinc and vitamin A in the diet, is widespread. Lack of progress on the hunger target impedes the attainment of other MDGs, especially poverty reduction. High levels of child and maternal mortality (MDG4 and MDG5 respectively) and low rates of school attendance in developing countries (MDG2) are also intimately linked to the prevalence of hunger and malnutrition. The persistence of hunger and its negative effects on health and productivity of individuals will continue as a brake to poverty reduction. Concerted action remains indispensable to reduce hunger and poverty at the rates required.

82. The fight against hunger clearly underlies many activities in FAO's Programme of Work. Moreover, the Programme of Work will continue to take account of other MDGs and global trends outlined above, as well as technological change, including information dissemination and communications tools.

General expectations of the membership

83. The preceding trends and challenges continue to guide the design of FAO programmes and the component entities and translate into strong expectations from the entire membership of continued active involvement of the Organization with: public goods such as international rules, standards and conventions; assistance in relation to multilateral trade negotiations; commonly acceptable rules on food safety; and support to international and national actions in dealing with transboundary pests and diseases of plants and animals, environmental degradation, and natural and human-induced disasters.

84. The formulation of the Programme of Work seeks to conform to other expectations of the membership, i.e.:

- a demonstrated focus in areas of comparative advantage, particularly through the rigorous targeting of programmes and beneficiaries and adherence to well recognised priorities;
- enhancing the relevance of FAO's programme entities through optimising the positive "feedback loop" that occurs between global analytical work and the experience gained from local application;
- taking maximum advantage of alliances, partnerships and joint programmes with the UN and other organizations, in particular the Rome-based UN agencies and at country level; and
- paying due attention to administrative streamlining and efficiency measures, drawing on successful experiments elsewhere.

85. Significant changes are also affecting the development cooperation context in which FAO operates and the Organization will need to continue to adjust to these changes, building on recent reforms and in consistency with the broader UN reforms. The following can be highlighted: new modalities of financing; the expected more incisive contributions of multilateral institutions to defining and implementing national development plans; the further drive towards national ownership; stronger concerted efforts for aid coordination, harmonisation and alignment; the emergence of new sources of investment and other forms of assistance from civil society, foundations and the private sector; and the emphasis placed on accountability for results.

B. Multidisciplinary Thrusts

Attention to multidisciplinary

86. The main trends and challenges outlined in the preceding section, which are to influence FAO's Programme of Work under all sources of funding, will require deeper multidisciplinary action. This necessitates a joining of forces between units placed in the same or different departments or geographic locations to holistically address common issues in meeting the needs of the Membership, and also to reduce potential duplication.

87. In the wake of the adoption of the Strategic Framework 2000-2015, multidisciplinary was exemplified by highlighting in successive Medium Term Plans (MTPs) and Programmes of Work and Budget (PWBs) "priority areas for interdisciplinary action" (PAIAs). As conceived and operated hitherto, these had been selected in order to address new issues or areas of demands by Members cutting across disciplinary lines, particularly when these areas were not

easily recognised in the organizational and programme structures. While good work has been achieved, there have been constraints to both effective planning and the delivery of planned outputs and outcomes under the PAIAs. In particular, there are natural tensions at various levels of the structure in seeking a balance between programmed and budgeted commitments to activities of a primarily sectoral nature, and to genuine multidisciplinary actions and activities, where accountability for results is shared.

Increased use of ex ante joint planning and disposition of erstwhile PAIAs

88. The Director-General's reform initiatives of the 2005-06 period sought to attenuate the above problems by promoting increased use of *ex ante* joint planning, particularly as related to the 19 areas hitherto identified as PAIAs. The Programme Committee also stressed the need for greater selectivity and the desirability of "mainstreaming" PAIAs, whenever possible.

89. Accordingly, the Revised PWB 2006-07⁸ embodied a substantial effort to rationalise the handling of those areas so far referred to as PAIAs, given the latitude to factor at the planning stage and manage during programme implementation resource inputs (including staff time) from as many different units as needed. Ten erstwhile PAIAs were recast as multidisciplinary programme entities, anchored more firmly to the most relevant programme(s), as illustrated in the following table.

Table 1. Mainstreaming of specific PAIAs into the programme structure in 2006-07

Acronym	Title	Host programme or entity
AWTO	WTO Multilateral Trade Negotiations on Agriculture, Fisheries and Forestry	3CA02
CLIM	Climate Change	2KP07
DSRT	Combating Desertification	2KP08 (Fragile eco-systems)
GLOP	Global Perspective Studies	3BA04
LHOO	Local Institution Building to Improve Capacity for Achieving Sustainable Rural Livelihoods	3GA02 (Participatory processes for sustainable rural livelihoods)
MTNS	Sustainable Management of Mountains	2KP08 (Fragile eco-systems)
PROD	Integrated Production Systems	Programmes 2A, 2B and 2D
QINF	Definition, Norms, Methodologies and Quality of Information	Programme 3H
REHA	Disaster Prevention, Mitigation and Preparedness and Post Emergency Relief and Rehabilitation	4DS02
SPAT	Spatial Information Management and Decision Support Tools	Programmes 2K and 3H

90. The revised PWB 2006-07 also indicated that work on *Gender and Development* would be carried out within the framework of the related Plan of Action sanctioned by the Conference, while work on ethics would be pursued at a reduced scale. Two other themes formally highlighted as PAIAs, i.e. *Food for the Cities (FCIT)* and *Organic Agriculture (ORGA)*, are being addressed in terms of identification of best practices, knowledge dissemination and meeting specific demands from Members for operational projects at national or subnational level.

⁸ PC 95/3 - FC 113/14

91. During the formulation of the present full PWB 2008-09, the mainstreaming effort has been pursued by anchoring work on bioenergy in the (now) dedicated, reformulated programme entity *2KP06*, with inputs budgeted there by a number of concerned units. As will be seen in *Annex 1*, resources attached to this area of growing importance are now more clearly identified.

92. Joint work under four remaining areas continues to be carried out as heretofore, pursuing needed coordination within the Organization and, where relevant, ensuring a concerted interface with external instruments (conventions) or events, i.e.:

- . AIDS (Implications of HIV/AIDS on Food and Agriculture)
- . BIOD (Integrated Management of Biodiversity in Food and Agriculture)
- . BIOS (Biosecurity for Agriculture and Food Production)
- . BTEC (Biotechnology Applications in Agriculture, Fisheries and Forestry)

Catalytic resources and organizational changes to support multidisciplinary work

93. While *ex ante* planning and “mainstreaming” are being promoted as the preferred practical routes to execute multidisciplinary activities, recourse to central catalytic resources remains a necessary instrument for the concerned groups to meet unforeseen needs, particularly since multidisciplinary work often applies to areas facing rapidly evolving contexts, and to provide financial incentives for enhanced cross-sectoral collaboration.

94. Since the PWB 2002-03, a provision for catalytic resources has been included in the budget, initially at a rather modest level. Despite overall budgetary constraints, a special effort was made in the revised PWB 2006-07 to augment this provision, i.e. more than doubling the amount in the preceding PWB to reach over US\$ 1.2 million. The present full PWB 2008-09 incorporates a further increase for central catalytic funding so that the available provision of catalytic resources would be US\$ 2.8 million, as shown under *Resources for multidisciplinary work* in *Annex 7*. Of this, US\$ 1.6 million has been earmarked for catalytic work on knowledge management, capacity building, climate change and bioenergy, while the remainder would, as heretofore, be available to all groups handling high-priority multidisciplinary activities on a “competitive” basis, i.e. subject to the respective merits of requests coming from these groups, and also taking account of the eventual availability of extrabudgetary resources.

95. Recent changes to the organizational structure have also facilitated more coherent implementation of four important multidisciplinary thrusts singled out by the Council in June 2007: knowledge management and capacity building through the Knowledge Exchange and Capacity Building Division (KCE); and, climate change and bioenergy through the Environment, Climate Change and Bioenergy Division (NRC). Explicit reflections of these important new subjects are provided below.

Overview of planned actions under key areas of multidisciplinary action

Knowledge management and exchange

96. - *Background:* collecting, analysing, interpreting and disseminating agricultural-related data and information has been a central activity since the inception of the Organization. In parallel with the worldwide information revolution epitomised by the Internet, since 1996 WAICENT has provided the corporate platform for management and dissemination of information, with positive results.

97. Complementary to handling explicit knowledge, though much more difficult to access, is the more “tacit knowledge” stemming from the experience and expertise of FAO staff. The challenge for FAO as a knowledge organization is to make the most of both explicit and tacit knowledge in serving its membership. To better address this challenge, three Interdepartmental Working Groups (IDWGs) were established in 2005 on: a) thematic knowledge networks, b) best practices, and c) knowledge exchange.

98. Since that time, thematic knowledge networks have been launched or strengthened in a number of priority, often multidisciplinary areas. It is also incumbent upon a knowledge organization to learn from experience, i.e. both successes and failures, through mechanisms that allow staff of different disciplines, working on related themes in different units or locations, to act in a collegial manner towards the development of “best practices”. As evident from FAO’s Web site, an initial set of documented best practices has been presented by technical theme⁹. In addition, in order to provide Members with more effective access to the tacit knowledge available in the Organization, and to meet the specific information needs of a broad range of constituents, a Web-based interactive question and answer service (*Ask FAO*) was launched in December 2005.

99. - *Objectives and plans for 2008-09*: during the upcoming biennium, FAO will continue to develop and support thematic knowledge networks, document best practices and lessons learned, and develop and put in place mechanisms and tools to facilitate and foster knowledge exchange. Priority will be given to establishing networks first within the Organization (i.e. encompassing all levels: headquarters, regional offices, subregional offices, and country offices) and subsequently reaching out to external Centres of Excellence, through partnerships to be established under formal agreements (e.g. CGIAR, Carnegie Mellon University, Wageningen Agricultural University). The number of such networks will be monitored and their achievements reported on a regular basis.

100. WAICENT will be further enhanced through additional interactive services, building on the experience and success of the *Ask FAO* initiative. For example, it is envisaged: to develop a platform to support virtual events and to allow to interact with FAO experts on-line; to put in place a version of *Ask FAO* for wireless, mobile and pocket PC devices; to diversify thematic and best practice knowledge networks through electronic fora; and to ensure fuller use of modern collaborative tools based on Web 2.0 technologies such as Blogs and Wikis.

101. Cooperation will also continue with international centres of excellence around the world to explore tools to facilitate multilingual information retrieval. Tools will be tested and evaluated for possible use in countries. Existing procedures and mechanisms will be reviewed where pertinent to mainstream work on “best practices” into field projects and activities under the Special Programme for Food Security.

102. In order to better coordinate and implement FAO’s knowledge-based activities, and to serve as a useful point of reference for Members, a knowledge management strategy will be developed in early 2008, taking into account the eventual recommendations and outcome of the Independent External Evaluation. The strategy will aim at enhancing knowledge management approaches more systematically across the programmes of all departments and decentralized offices.

⁹ http://www.fao.org/KnowledgeForum/index_en.htm

103. As Regular Budget resources will serve primarily to catalyse and test new approaches, as well as to ensure overall coordination and general advice and support, extrabudgetary support will be necessary to scale-up activities such as knowledge networks at national and global level in all technical domains, and for diversification into such aspects as using non-official languages.

Capacity building

104. - *Background*: the UN General Assembly Resolution 59/250¹⁰ (of December 2004) gave impetus to interventions from the international community in support of capacity building to improve results and impact. Also, “capacity development” took a central role in the Paris Declaration on Aid Effectiveness of 2005. Other substantial contributions came from the OECD/DAC paper: *The Challenge of Capacity Development: Working Towards Good Practice*, stressing the importance of monitoring and learning, in addition to the central aspect of national ownership, and a common position paper from the UN Development Group (UNDG). At the same time, the High-level Committee on Programmes (HLCP) of the CEB is conducting an “Analysis of Capacity Development Efforts of the United Nations Development System”, in the context of preparing the 2007 TCPR.

105. In view of heightened international awareness and FAO’s own increased attention to the area, an internal consultation process was carried out to review approaches to capacity building and to identify options for enhancement. Some common threads emerged, including the need to align FAO’s work with the new paradigm of “capacity development” – taking a more integrated approach to addressing Members’ needs at the individual, organizational and institutional or policy levels. Key internal dimensions were identified: FAO’s normative and facilitation function; knowledge generation and exchange; staff competencies; organizational learning; and adaptation of the organizational culture. Those of more external nature were: access to clients and partners; ongoing UN reforms and their possible impact; identification of main institutional players; evolving funding environment; and external communication.

106. - *Objectives and plans for 2008-09*: while capacity-building efforts span across a wide range of programme entities and will be executed by the concerned responsible units, in the 2008-09 biennium, FAO will put on a more firm basis its contributions as an effective agent for “capacity development” in the wider context. A corporate capacity building strategy will be finalised in early 2008, laying out roles and responsibilities, and embodying an organizational commitment to developing skills consistent with FAO’s mandate and external demands. In its coordinating role, KCE will facilitate common approaches to the organisation and management of capacity building activities, leading an Interdepartmental Working Group (IDWG) on Capacity Building and using catalytic resources to focus on: a) the use of clear diagnostic methods for needs assessment in countries; b) consistency of capacity building activities with broader Regular Programme objectives; c) preparation of capacity building programmes drawing on documented good practices; d) incentives to encourage delivery of such programmes; and e) further development of the corporate Web-based portal on capacity building.

107. It is also intended to: change a general output-oriented approach in capacity building into a more outcome/impact-oriented one; apply results-based management tools to link FAO’s objectives with planned outcomes/impact in terms of capacity building at country

¹⁰ Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System

level; and develop indicators for measurement of impact of capacity building. The competencies of FAO staff at headquarters and decentralized offices will be strengthened, in order to exploit relatively new capacity building methodologies in a more systematic way.

108. A special external communication effort is envisaged to raise awareness of FAO's new approach to capacity building, as well as related opportunities for beneficiaries, in particular for partners in the field programme. Work will include measures to: enhance dialogue with key partners in countries through the National Medium Term Priority Frameworks (NMTPFs), including articulation of specific capacity building needs consistent with the mandate of FAO, and in close alignment with UNDAF; use inter-agency contacts to develop joint approaches based on subsidiarity principles; and seek to influence UN and donor coordination platforms so that capacity building for agriculture and rural development is appropriately reflected.

109. Mobilisation of extrabudgetary funding will be important to strengthen FAO's role as facilitator of capacity building at all levels: government decision-makers, institutions (organizational development), and individuals (e.g. technical training, fellowships etc.), as well as access to sources such as "Direct Budget Support" funds and untied and flexible country-driven resources provided on the basis of partnership with donors (e.g. FAO-Netherlands Partnership Programme).

Climate change

110. - *Background:* climate change is emerging as a momentous global challenge of the 21st century. As reflected in the recently issued 4th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), climate change is already having profound and irreversible impacts on economic, social and environmental systems. This is increasingly apparent from the frequency and intensity in the occurrence of natural imbalances and climate related disasters that threaten human health and infrastructure, community stability, agricultural production and food security, water, land and other natural resources sustainability.

111. Agriculture, livestock and land use change including deforestation contribute to global greenhouse gas emissions. But agriculture, livestock and forestry can also contribute to climate change mitigation, through: greenhouse gas conservation (e.g. crop/livestock integrated systems, low-input and high-diversity grassland production, livestock management, conservation agriculture, and reduced deforestation), carbon sequestration (in soils, crops and trees), and carbon substitution (substitution of fossil fuels through biofuels), as well as crop improvement.

112. Key sectors such as agriculture, fisheries, and forestry are very sensitive to climate change. Temperature and precipitation changes impact distribution and productivity of agricultural crops and trees. Transboundary insect and other pests, diseases, invasive plant species and fires affect agriculture, forestry and peoples' livelihoods. The increased incidence of forest fires and outbreaks of forest pests and diseases, which severely impact on forest-dependent people, are being linked to climate change. Sea level rise is causing increased soil erosion, loss of productive land, higher risks of storm surges, reduced resilience of coastal ecosystems and the attendant costs of responding and adapting to these shocks. Changes in ocean circulation patterns, sea level rise and ocean salinity affect the biological properties and distribution of marine species, impacting those who rely on fisheries for food and livelihoods. Small island developing states are particularly at risk. People who are already vulnerable, for example due to gender-based inequalities, poor health caused by HIV/AIDS, or lack of livelihood options, may suffer even more due to climate change impacts.

113. In response to increasing concerns about climate change, the FAO Council, the Committees on Agriculture (COAG) and Forestry (COFO) have requested the Organization

to assist countries in coping with climate change impacts, and to collaborate with the UN Framework Convention on Climate Change (UNFCCC) Secretariat and the IPCC. As early as 1988, an FAO Interdepartmental Working Group on Climate Change has been at work to enhance and coordinate cross-sectoral activities. Since 2004, FAO has also been engaged in the social dimensions of climate change, in particular examining the different impacts on men and women, and how to incorporate gender issues into climate change policy and adaptation. In 2006-2007, a new division on Environment, Climate Change and Bioenergy has been established.

114. To address climate change related risks, FAO will integrate climate change issues and response strategies into its global and field work and promote this topic in the overall development agenda as relates to its mandate. Work will be spearheaded under programme entity 2KP07 and supported by the Interdepartmental Working Group on Climate Change.

115. - *Objectives and plans for 2008-09*: in general terms, FAO is to assist countries by providing data and information, policy and technical advice, management tools (codes of best practice and voluntary guidelines), technology transfer and capacity building on the challenges resulting from climate change to agriculture, forestry and fisheries, on ways to lessen and cope with its impacts on people's livelihoods, and on approaches and opportunities discussed in international fora. More specifically, FAO will:

- . assist countries in developing new or strengthening integrated vulnerability baselines and responses;
- . support multistakeholder action platforms for adaptive livelihoods;
- . foster "good enough" practice guidelines in testing climate change adaptation targets;
- . support capacity building for the development and use of crop varieties more resistant to environmental stress; and
- . assist national authorities in including climate risk management strategies in development plans.

116. Given the strong linkages between food security, energy, climate, ecosystem, rural development and trade objectives, close coordination will be pursued with internal communities of practice dealing with disaster risk management, biological diversity and bioenergy. FAO will build on the development and testing of a livelihood-based approach to promote climate change adaptation processes relevant to rural communities in least developed countries, as well as on guidelines for addressing gender in negotiations and adaptation.

117. Externally, FAO will continue to cooperate closely with the IPCC and the UNFCCC by providing data, information and technical advice in agriculture, forestry, fisheries, land and water. It will collaborate on climate change adaptation within the context of the Nairobi Work Programme, and on issues related to bioenergy, afforestation, reforestation, grassland management, rehabilitation of marginal and degraded land, reduction of emissions from deforestation, desertification and harvested wood products. FAO will also provide a neutral forum for discussion of models, concepts and definitions, and host international programmes such as the Global Terrestrial Observing System (GTOS) and the Global Land Cover Network (GLCN).

118. As a result, FAO's climate change work is expected to progressively achieve:

- . full reflection of climate change adaptation and mitigation in FAO corporate policies, programmes and activities;
- . expanded assistance to countries in developing national strategies, policies and action plans on mitigation of, and adaptation to climate change and variability;
- . effective technical guidance on reduction of greenhouse gases emissions in the agriculture and livestock sector;

- . enhanced international partnerships related to methods and tools, data and information and policy and planning;
- . increased technical support to inter-governmental mechanisms related to UNFCCC, IPCC and post-Kyoto Protocol dialogues and negotiations;
- . integrated approaches to national climate change responses as regards policy, land and water management, agriculture cropping systems, forest and fisheries issues;
- . capacity building and training for key stakeholders on policies and practices related to mitigation of, and adaptation to climate change; and
- . adequate assistance to countries in national assessments of forest carbon stocks.

Bioenergy

119. - *Background:* the next 30 years could see a significant shift from fossil fuels towards a bioenergy-based economy, with agriculture and forestry as principal sources of energy feedstocks. The availability of more bioenergy-based fuels, in particular ethanol and biodiesel, can serve a dual role: providing energy to meet basic requirements for well-being and development; and ensuring environmental benefits such as reduced greenhouse gas emissions.

120. Considering that four out of five people in rural areas live without sustained access to energy, a bioenergy transition is potentially very significant for the agriculture and forestry sectors in terms of the opportunities it offers to stimulate economic growth in rural areas of developing countries. However, in some cases, it can contribute to food insecurity and generate negative environmental impacts because of increased competition for land, crops and raw materials. Therefore, in those countries where bioenergy potentials are high, the opportunities can only be exploited if the necessary social and environmental safeguards are applied.

121. FAO has been involved with bioenergy since the UN Conference on New and Renewable Sources of Energy (Nairobi, 1981) and this aspect was reflected in the World Food Summit and its follow up. In 2002, the Organization initiated a series of actions aimed at raising its engagement and awareness of Members about bioenergy. Sessions of COAG, COFO, CFS, Council and Conference have endorsed the importance of the subject and called for an expanded programme.

122. The overall objective is to promote the development of equitable and accessible bioenergy for national stakeholders taking into account food security, poverty reduction, gender equality, environmental sustainability and climate change mitigation. The International Bioenergy Platform was developed under the leadership of FAO and launched in 2006 as the foundation for work on this topic. FAO will promote sustainable bioenergy development in its global and field work and promote this topic in the international development agenda. The following issues will need to be taken into consideration:

- . Bioenergy production and utilisation systems, wisely implemented, can help alleviate hunger and stimulate rural development by helping to diversify agricultural activities.
- . The use of biomass for energy, especially when food stocks and forest products are used or supplanted by alternative crops, has implications for food security that need to be well understood and reflected in national bioenergy policy and practices.
- . The environmental implications of bioenergy development, particularly for land use change and the sustainable management of natural resources, needs to be monitored carefully to ensure positive results.
- . Sustainable bioenergy can help to reduce greenhouse gas emissions and contribute to climate change mitigation as well as to support climate change adaptation through diversified agricultural production systems.

- A range of nations are already embarking on bioenergy activities and global trade is increasing even though there are significant gaps in knowledge, technology, capacity and capability.
- There is a rapidly growing demand of country requests for assistance. This includes the assessment and sustainable development of national bioenergy potentials, review of legislative frameworks and policy options, and advice on food security and natural resources management issues.

123. - *Objectives and plans for 2008-09*: during 2008-09, the International Bioenergy Platform will facilitate FAO's engagement with partners to assist countries in assessing and developing capacities for sustainable bioenergy. The Interdepartmental Working Group on Bioenergy and the Division of Environment, Climate change and Bioenergy will tap multidisciplinary expertise to achieve the following results under 2KP06 and related programme entities:

- An effective corporate framework on bioenergy to guide programme implementation. This will be accompanied by a mobilising mechanism to ensure that regular programme and extrabudgetary resources are used in a coordinated manner to undertake global, regional and national activities that support sustainable bioenergy development.
- Active leadership through collaborative mechanisms such as: the Global Bioenergy Partnership, for which FAO hosts the Secretariat; and UN-Energy, for which FAO is the vice-chair. Such partnerships will help to ensure that food security, sustainable natural resources management and rural development opportunities are well reflected in all fora relevant to FAO's mandate. Ongoing collaboration with technical centres of excellence will also be expanded.
- An international bioenergy information system to facilitate bioenergy assessment and analysis at national, regional and global levels and serve as a reference point for reliable data on bioenergy with respect to food security and environmental sustainability.
- Making bioenergy information more accessible, strengthening human resources capacity and managing FAO's responses to country requests and national needs primarily through the decentralized offices. This will be supported by the promotion of regional and national bioenergy task forces to develop strategies tailored to specific needs.
- Completion of case studies using the agro-ecological zones framework as a point of departure to understand policy and technical issues related to bioenergy development in selected countries. Some of these countries will also serve as reference cases for lessons learned.
- Practical tools and guidelines on bioenergy best practices including assessment, planning and development with a focus on food security, environment and rural development, taking into account gender-sensitive bioenergy services for local communities and vulnerable populations.
- Capacity building and training for regional, national and local stakeholders helping to mobilise and manage sustainable bioenergy systems.

C. Regular Budget and Extrabudgetary Resources - Towards a More Integrated Presentation

Background

124. In 1996, the governing bodies recognised the existence of substantial resources outside the regular budget appropriations and subsequently decided that the Programme of Work described in PWB documents should integrate support cost resources and other income that was largely: a) at the disposal of the Organization; and b) managed closely with the regular budget appropriation.

125. Since the PWB 1998-99, the document therefore presents the Programme of Work funded from assessed contributions and from support cost resources and other income as above, as well as informing the membership of the level of other expected extrabudgetary voluntary contributions. More recently, presentation of extrabudgetary resources has been split between those that would provide *direct support* to implementation of the Programme of Work, and those providing *technical and emergency (including rehabilitation) assistance* to governments for clearly defined purposes consistent with the policies, aims and activities of the Organization. The forecast level of extrabudgetary resources is based on the developments and main trends in voluntary contributions - approved and pipeline resources from donors - showing the expected level of expenditure at Programme level.

126. Recently, the total extrabudgetary expenditure has been approaching the same order of magnitude as that of the Organization's Programme of Work. Moreover, direct support to the Programme of Work has been a steadily rising proportion of extrabudgetary resources, reaching some US\$ 117 million (18% of extrabudgetary resources) in 2004-05¹¹ and projected to rise to US\$ 16.2 million (21%) in 2006-07¹², as shown in Table 2.

Table 2. Source of Funding

US\$ millions	Programme of Work		Extrabudgetary Resources		
	(Appropriation and Other Income)	Direct Support to Programme of Work	Technical and Emergency Assistance	Total (Extrabudgetary)	All Activities
2004-05 (actual expenditure)	831	117	518	635	1,466
	57%	8%	35%		
2006-07 (estimate)	877	162	617	779	1,656
	53%	10%	37%		
2008-09 (estimate)	910	139	697	836	1,746
	52%	8%	40%		

127. The Organization has taken steps to ensure that extrabudgetary projects are formulated and executed in line with the policies and programmes of the Organization. The Programme and Project Review Committee, established by the Director-General in 1999, reviews all non-emergency programme and project proposals (including TCP and SPFS projects). It aims to ensure that projects are mutually supportive and possess real synergies with the Organization's objectives. The Committee, through a process involving all technical departments, makes sure that projects adhere to six principles in the formulation stage:

- . ensure continuing interaction between the Organization's normative and operational activities so that these are mutually supportive;
- . draw maximum benefit from the Organization's comparative advantage and intervene where such advantage is known to exist;
- . have a tangible impact in improving the food security of the least privileged populations and contributing to sustainable rural development;
- . build and/or reinforce national capabilities to ensure continuity of action, promote sustained self-reliance and support the sustainable use and management of natural resources, with SPFS projects and other FAO projects;

¹¹ FC 115/14 paragraph 12

¹² PC 95/3 - FC 113/14 Revised PWB 2006-07 Table 5

- promote gender equality and equity through the systematic compliance with FAO's stated commitment to and policy on mainstreaming a gender perspective into its normative work and field activities;
- promote broader partnership, alliances and participation.

128. The Organization reports *post factum* in the biennial Programme Implementation Report on the actual extrabudgetary expenditures by programmatic areas, along with achievements, success stories and lessons learned.

129. Recently, the governing bodies have expressed concern about the increasing dependency of FAO's core programme of work on extrabudgetary resources. There is some expectation for adequate policies and information on the mutual interactions between the Regular Programme and work funded by extrabudgetary resources, especially under the field programme¹³. The IEE has been requested to provide some guidance in this regard.

130. In addition, the FAO Council at its 132nd session, in noting the recent significant rise in extrabudgetary resources at the disposal of the Organization, welcomed the Secretariat's intention to provide a more integrated presentation of Regular Budget and extrabudgetary resources in the full PWB 2008-09, bearing in mind the need to move firmly towards building a strategic and balanced approach to resource mobilisation to respond to global and local needs and challenges. The Programme and Finance Committees have noted that this could also facilitate opportunities for extrabudgetary support to meet critical funding gaps affecting priorities and programmes agreed by the membership. Most prominent among these underfunded areas are: IPPC, plant and animal genetic resources, the GIEWS, support to implementation of the Code of Conduct for Responsible Fisheries, as well as the corporate statistical database FAOSTAT.

Context and trends

131. Some changes in the development assistance environment are influencing the flow of voluntary contributions to the Organization:

132. - *New ways of conducting and funding development assistance* - The changing modalities in development assistance are beginning to have a major impact on the way resources are mobilised. Within the framework of the Paris Declaration on Aid Effectiveness, concrete commitments have been made to increase harmonisation, alignment and managing for results, including mechanisms for monitoring progress. In particular, renewed country ownership and leadership in development programming, and increasing development assistance channelled as direct budget support (DBS), means that FAO must be more responsive to countries' requirements for technical assistance.

133. - *UN Reforms, including TCPR and the "Delivering as One" country pilots* - The TCPR provides a framework for establishing system-wide coherence of the operational activities of the UN system at the country level. It addresses a number of issues with regard to the effectiveness and relevance of UN operational activities, transaction costs and efficiency, the strengthened role of the UN resident coordinator as well as various forms of interagency cooperation at the country level. Among the emerging issues are those concerning resource mobilisation for country-level operational activities in relation to FAO's normative work in relation to the concept of One Programme and how to integrate services provided by specialised agencies in those areas that are not directly covered by UNDAFs.

¹³ C 2005/REP paragraph 97; CL 132 REP items on COFI, COFO, COAG

134. - *Emerging Donors and Funding Sources*: - As a result of major commitments by political and philanthropic leaders, several global funds have been established such as the Global Environmental Facility (GEF), the Global Alliance for Improved Nutrition (GAIN), and the Bill and Melinda Gates Foundation, among others. This new generation of donors are tending to focus on specific programmatic challenges rather than country-oriented perspective, providing for quick and flexible response wherever possible.

135. - *Unilateral Trust Funds (UTFs)* - Significantly increased resources are now provided through unilateral trust funds, whereby beneficiary governments fund their own development support including from FAO (e.g. Brazil, Saudi Arabia, Mexico, Venezuela, Nigeria, Gabon, South Africa, etc.). While used initially by oil-rich countries or for a few technical assistance components of World Bank loans, this modality is now particularly relevant in countries where there is a high portion of direct budget support, and in countries which are (or are gradually becoming) middle-income economies.

136. In this rapidly changing environment, FAO has been able to mobilise increased extrabudgetary resources to provide direct support to the Programme of Work as well as for technical and emergency assistance. Taking into account the tsunami and desert locusts emergencies in 2005, pledges of voluntary contributions received during the 2004-05 biennium were a record total of US\$ 1.2 billion (for expenditure during 2004-05 and beyond). The present biennium continues this same trend, with total approvals reaching US\$ 570 million in 2006. Increasing voluntary contributions for technical assistance are being pledged by donors, especially in the context of the MDG's.

Moving towards a resource mobilisation strategy

137. At present, FAO's resource mobilisation efforts, while ultimately yielding contributions towards achievement of the Organization's objectives, are conducted on several fronts. Contacts with multilateral and bilateral funding sources for long-term development projects and programmes are coordinated by the Field Programme Development Service (TCAP). Resource mobilisation for emergency and rehabilitation projects and programmes is coordinated by the Emergency Operations and Rehabilitation Division (TCE).

138. The reform proposals approved by the FAO Conference in November 2005 and the FAO Council in November 2006 include a new operating model for decentralized locations aimed at making FAO more responsive to local priorities, while preserving unity of purpose and coherence in addressing global problems. Under this new model, FAO Representatives (FAORs) lead FAO's response to individual member countries' priorities and specific needs, notably in the context of the United Nations Development Assistance Framework (UNDAF) and the national medium-term priority framework (NMTPF) processes. Thus the decentralized offices are increasingly involved in resource mobilisation, with FAORs empowered to engage with donors directly at the country level and leading the formulation of national projects under the overall guidance of headquarters departments, with the technical support of the multidisciplinary teams in the subregional offices.

139. Despite operating within the general orientations contained in the Strategic Framework, FAO's approach to extrabudgetary resource mobilisation is still more guided by pre-existing patterns of cooperation with partners than driven by a comprehensive assessment of anticipated needs. Such an assessment would be envisaged at the time of formulation of the Medium Term Plan and PWB. Initial attempts were made in past Medium Term Plan¹⁴ and

¹⁴ CL 123/7 paragraphs 38-45 and Table 4

PWB exercises to identify opportunities of extrabudgetary support under specific programme areas in order to extend the outreach of programme entities but received limited support from the governing bodies.

140. Ongoing changes in the development assistance environment offer an opportunity to address this issue leading to a “total” Programme of Work, whereby a “core” Programme of Work would be defined as per the current Programme of Work together with a range of desirable extrabudgetary support as part of a coherent resource mobilisation strategy to fund the “total” Programme of Work. This is in line with recent experience at comparable UN specialised agencies (ILO, UNESCO, and most notably WHO), which have, to varying degrees, begun to implement resource mobilisation strategies based on total resource requirements (assessed and voluntary contributions), addressing both global challenges and local needs in a results-based framework.

141. In this context, FAO aims to develop a more coherent resource mobilisation strategy which would better link its overall objectives and attendant resource requirements to various sources of funding. It would be based on the prioritised programmes and expected results agreed by the membership through action at global, regional and local levels. Under this approach any earmarking of pipeline voluntary contributions to specific activities and beneficiaries would need to be guided by an agreed framework and transparent process, allowing some flexibility to apply the resources to support priority programmes, funding gaps and emerging issues.

142. Hence, the Organization would be able to fund its total work according to strategic priorities agreed by Members and regional/national needs, regardless of the source of funding. A declaration of intent to move in that direction was provided in the context of the Director-General’s Reform Proposals¹⁵, but achieving this is also dependent upon the policies and practices of extrabudgetary donors. These aspects are expected to be addressed in depth following the outcome of the IEE.

Integrated presentation of resources in 2008-2009 under a 'maintenance budget'

143. The presentation of extrabudgetary resources in this PWB 2008-09 builds on ongoing processes to enhance integration with the Regular Programme of Work. The Organization has made some progress in developing workable mechanisms that provide the basis for extrabudgetary resource estimates beyond the usual extrapolation of known contributions, as described below. In particular, the Strategic Partnership Agreements for long-term development assistance and the Special Fund for Emergency and Rehabilitation Activities (SFERA) are proving to be practical tools for multi-year financial frameworks for longer term and less conditioned funding.

144. - *Strategic Partnership Agreements* - FAO has negotiated Strategic Partnership Agreements with several bilateral partners, including the Netherlands, Norway, France and Belgium. More recently, negotiations are underway with the European Union, Sweden and Spain to adopt the same approach. These agreements provide a flexible funding mechanism for interdisciplinary action in the context of broader development initiatives at country level. Strategic Partnerships are managed by both partners (i.e. FAO and the relevant donor) within the given institutional framework and are not just a series of stand-alone project activities. An essential part of these partnerships is the introduction of basic principles of results-based management, which establishes results indicators to monitor the effective use of resources,

¹⁵ C 2005/3/Sup.1 paragraphs 147 to 159

assesses impact and lessons learned. More importantly, the Strategic Partnerships have a long term time frame, thus improving the funding predictability and using the institutions' evolving priorities as a basis for negotiations.

145. - *Special Fund for Emergency and Rehabilitation Activities* - The Special Fund for Emergency and Rehabilitation Activities (SFERA), which was established in May 2003 with a target of US\$ 2 million, expedites rapid deployment and provides working capital in anticipation of receiving approved donor funds. The international response to the 2004 Indian Ocean earthquake and tsunami represented the first significant donors' contributions to the SFERA, with no earmarking against specific activities and budget lines. FAO was able to use the Fund on a large-scale, resulting in more timely and efficient emergency response. This led to the adoption of a programme approach for the campaign against highly pathogenic avian influenza, which encouraged more donors to support SFERA. The SFERA has received US\$38 million from donors through May 2007.

146. - *Areas of potential interest for extrabudgetary funding* - In order to assist with the ongoing reform process, a number of internal working groups covering cross-cutting issues generated new ideas and formulated proposals in 2006. A summary of the areas of potential interest for extrabudgetary funding was presented in document CL 131/18, Table 20. These ideas formed the basis for concrete proposals to be actively pursued in contacts with donors. In addition, the strategies being developed for addressing the key areas of multidisciplinary action, such as knowledge management, capacity-building, climate change and bioenergy, will provide the basis for mobilising additional support to extend this work.

147. - *Multi-year programmes of work of commissions and treaties* - Several international commissions and treaties hosted and served by FAO (e.g. IPPC, Codex, Rotterdam Convention, IT-PGRFA, CGRFA) have prepared multiyear programmes of work to guide the contributions of partners. These form the basis not only for resource allocations by FAO to core work of these bodies but also voluntary contributions to both the core work and to extend the impact through technical assistance.

148. - *Country level planning and resource mobilisation* - The increased use of joint programming mechanisms by the UN system (i.e. multidonor trust funds, pooled funding joint programmes, sector wide approaches) puts increased focus on coordination, cost-effectiveness and reduced transaction costs at country level. FAORs are collaborating with the UN Country Teams in interested countries to prepare joint programme proposals for the UNDP/Spain MDG Achievement Fund's thematic windows on Environment and Climate Change, and on Gender. FAO is actively engaged in country programming processes within the CCA/UNDAF framework, including use of NMTPFs as an entry point for food and agriculture in the UNDAF process. FAO will use the NMTPF to establish a country-based identification of programme needs, match these with the Programme of Work and identify the total funding requirements.

149. - *IDWG on Resource Mobilisation* - In recognition of the increasingly important corporate function of resource mobilisation, requiring coordination, reporting, information dissemination and a coherent communication strategy, the IDWG on Resource Mobilisation will serve as a platform for discussions in the development of the resource mobilisation strategy.

150. Taking into account these new mechanisms, the extrabudgetary resource estimates for 2008-09 were built in two steps. First, as usual, extrabudgetary resources known to be available in the coming biennium were determined at programme level. Then, additional extrabudgetary requirements were estimated according to contacts with donors and funding gaps in priority programmes.

151. *Annex 5* provides an overview of the total resource availability, consisting of the proposed net appropriations, other income, and estimated voluntary contributions. The total estimated resources at the disposal of the Organization through a combination of a Regular Programme “maintenance budget” and extrabudgetary resources at programme level is shown in Table 3. A maintenance budget would not permit to address certain areas of underfunding that have built up over the years, including improved human resources management processes, the current network of country offices, and the management of FAO premises. In addition, the cost implications of possible follow-up to the IEE and UN Reforms remain unquantified.

152. The *Regular Budget Programme of Work* comprises those activities to be funded from assessed contributions from Member Nations under a ‘maintenance budget’, and from other income comprising voluntary contributions to execute the Programme of Work because they are at the disposal of the Organization and/or are managed closely with the Regular Budget Appropriation.

153. The *Trust Funds* are projected expenditures against voluntary contributions other than those included in the Programme of Work, based on an assessment of where the extrabudgetary resources are either likely to be available in 2008-09 or are needed for priority programmes and to fill funding gaps. These are presented in relation to programmes in three categories:

- . direct support to the Programme of Work;
- . support to the field programme and assistance to Member countries;
- . emergency and rehabilitation assistance

154. Of the US\$ 836 million in expected extrabudgetary resources, US\$ 309 million are known to be available (of which US\$ 140 million for emergencies), US\$ 354 million are in various stages of discussion with donors (of which US\$ 40 million for emergencies) including ideas for funding of priority areas (e.g. CL 131/18 Table 20), and an additional US\$ 173 million is tentatively forecast for emergencies.

155. While all programmes in *Chapter 2*, almost all in *Chapter 3* and two programmes in *Chapter 4* are expected to receive extrabudgetary support, half of the resources are concentrated in five programmes including for priority areas of work:

- . Crop production systems management, including support to the IT-PGRFA, plant breeding capacity building, and urban and peri-urban agriculture development;
- . Diseases and pests of animals and plants, including support to IPPC, Rotterdam Convention, EMPRES, and avian influenza;
- . Sustainable natural resources management, focussing on climate change and bioenergy, watershed management and on-farm water management;
- . Rural infrastructure and agro-industries, including rural market development and rural finance;
- . Food and agricultural policy, including FIVIMS and capacity-building for policy formulation (with particular support from Partnership Agreements).

Table 3. Integrated view of the 2008-09 Programme of Work and estimated trust fund activities (by chapter)

(All amounts in US\$ 000)						
Chapter and Programme	Regular Budget		Trust Fund		All Financing	
	2008-09 Programme of Work	Direct Support to Programme of Work	Support to Field Programme / Assistance to Member Countries	Emergencies		
1A Governing bodies	8,883	0	0	0		8,883
1B General direction	9,845	0	0	0		9,845
1X Programme Management	557	0	0	0		557
1 Corporate Governance	19,285	0	0	0		19,285
2A Crop production systems management	19,466	24,483	53,690	16,116		113,755
2B Livestock production systems management	9,235	4,570	5,244	2,784		21,833
2C Diseases and pests of animals and plants	26,961	15,472	18,349	26,097		86,879
2D Nutrition and consumer protection	24,169	890	9,103	6,821		40,983
2E Forestry information, statistics, economics, and policy	10,995	10,492	3,200	0		24,687
2F Forest management, conservation and rehabilitation	8,963	7,092	13,998	5,404		35,457
2G Forest products and industry	8,828	70	1,286	0		10,184
2H Fisheries and aquaculture information, statistics, economics, and policy	18,969	22,925	5,082	1,235		48,211
2I Fisheries and aquaculture management and conservation	13,479	16,429	11,407	0		41,315
2J Fisheries and aquaculture products and industry	9,309	1,394	4,691	10,937		26,331
2K Sustainable natural resources management	34,587	10,498	66,623	20,307		132,015
2L Technology, research and extension	11,435	149	5,746	464		17,794
2M Rural infrastructure and agro-industries	15,749	0	43,786	14,709		74,244
2X Programme Management	20,817	0	0	0		20,817
2 Sustainable Food and Agricultural Systems	232,963	114,464	242,205	104,874		694,506
3A Leveraging resources and investment	54,206	0	1,214	0		55,420
3B Food and agriculture policy	30,348	16,019	92,993	6,574		145,934
3C Trade and markets	11,213	4,621	5,328	0		21,162
3D Agriculture information and statistics	11,167	701	3,634	0		15,502
3E Alliances and advocacy initiatives against hunger and poverty	13,080	1,500	1,500	0		16,080
3F Gender and equity in rural societies	8,928	0	3,825	0		12,753
3G Rural livelihoods	3,077	3,700	14,230	0		21,007
3H Knowledge exchange and capacity building	23,383	657	6,561	28,750		59,351
3I Information technology systems	32,284	0	0	0		32,284
3J Communication and public information	17,618	0	0	0		17,618
3X Programme Management	18,800	0	0	0		18,800
3 Knowledge Exchange, Policy and Advocacy	224,105	27,198	129,285	35,324		415,912
4A UN cooperation, integration and monitoring	13,800	0	0	0		13,800

(All amounts in US\$ 000)						
		Regular Budget		Trust Fund		All Financing
Chapter and Programme	2008-09 Programme of Work	Direct Support to Programme of Work	Support to Field Programme / Assistance to Member Countries	Emergencies		
4B Coordination of decentralized services	20,217	0	0	0		20,217
4C Food security, poverty reduction and other development cooperation programmes	85,233	0	9,708	0		94,941
4D Emergency and post crisis management	25,774	0	805	0		26,579
4E Technical Cooperation Programme	103,550	0	0	0		103,550
4X Programme Management	10,835	0	0	0		10,835
4 Decentralization, UN Cooperation and Programme Delivery	259,409	0	10,513	0		269,922
5A Oversight	13,099	0	0	0		13,099
5B Programme and budget services	7,063	0	0	0		7,063
5C Financial services	14,986	0	0	0		14,986
5D Human resources management and staff welfare	16,185	0	0	0		16,185
5E Procurement	8,513	0	0	0		8,513
5F Management of premises	35,611	0	0	0		35,611
5G Meetings and language services and protocol	7,785	0	0	0		7,785
5H Shared services	22,462	0	0	0		22,462
5X Programme Management	8,986	0	0	0		8,986
5 Management and Supervision Services	134,690	0	0	0		134,690
6 Contingencies	600	0	0	0		600
8 Capital Expenditure	18,410	0	0	0		18,410
9 Security Expenditure	20,444	0	0	0		20,444
I Indirect Allocations	0	0	0	0		0
Emergencies Not Allocated				172,701		172,701
Total	909,905	141,662	382,003	312,899		1,746,469
Percentage by Source of Financing	52%	8%	22%	18%		100%

D. Programme of Work Chapter Summaries

156. This section provides summarised information at the chapter level on main emphases and expected substantive achievements for the 2008-09 biennium. It covers ongoing work in the context of a maintenance budget and also highlights some new initiatives, taking into account the recommendations of governing bodies, evolving challenges and trends, results of evaluations and lessons learned during implementation. In the latter area, besides the seminal evaluation of decentralization and the review of the TCP, major recent external evaluations covered the following areas: commodity and trade work; emergency and rehabilitation operations in response to the Tsunami; corporate strategy D2: “*Conservation, Rehabilitation and Development of Environments at greater risks*” and the cross-organizational strategies on “*Communicating FAO's Messages*” and “*Broadening Partnerships and Alliances*”; the Desert Locust Campaign of 2003-05; and TeleFood. In addition, 39 auto-evaluations were carried out in the last three calendar years, 2004-06, covering specific entities or groups of activities.

157. Narratives for the component programmes under the PWB structure adopted in 2006-07, with attendant resource allocations down to the programme entity level (the

fundamental unit for which FAO formulates programmatic objectives, budgets resources and measures results), are provided in *Annex 1*. Priorities of direct interest to specific regions are highlighted in *Annex 2*, where it is evident that there are commonalities across regions, for example in terms of requirements for integrated land and water management practices, conservation of plant genetic resources and safe use of pesticides, implementation of IPPC-linked and Codex standards, combating transboundary diseases and pests of animals and plants, ensuring adequate food control systems, addressing the implications of rapidly evolving food distribution systems and international markets, the sustainable management of forestry and fisheries resources, the necessary adaptation to climate change, and improving the information base for policy formulation and the exchange of experiences across countries.

158. While the mandate of the Organization extends beyond assisting Members in the implementation of the Millennium Development Goals (MDGs), the Programme of Work will clearly support achievement of the MDGs in many ways. A large number of activities under *Chapters 2 and 3* will be geared more or less directly to increasing food production, ensuring safe food distribution systems and improved nutrition, and expanding income opportunities and livelihoods of rural populations, including the most vulnerable groups, and thus will contribute to MDG1 (eradicating extreme poverty and hunger). Expanded work on climate change issues and bioenergy will contribute to MDG7 concerning environmental sustainability, while the continued assistance provided to Members in relation to rural development policies and agricultural (including fishery and forestry products) trade issues is consistent with MDG8 (N.B. the MDGs are listed in summary form on the back cover of this document).

159. In the resource tables accompanying the narratives, the changes from provisions in the Revised PWB 2006-07 are in the first instance the reflection of refined distribution of staff time (especially professional staff) across programmes and entities, also taking account of the impact of the new operating model in decentralized locations and the incidence of multidisciplinary teams in subregional offices. The changes in emphasis are compatible with the overall expectation of the June 2007 Council in considering the SPWB that: *“a major reprioritisation effort would not have been warranted at this stage, as it would have prejudged eventual recommendations of the IEE on the substance of FAO’s work”*. As already explained in the preceding *Section II.B*, a shift of resources worthy of note is that effected from a number of substantive programmes under *Chapters 2 and 3* to *Programme 2K* in order to ensure more genuine *ex ante* funding commitments to bioenergy and climate change work.

Chapter 1: Corporate Governance

Chapter 1: Corporate Governance

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
1A	Governing bodies	7,794	1,088	8,883
1B	General direction	9,814	31	9,845
1X	Programme Management	714	(157)	557
Total		18,323	962	19,285
Cost Increases				2,368
Total - recosted				21,653

160. *Chapter 1* is of a continuing nature, covering the cost of main governing bodies and regional conferences (1A) and of general direction, i.e. the Office of the Director-General *stricto sensu* and the share of the Legal Office’s activities covering advice to management and governing bodies on legal matters (1B). The increase under 1A reflects inclusion of Russian language services, and more adequate funding for the regional conferences.

Chapter 2: Sustainable Food and Agricultural Systems

Chapter 2: Sustainable Food and Agricultural Systems

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2A	Crop production systems management	20,164	(698)	19,466
2B	Livestock production systems management	8,498	737	9,235
2C	Diseases and pests of animals and plants	23,870	3,092	26,961
2D	Nutrition and consumer protection	23,695	474	24,169
2E	Forestry information, statistics, economics, and policy	11,277	(283)	10,995
2F	Forest management, conservation and rehabilitation	8,233	731	8,963
2G	Forest products and industry	8,899	(71)	8,828
2H	Fisheries and aquaculture information, statistics, economics, and policy	17,857	1,112	18,969
2I	Fisheries and aquaculture management and conservation	12,912	567	13,479
2J	Fisheries and aquaculture products and industry	9,248	61	9,309
2K	Sustainable natural resources management	28,808	5,779	34,587
2L	Technology, research and extension	10,012	1,423	11,435
2M	Rural infrastructure and agro-industries	15,721	28	15,749
2X	Programme Management	21,003	(186)	20,817
Total		220,196	12,767	232,963
Cost Increases				28,470
Total - recosted				261,433

161. This chapter is at the core of FAO's technical work, comprising 13 substantive programmes (2A to 2M) under the responsibility of four departments: Agriculture and Consumer Protection (AG); Forestry (FO); Fisheries and Aquaculture (FI); and Natural Resources Management and Environment (NR), together with the staff dealing with the same disciplines in decentralized offices. For ease of understanding, the text is organised around the main department concerned.

Agriculture and Consumer Protection

162. - *Programme 2A: Crop production systems management* will:

- promote the application of ecosystem approaches to enhance food and feed production and income generation to improve rural livelihoods;
- disseminate and share knowledge and build capacity in the conservation and use of plant genetic resources and crop associated biodiversity, as well as in sustainable intensification of agricultural production, taking account of major food security, climate change and bioenergy dimensions;
- produce major reports such as the State of the World's Plant Genetic Resources to support *inter alia* implementation of the Global Plan of Action;
- support capacity-building and provide policy advice on plant breeding and seeds, biotechnology, biosafety, plant nutrition and conservation agriculture;
- make an increased contribution to the implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-PGRFA), including the work of its governing body and subsidiary bodies.

163. The lower allocation to the programme is due in the first instance to the ending, as foreseen in 2007, of a programme entity (2A402) dealing with soil productivity and

conservation, with some redirection of resources into high-priority work on plant genetic resources and into *Programme 2K: Sustainable natural resources management*.

164. - *Programme 2B: Livestock production systems management* will address priority requirements of Members in relation to the rapidly growing and changing livestock sector across various production systems and scales, including: increased productivity and marketability of animals and livestock products; improved animal feeding, nutrition, husbandry, welfare and herd health management; and appropriate utilisation of animal genetic resources. In particular, it will:

- . assist countries in the implementation of the Global Plan of Action on the improved management of animal genetic resources, as negotiated in 2007;
- . assemble, analyse and disseminate livestock-sector specific information at global, regional, national and local levels to support decision-making.

165. Important livestock-related components are also placed under other programmes: 2C, 2D, 2K, 2M, 3B, 3C and 4D, i.e. covering enhanced surveillance, prevention and control of infectious animal diseases, zoonoses, food safety hazards linked to animal products, value-adding at the smallholder level, and the generation of broader economic, social, environmental, institutional benefits from the livestock sector.

166. - *Programme 2C: Diseases and pests of animals and plants* will cover regulatory policy and relevant technical aspects to reduce risks to livelihoods, productivity, human health and the environment from plant pests, animal diseases and pesticides. Accordingly, it will:

- . pursue implementation of the plant pests – especially locusts – and animal diseases components of EMPRES, to strengthen national capacities in early warning and early response to major disease and pest threats to crop and livestock production systems (also in response to findings of recent evaluations);
- . facilitate the work of the Crisis Management Centre established at the departmental level to deal in an integrated manner with contingency planning and preparedness and more effective and efficient rapid responses to crises in the food chain;
- . in line with the recently-approved business plan, carry out further IPPC-related work on standard setting, capacity-building, and knowledge sharing, also protecting Members from invasive alien plant pest species that threaten biodiversity as well as agriculture;
- . as endorsed by COAG and Council, promote a more coherent, “life-cycle” approach to pesticide management, based on implementation of the Rotterdam Convention, the Code of Conduct on pesticides and IPM, together with the elimination of obsolete pesticides;
- . organise in 2009 a high-level event on world food security and the challenges of transboundary pests and diseases.

167. The increased budgetary provision relates in part to the creation of the Crisis Management Centre, and higher allocations to IPPC as well as EMPRES since the revised PWB 2006-07, also in line with Programme Committee guidance.

168. - *Programme 2D: Nutrition and consumer protection* will pursue its basic objective to improve access to, and consumption of, nutritionally adequate and safe food by all. The Codex Alimentarius Commission and Codex-related activities remain major priorities, i.e. the development of food safety and quality standards in order to protect the health of consumers and ensure fair practices in food trade. The programme will address food safety concerns linked to animal products, both at production and later stages of the food chain. It will support national and subnational nutrition and food safety programmes, nutritional and dietary assessments, and nutrition education.

169. - *Programme 2M: Rural infrastructure and agro-industries* will, following recent guidance from COAG:

- . assist Members in the development of competitive agro-industries and agro-enterprises linking input suppliers and producers through to final retail markets;
- . facilitate policies and institutional measures, and support the development of specific agro-industries;
- . contribute to building the capacities of small farmers and small agro-enterprises to participate in markets, including high value market channels;
- . give due attention to post-production value adding technologies, product quality and safety, market and business linkages, support services, and agricultural sector related rural infrastructure development.

170. The Joint FAO/IAEA Division (AGE) will provide inputs to *Programmes 2A, 2B and 2D* through several new projects, with focus on modern biotechnology to increase the efficiency of nuclear techniques.

Forestry

171. FAO's forestry work is principally included under *Programmes 2E, 2F, 2G* with substantial components also under *2K* (due to the important role of forestry in climate change and bioenergy). Despite a shift to *2K*, the total resources available to the three main programmes dealing with forestry are higher than those shown in the Revised PWB (while some reallocations have been made among these programmes).

172. - *2E: Forestry information, statistics, economics and policy* will cover the major elements of sound forestry policy, e.g. economic analysis and global and regional outlook studies, contributions to the international forest policy dialogue primarily through support to the Collaborative Partnership on Forests and dissemination of forestry information. Countries will be assisted to develop and implement national forest programmes, in line with importance attached by COFO, which along with the Regional Forestry Commissions will continue to provide major venues for Members to address forestry concerns.

173. - *2F: Forest management, conservation and rehabilitation* will centre on sustainable management and conservation of natural forests, planted forests, woodlands and trees outside forests, arid lands vegetation, coupled with international cooperation on forest fires and partnership in forest health. The impact of climate change and watershed management as relates to forestry are to be important priorities (linking up to *2K*), and voluntary guidelines for fire management and responsible establishment and management of planted forests will be implemented, as specifically requested by COFO.

174. - *2G: Forest products and industry* will provide technical and policy advice to countries on sustainable harvesting and processing of wood and non-wood forest products and wood fuels. It will also disseminate best practices with emphasis on small industries on which the livelihoods of a large number of poor people depend. *2G* covers the assessment, monitoring and reporting on forest resources, products and institutions; a major thrust will be to launch the *Global Forest Assessment 2010* process.

Fisheries and Aquaculture

175. In line with the recommendations of the Committee on Fisheries (COFI), *Programmes 2H, 2I and 2J* cover in a balanced manner both fisheries and aquaculture. The implementation of the Code of Conduct for Responsible Fisheries (CCRF) and related instruments cuts across the three programmes, for which there is an overall increase in resources.

176. - *Programme 2H: Fisheries and aquaculture information, statistics, economics and policy* will:
- . address fisheries and aquaculture policy, including information in support of decision-making, and directly supporting the implementation of the CCRF and associated International Plans of Action;
 - . support COFI, regional fishery bodies and pertinent regional economic integration organizations;
 - . develop a new legally binding instrument on port state measures for combating illegal, unreported and unregulated (IUU) fishing;
 - . implement the strategy for improving information on status and trends of capture fisheries (Strategy-STF) and the related Fisheries Resources Monitoring System (FIRMS) partnership;
 - . carry out socio-economic analysis of the two sectors, especially small-scale fisheries and aquaculture operations.
177. - *2I: Fisheries and aquaculture management and conservation* will support management of fisheries and aquaculture and the conservation of related wild fish stocks, resources used for aquaculture and related ecosystems, including: the relevant provision of the Code; and dissemination of technologies and best practices; and the implementation of the ecosystem approach to fisheries and aquaculture.
178. - *2J: Fisheries and aquaculture products and industry* will assist with maximising benefits from fisheries and aquaculture products and related industries, paying attention *inter alia* to human and institutional capacity-building and methodology development, particularly for small-scale fisheries and in the area of fish utilisation, trade, food quality/safety and fisher folk's safety, as well as technical aspects of monitoring, control and surveillance (MCS), including the use of vessel monitoring systems (VMS). As underlined by COFI, this will include the development of a global record of fishing vessels.

Natural Resources Management and Environment

179. Two programmes aim at addressing in a holistic manner: the sustainable management of natural resources and environmental concerns, including land, water and biodiversity (2K) and the strengthening of institutions and human capacities in research and extension for improved technology generation and adoption (2L), both led by the NR Department.

180. - *2K: Sustainable natural resources management* is to include substantial additional inputs from other departments and offices, drawing on available expertise within the Organization on such matters as: biodiversity, bioenergy, climate change, and environmental management of ecosystems (with specific focus on fragile ecosystems such as drylands, mountains and coastal areas), together with support from corporate funding to entities dealing with climate change and bioenergy. As more amply explained in *Section II.B* above, 2K will cover the adaptation of agricultural production systems to climate change, and the contribution of agriculture, fisheries and forestry to climate change mitigation through processes such as carbon sequestration and bioenergy. Liaison and contributions to major international environmentally-related initiatives are to be intensified.

181. During 2008, two significant events will be organised, primarily with extrabudgetary resources and in collaboration with multilateral partners as necessary, to ensure that food security and sustainable management of natural resources are fully reflected in the ongoing international debate on bioenergy and climate change. The first will be a high-level summit with a focus on the impacts of bioenergy and climate change on food security. A second high-level event would undertake a broader focus that includes bioenergy and climate change, but

also addresses how other global drivers such as transboundary pests and diseases, migration flows, urbanisation and changing consumption patterns will influence the agriculture, forestry and fisheries sectors. It will serve to define actions that need to be taken by the global community in the context of the theme *How to feed the world in 2050*.

182. *Programme 2K* also provides for the Secretariat of the Commission on Genetic Resources for Food and Agriculture, where Members discuss issues and action plans for the conservation and sustainable management of biodiversity for food and agriculture, in harmony with other international fora. As agreed at the session in June 2007, the Secretariat will lead the implementation of the Multi-year Programme of Work on Biodiversity for Food and Agriculture. The programme will also support capacity-building in improved management and conservation of land, water and genetic resources, including the essential knowledge base for their sustainable use, as well as agricultural water management, water use efficiency and productivity, and best practices for water use and conservation, through the continuum from water sources to final uses.

183. - *2L: Technology, research and extension* will principally assist with research and technology development and dissemination, including support to strengthening national agricultural research systems, extension services and their interfaces, fostering partnerships with international research and academic institutions. In this regard, it will continue to host (in the Office of the ADG, NR Department) the Secretariat of the CGIAR Science Council, which will benefit from increased external income. Emphasis is also to be given to integrating National Agricultural Research and Extension Systems with National Programmes for Food Security (NPPS) to ensure effective technology generation, assessment and adoption by farmers.

Chapter 3: Knowledge Exchange, Policy and Advocacy

Chapter 3: Knowledge Exchange, Policy and Advocacy

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3A	Leveraging resources and investment	50,829	3,377	54,206
3B	Food and agriculture policy	30,295	53	30,348
3C	Trade and markets	11,899	(686)	11,213
3D	Agriculture information and statistics	10,719	448	11,167
3E	Alliances and advocacy initiatives against hunger and poverty	12,588	492	13,080
3F	Gender and equity in rural societies	9,400	(472)	8,928
3G	Rural livelihoods	4,119	(1,042)	3,077
3H	Knowledge exchange and capacity building	22,251	1,132	23,383
3I	Information technology systems	28,952	3,332	32,284
3J	Communication and public information	18,069	(450)	17,618
3X	Programme Management	20,312	(1,512)	18,800
Total		219,433	4,672	224,105
Cost Increases				28,445
Total - recosted				252,550

184. Work on the programmes under *Chapter 3* spans the Organization, with contributions from many departments and offices (primarily ES, TC and KC and to a more limited extent NR and AG, as well as from other units such as LEG and OCD). Most, if not all, of the ten programmes embody significant interfaces with FAO constituents, and with many important institutional partners.

185. - *Programme 3A: Leveraging resources and investment* will in the first instance spearhead corporate efforts to mobilise resources for agriculture and rural development, targeting traditional and non-traditional donors to support programmes and projects to be implemented by countries and REIOs themselves, as well as those to be implemented by FAO. In 2008-09, dialogue will continue with interested donors towards the expansion of Strategic Partnerships to enhance linkages to global programmes. In line with the recommendations of the FAO High-level Panel on MDGs, support to national and regional programmes on food security will be enhanced. In this, as requested by CFS, priority will be given to their systematic integration with national poverty reduction policies, strategies and programmes.

186. The major component of *3A* will remain the provision of independent advice and analysis to countries, in their dialogue with international financing institutions (IFIs) and assistance in the formulation of investments in agriculture, via the Investment Centre, likely to be around US\$ 6 billion during the biennium. The budgetary provision reflects the foreseen increase in income from the World Bank and other IFIs in 2008-09.

187. - *Programme 3B* deals with food and agriculture policy development in countries in two major ways: a strong analytical component focusing on the underlying causes of poverty and food insecurity in rapidly changing social and economic contexts, including situations of chronic hunger, emergencies and protracted crisis situations; and a component of direct policy advisory services delivered mainly through the decentralized offices. Therefore, the programme will:

- . support networks and expand partnerships with research centres, academic institutions, and other partners;
- . issue major flagship publications including: the annual *State of Food and Agriculture (SOFA)* to cover Bioenergy and Food Security in 2008, the *State of Food Insecurity in the World (SOFI)* and the next major prospective report *World agriculture: towards 2030/2050* to be published in 2009;
- . continue other well established activities: FIVIMS and servicing of the CFS.

188. - *Programme 3C: Trade and markets* will follow up on the priorities expressed at the 66th Session of CCP of April 2007, and on the evaluation of FAO's work on commodities and trade completed in early 2007. It will also take account of the evolving state-of-play in the WTO negotiations on agriculture. Work will be carried out along two major components: a) the analysis and outlook both in the short and medium run, of agricultural trade and commodity markets, also reviewing national and international food supply and demand prospects; and b) agricultural trade policy, including assistance and capacity-building to support participation in international trade negotiations and implementation of multilateral trade arrangements, and diversification and value-addition in both domestic and export markets. The main expected achievements and impact are: better informed and more effective trade and commodity development strategies of Members and effective participation in multilateral and regional trade agreements. The ES Department, responsible for this programme, has been able to shift some resources to *Programmes 3H* (dealing with knowledge exchange and capacity-building) and the following *3D*.

189. - *3D: Agriculture information and statistics* covers FAO's well established statistical work. It will:

- . continue to operate and improve the two major information systems which have been recently upgraded: FAOSTAT, the corporate database for the management, maintenance and dissemination of substantive statistical data; and CountrySTAT, integrated system for the collection of food and agriculture statistics at the country level, for uploading to FAOSTAT;

- . support participation of countries to world agricultural censuses, including scope, coverage, concepts, definitions, classifications, methodology and proposed tabulations;
- . respond to country needs for technical assistance in planning and conducting agricultural censuses and surveys.

190. - *Programme 3E: Alliances and advocacy initiatives against hunger and poverty* will continue to include coordinating, planning and implementing activities relating to World Food Day, TeleFood and FAO Goodwill Ambassadors. As per the recommendations of the evaluation of TeleFood, this will be closely integrated with corporate outreach and public information work (*Programme 3J*). *3E* includes also the Secretariat of the International Alliance Against Hunger (IAAH) which will pursue coordination among alliance members and mobilisation of new resources, as recommended by Council. Other budgetary provisions cover work on the right to food, liaison offices (outside the UN system) and overall coordination with civil society and private sector partners. The provision reflects the new liaison office in Moscow (LORU), while counter balancing savings under other component entities have also contributed (cf. *Annex 1*).

191. - *Programmes 3F: Gender and equity in rural societies* and *3G: Rural livelihoods* are led by the new Gender, Equity and Rural Employment Division (ESW), with appropriate inputs also from the NR Department. The apparent decrease in the provisions is principally on account of redirection of resources from the ESW and NRR divisions to support multidisciplinary Programmes 2K and 3H.

192. As regards gender and equity, *3F* will:

- . keep the main accent on strengthening national capacities to mainstream gender in policies and programmes, within the framework of the Gender and Development Plan of Action;
- . continue the analysis of the nexus between agriculture, gender equality, social equity, household food security, rural development and poverty reduction;
- . enable ESW to serve as corporate focal point on HIV/AIDS, indigenous peoples, population issues, particularly migration, rural ageing and disability;
- . act as convenor within the Global Coalition of Women and AIDS and lead issues within the UN-wide Inter-agency Network on Women and Gender Equality.

193. As regards rural employment and livelihoods, in close cooperation with ILO, *3G* will:

- . address the impact of dramatic changes taking place in agricultural systems worldwide, e.g. the growing value chains associated with agribusiness and agro-industry, the difficulties of self-employed small farmers, and labour shortages in some regions;
- . explore more flexible and casual forms of agricultural employment and assist with the elimination of the worst forms of child labour;
- . provide complementary support to strengthening organizational and institutional capacities of key vulnerable groups;
- . enable ESW to be focal point on the institutional strengthening of producer organizations, and participatory processes and rural development.

194. Under *Programme 3H: Knowledge exchange and capacity-building*, KCE is the overall focal point for enhancing FAO's role as a knowledge organization and will continue to develop the WAICENT framework and the GIEWS. The increased allocation reflects attention to this priority area by the focal point KCE and other units, as well as support from central catalytic resources. As more amply explained under *Section II.B* above, the programme will:

- . in the first instance, develop a knowledge management strategy for the Organization;

- support a range of knowledge exchange networks and other services, as well as setting the underlying standards;
- promote the Programme to Bridge the Digital Divide and the e-Agriculture Community of Expertise, leveraging resources through interagency partnerships established in follow up to the World Summit on the Information Society;
- facilitate the impact of capacity building activities in all FAO's technical Programmes.

195. - *Programme 3I: Information technology systems* implemented by KCT Division, will cover the provision of Information Systems (IS) and Information and Communications Technology (ICT) in support of FAO programmes and administrative processes. This includes not only systems developments and traditional data communications, with attendant user help, advice, and guidance, but also voice communication, and technical equipment in conference rooms used in support of physical and virtual meetings. *Programme 3I* will also facilitate governance of the activities of other units in the IS/ICT arena. The increase in the budget provision is due to additional funding for operation of the enhanced Wide Area Network (WAN) in decentralized offices, and the consolidation under the KCT Division of services, the cost of which, was formerly included under the relevant technical programmes.

196. - *Programme 3J: Communication and public information*, is to coordinate through the KCI Division the dissemination of policy messages from the Organization and seek improved public awareness of its goals, and attention to the agricultural and rural sector in national and international development policies and initiatives. To that end, cooperation with a wide range of media will continue to be ensured. *3J* will also supervise the publishing activities of FAO, i.e. supporting strategic planning of, and providing technical support to these activities. Savings have been possible under the budgetary allocation to this area.

Chapter 4: Decentralization, UN Cooperation and Programme Delivery

Chapter 4: Decentralization, UN Cooperation and Programme Delivery

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
4A	UN cooperation, integration and monitoring	13,912	(112)	13,800
4B	Coordination of decentralized services	20,306	(89)	20,217
4C	Food security, poverty reduction and other development cooperation programmes	86,092	(858)	85,233
4D	Emergency and post crisis management	15,838	9,936	25,774
4E	Technical Cooperation Programme	103,550	0	103,550
4X	Programme Management	13,898	(3,063)	10,835
Total		253,596	5,813	259,409
Cost Increases				24,208
Total - recosted				283,616

197. In organizational terms, this chapter includes a large share of the resources handled by the Technical Cooperation Department (e.g. TCE, TCO and the TCP), OCD and the FAORs, as well as a few other units (e.g. UNC and the Liaison Offices with the UN system).

198. - *Programme 4A: UN cooperation, integration and monitoring* will lead FAO's interaction with other UN bodies, also dealing with some aspects of cooperation with governments, in order to ensure harmonisation of FAO's work with UN system initiatives. At corporate level, it will coordinate and facilitate participation in activities of the UN system, including mainstreaming of agreed UN-wide policies in collaboration with other offices and departments, and formulate related strategic positions. *4A* will also cover the increasing

participation of FAO Representatives in activities of the related UN Country Teams, including joint programmes and approaches. This has taken added relevance in the context of evolving discussions of UN reforms, including collaboration with the Rome-based agencies and the implementation of the “Delivering as One” pilots.

199. - *Programme 4B: Coordination of decentralized services* will continue to cover: a) the overall coordination and advisory role of OCD in the formulation and the implementation of the Organization’s decentralization policy and central oversight, operations and management support, including training to decentralized offices; and b) the activities of the country offices in support of knowledge management, networking and advocacy. *4B* will follow up on the implementation of reforms in decentralized offices, including the establishment of the new subregional offices and the new functional models of responsibilities and relationships across the various layers of the organizational structure.

200. Under *Programme 4C: Food security, poverty reduction and other development cooperation programmes*, the largest entity will continue to house the critical inputs of the FAORs to assisting Members with their national development objectives and requirements in emergencies and for rehabilitation. The Organization’s response to country priorities is henceforth being served by: empowered country offices, multidisciplinary teams in the SROs which have relatively high provision for non-staff resources. The coherence, design, and financing of technical cooperation programmes will be monitored closely. *4C* will also involve assembling and analysing information at both country and regional levels for facilitating coherent action. The lower level of the provision is primarily on account of more accurate allocation of FAOR resources to technical programmes.

201. In addressing emergency and post-crisis management interventions, *Programme 4D* will pay due attention to protecting and building back the livelihoods of farmers, herders and fishers. It will also assist with disaster preparedness and mitigation measures, ensuring coordination throughout the Organization in this respect. The very substantial apparent increase under *4D* is due to higher expected income in support of emergency operations. Within the emergency response framework of the United Nations system and in close collaboration with other UN agencies (in particular WFP, UNHCR, UNICEF, ILO, and WHO) and NGOs, the programme will focus on:

- . coordinating situation and response analysis (needs assessments) and monitoring of food security;
- . formulating post-crisis recovery strategies and programmes,
- . assisting governments to optimise the impact of humanitarian and development actions;
- . helping with outbreaks of transboundary pests and diseases of crops and livestock and post crisis recovery and rehabilitation programmes.

202. - *Programme 4E*, which hosts the provision for the Technical Cooperation Programme (TCP), is kept at the same level in real terms. The extensive changes to the policy and operational framework of the TCP approved by the Council in November 2005 will continue to be followed up. TCP emergency assistance is expected to remain within the indicative ceiling of 15 percent set by the governing bodies. Use of the TCP Facility is expected to grow, including for the formulation of NMTPFs, into which TCP priorities will be further integrated. The TCP will continue to play its catalytic role in “localising” FAO global public goods in consistency with TCP criteria, and all projects will continue to be linked with at least one programme entity. More extensive details on the TCP are provided in *Annex 1*.

Chapter 5: Management and Supervision Services

Chapter 5: Management and Supervision Services

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5A	Oversight	11,260	1,839	13,099
5B	Programme and budget services	7,013	50	7,063
5C	Financial services	17,880	(2,894)	14,986
5D	Human resources management and staff welfare	16,812	(627)	16,185
5E	Procurement	8,901	(388)	8,513
5F	Management of premises	33,454	2,157	35,611
5G	Meetings and language services and protocol	7,882	(97)	7,785
5H	Shared services	19,641	2,821	22,462
5X	Programme Management	7,865	1,121	8,986
Total		130,708	3,983	134,690
Cost Increases				18,280
Total - recosted				152,970

203. This chapter includes a range of management support and supervision services: oversight, programme/budget, financial, human resources management, procurement, management of premises, meetings, language and protocol, and shared services. Among the main thrusts for the 2008-09 biennium will be: the consolidation of the Human Resources Management System already rolled out and the implementation of the Human Resources Management Model to improve the overall quality and efficiency of HR management while achieving cost savings; the operation of the Shared Services Centre in its new configuration; and continuing work on International Public Sector Accounting Standards (IPSAS), in anticipation of their implementation in 2010.

204. As noted in *Section II.B*, the present full PWB 2008-09 includes US\$ 1.2 million in central catalytic funding under *Programme 5B*, available to all groups handling high-priority multidisciplinary activities on a “competitive” basis, i.e. subject to the respective merits of requests coming from these groups, supplemented by additional US\$ 1.6 million earmarked for catalytic work on knowledge management, capacity-building, climate change and bioenergy.

205. The other main changes in resource allocations can be explained as follows: for *5A*, the increase is due to higher provisions to internal audit (including for the Audit Committee), the local audit programme, and independent evaluation; for *5C*, the decrease reflects the shift of routine transaction processing to the SSC in Budapest, and transfer of staff to the new SSC coordination unit at headquarters under programme *5H*; for *5D*, the decrease also reflects a resource shift to *5H*, including work associated with the payroll benefits unit, consolidated within the SSC; for *5E*, the decrease embodies the shift of routine transaction processing to the SSC hubs; for *5F*, the increase relates to the expanded decentralized structures (i.e. linked to management of infrastructures and facilities there); and finally for *5H*, the increase reflects the planned establishment of the SSC in its new configuration and expected redeployment costs of staff members whose posts have been abolished in conjunction with this (cf. *Section III.B* below).

Chapter 8: Capital Expenditure

Chapter 8: Capital Expenditure

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
8A	Capital Expenditure	13,575	4,835	18,410
Total		13,575	4,835	18,410
Cost Increases				528
Total - recosted				18,938

206. Proposals under this chapter are fully described in the following *Section III* and in *Annex 1*.

Chapter 9: Security Expenditure

Chapter 9: Security Expenditure

(All amounts in US\$ 000)				
Programme	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
9A	Headquarters security	7,989	81	8,071
9B	Field security	12,455	(82)	12,373
Total		20,444	(0)	20,444
Cost Increases				1,658
Total - recosted				22,102

207. *Chapter 9* is to provide comprehensive coverage of staff and non-staff costs directly related to security and safety of the Organization's staff and assets under the Security Expenditure Facility established by Conference Resolution 5/2005. The component programmes deal with the security dimension respectively at headquarters and in the decentralized structure.

SECTION III. KEY FINANCIAL AND BUDGETARY ISSUES

A. Introduction

208. The Secretariat has regularly brought to the attention of the membership the gravity of the Organization's General Fund deficit, cash flow position, underbudgeted costs and unfunded liabilities, with a view to seeking improvements in the situation.

209. At its 131st session in November 2006, the Council expressed serious concern regarding the Organization's worsening financial situation, the large amounts of unbudgeted costs, unfunded and unrecorded liabilities and the increasing General Fund deficit. It noted that the deterioration in the cash flow situation, due in particular to delays in payment of assessed contributions by Members, was critical as all reserves had been exhausted, forcing the Organization to resort to external borrowing for longer periods than in the past to meet its obligations. It also endorsed the request of the Finance Committee that the Secretariat submit an appropriate financial proposal for 2008-09 aimed at restoring the financial health and long-term sustainability of the Organization.

210. At its 132nd session, the Council recognised that the SPWB aimed in the first instance at responding to its own expectation of a "comprehensive financial plan", including measures to restore the financial health of the Organization. Therefore, this section addresses, on the one hand the resources needed to execute the next biennium's Programme of Work particularly in light of escalation in the unit cost of inputs and on the other hand the requirements to tackle the Organization's financial health, liquidity situation and reserves.

211. The financial issues facing the Organization in 2008-09 are addressed along two distinct themes which are elaborated and quantified below.

212. - *Incremental requirements to execute the 2008-09 Programme of Work at a "maintenance budget" level:*

- . In the first instance this comprises requirements beyond the current nominal budget level to preserve purchasing power parity with 2006-07 - that is, compensation for anticipated cost increases. The estimated incremental requirements for 2008-09 are US\$ 101.4 million;
- . The second part comprises incremental budgetary requirements that have emerged in 2006-07 and have been reported to or endorsed by Members for implementation in 2008-09 without matching funding, estimated at US\$ 18.7 million. These decreased from US\$ 23.9 million in the SPWB on account of the proposal for phasing the adoption of Russian as a language of FAO and the coverage under staff costs of the one-time costs for terminations related to the implementation of the SSC.

213. The Council agreed that the proposals for a maintenance budget in the SPWB provided a basis for further development in the full PWB. The Council also requested further detailed justification of the cost increase estimates and of the requirements leading to incremental costs for capital expenditure proposals that were included within the maintenance budget, in the full PWB. The explanations are provided in this section.

214. - *Requirements to tackle financial health, liquidity situation and reserves:* These are recurrent or one-time requirements to tackle the General Fund deficit by addressing unfunded liabilities and augmenting safety nets (reserves) so as to avoid liquidity shortages.

215. The Council agreed that action needed to be taken to restore FAO's financial health, but the time period and modalities for tackling the matter required further reflection. There

was a general feeling that proposals for the funding of reserves and long-term liabilities were therefore worth revisiting in the full PWB with a view to pursuing a more phased approach.

216. With regards to the liquidity shortages faced by the Organization, the Council at its 132nd session recognised that the General Fund liquidity situation was critical and would only be improved by the timely payment of assessed contributions by Members Nations. It also agreed in principle to propose to Conference the three measures recommended by the Finance Committee¹⁶: a) approve a derogation of Financial Regulation 5.6 in order to allow the Secretariat to accept contributions in non-freely convertible local currencies, under certain conditions¹⁷; b) that Member Nations in arrears of more than the amount of the contributions due from them for the two preceding calendar years be required to submit an instalment plan to the Finance Committee for review, and subsequent approval by the Conference; and c) that the practice of automatically restoring voting rights for all Member Nations on the first day of the Conference be immediately discontinued.

217. In the SPWB, the minimum incremental funding scenario foresaw the funding of the amortization of the After-service Medical Coverage and Terminal Payments past service liability at US\$ 39.7 million, and the replenishment of the reserves by US\$ 31.2 million for a total of US\$ 70.9 million.

218. In this full PWB, the minimum incremental provisions for 2008-09 under this rubric have been further appraised by the Secretariat with a view to also proposing a more phased approach and thus now range from a minimum of US\$ 37.3 million to the same desirable level of US\$ 133.8 million.

B. Incremental Budgetary Requirements to Execute the Programme of Work 2008-09

219. This section computes the requirements to fully fund the Programme of Work, under a maintenance budget. A maintenance budget is defined as the budget level that preserves purchasing power by updating unit costs through the estimation of cost increases. It also provides resources for incremental requirements that have been reported to or endorsed by Members in 2006-07 for implementation in 2008-09 (i.e. capital budgeting, one-time transition costs and introduction of Russian as a language of FAO).

Anticipated cost increases

Methodology and context

220. The methodology for calculating cost increases in this full PWB 2008-09 follows the approach previously approved by the Finance Committee, Council and Conference. The cost increase estimates are developed based on actual cost adjustments that have occurred in the current biennium and cost projections for the next biennium, and before the PWB is finalised, the data are updated so as to reflect the most recent cost trends and forecasts. The financial adjustments for the biennium are subdivided into *biennialization* and *inflation*.

221. *Biennialization* reflects the incremental financial effect in 2008-09 of cost adjustments materialising during 2006-07. As such, biennialization objectively reflects the financial impact

¹⁶ CL 132/14 paragraphs 54 to 57; FC 118/13

¹⁷ FC 110/17 paragraphs 12 and 19

of events that will have already taken place before the implementation of the 2008-09 budget. Accordingly, the financial implications of biennialization are essentially a matter of fact and arithmetic, not conjecture or long-range planning.

222. *Inflation* represents the cost impact in 2008-09 of those adjustments that are expected to take effect at various points in the next biennium. To assure prudent fiscal management and independent verification, external forecasts from the Economist Intelligence Unit and published data of authoritative bodies such as the International Civil Service Commission (ICSC) continue to be used in arriving at inflation estimates. A conservative approach to risk is adopted in the 2008-09 inflation estimates and the planning assumptions are summarised below.

223. In addressing the concept of a maintenance budget the Council took note of the substantial estimate for cost increases, and that the resulting high figure was largely due to the full biennial impact of increases in staff costs that had occurred, or were expected to occur, in the current 2006-07 biennium. The Council was satisfied that the basis for the cost increase estimates had been thoroughly reviewed by the Finance Committee. However, the Council concurred with the Committee's assessment that more detailed justifications should be provided in the full PWB. Detailed explanations, as well as the underlying assumptions, are provided below.

Overview of cost increases

224. The incremental requirements for cost increases to maintain the same purchasing power as in 2006-07 are estimated at US\$ 101.4 million (net of income) for 2008-09, which is considerably higher than in previous biennia, as tabulated below.

Table 4. Cost increases time series (US\$ million)*

Biennium	Total Approved Budget	Of which Total Cost Increases	% of budget net of CI
2006-07	765.7	44.6	6.2%
2004-05	749.1	33.0	4.6%
2002-03	651.8	47.7	7.9%
2000-01	650.0	31.3	5.1%

*The source of this data is as follows: For 2006-07, document C 2005/3 footnote 29; for 2004-05, calculated from Revised PWB table in paragraph 10 (PC91/3 – FC 107/14 – JM04.1/2); for 2002-03, derived from C 2001/3 tables in paragraphs 162 and 197; for 2000-01, document C 99/3 table in paragraph 141.

225. To facilitate a broad appreciation of the causes of the extraordinary level of cost increases for 2008-09, they are summarised by input category in Table 5. The estimated cost increases of US\$ 101.4 million correspond to a biennial cost increase rate of 12.9% of the net budget (equivalent to a 8.4% annual increase). Personnel services account for the vast majority (US\$ 92.4 million or 89%) of the total cost increases, while the cost increase for goods and services is projected at 3.6% over the biennium (or 2.4% per year). In fact, personnel services are estimated to increase by 15.8% over the biennium (or 10.2% per year).

Table 5. Summary of cost increases under a maintenance budget in 2008-09 at lapsed rate (US\$ million)

	PWB 2008-09 Proposals at 2006-07 Costs*	Cost Increases for 2008-09	% Cost Increase	% of Total Cost Increase Attributable to Each Cost Component
Personnel Services	583.0	92.4	15.8%	89%
Goods and Services	326.9	11.6	3.6%	11%
Programme of Work	909.9	104.0	11.4%	100%
Less income	(125.5)	(2.6)	2.0%	
Net budget and additional requirements	784.4	101.4	12.9%	

* The breakdown of the budget by input category as shown in the column entitled PWB 2008-09 Proposals at 2006-07 Costs reflects the proposed input mix of the 2008-09 maintenance budget at 2006-07 costs.

Personnel services

226. Personnel services comprise all staff costs, including salaries, pension fund contributions, dependency allowances, social security and other staff related entitlements and after service benefits for both the professional and general service staff categories. The magnitude of the increases in personnel services costs derive from decisions regarding the UN common system, as reviewed by the ICSC and approved by the UN General Assembly, and other external factors such as prevailing market exchange rates.

Table 6. Summary of personnel services cost increases for PWB for 2008-09 at lapsed rate (US\$ million)

	PWB 2008-09 Programme Proposals at 2006-07 Costs	Biennialization Inflation		Total Cost Increases for 2008-09	PWB 2008-09 Proposals at 2008-09 Costs
Personnel Services					
Salaries, Pension Fund Contributions and Allowances	552.7	53.0	20.4	73.4	626.0
After Service Medical Coverage Current Service Cost	12.4	13.9	0.0	13.9	26.3
Other After Service Benefits	17.9	3.4	0.0	3.4	21.3
Lapse Factor Adjustment				1.8	1.8
Total Personnel Services	583.0	70.2	20.4	92.4	675.4

227. Of the US\$ 92.4 million overall cost increases under personnel services¹⁸ summarised in Table 6, US\$ 20.4 million is due to inflation (i.e. the cost impact of adjustments that are expected to take effect from January 2008). As further explained and tabulated below, the vast majority - US\$ 70.2 million - is thus attributed to biennialization (i.e. the incremental financial effect in 2008-09 of staff cost adjustments that are occurring in the current biennium).

228. The 2008-09 financial effect of biennialization is a consequence of two factors:

¹⁸ Despite some updating of the cost increase estimates since the SPWB 2008-09, the overall cost increase is consistent with that presented in the SPWB 2008-09. However, the following movements are worth noting: i) a decrease by some US\$ 0.8 million under biennialization; ii) a decrease of US\$ 1.1 million under inflation due to the decrease of the medical inflation rates as described in paragraph 242. The above decreases have been offset by a reduction in the lapse rates which has the effect of increasing staff costs by US\$ 1.8 million (see section on Lapse Factor that follows).

- actual staff costs per workmonth in 2006-07 are at variance from the budgetary estimates prepared two years earlier in the PWB 2006-07, so adjustment is required to correct the budgetary estimates in order to reach actual 2006-07 cost level; and
- when increased costs that take effect at some point during the first or second year of the current biennium (whether budgeted or otherwise) are quantified for 2008-09, additional financial outlay has to be provided because the increased costs have to be applied to a full 24 month period in 2008-09.

229. The combined effect of the biennialization of staff costs in 2008-09 is tabulated below:

Table 7. Biennialization of staff costs by cost category and history of main causal factor (US\$ million)

		PWB 2008-09 Programme Base at 2006-07 Costs	Under-budgeted Costs in 2006-07 to Reach Actual 2006-07 Cost Levels		2006-07 Cost Adjustments Applied for 24 Months in 2008-09	Total Biennialization for Personnel Services
		I	II	III /a	IV	V = II+III+IV
Professional	Salary	270.9		12.0	13.9	25.9
	Pension	60.7		1.6	3.6	5.1
	Education Grant	17.9		2.9	2.3	5.2
	Entitlement Travel	17.3		(1.3)	0.0	(1.4)
	Medical Insurance Plan	11.5		(0.4)	(0.1)	(0.5)
	Other Allowances	19.9		(1.7)	0.2	(1.6)
	Total - Professional	398.2	-	13.1	19.8	32.8
General Service	Salary	113.9	13.9	0.6	2.6	17.1
	Pension	22.1		2.6	0.4	3.1
	Medical Insurance Plan	15.5		(0.6)	0.3	(0.3)
	Other Allowances	2.9		0.2	0.1	0.3
	Total - General Service	154.5	13.9	2.8	3.4	20.1
Subtotal - Professional & General Service		552.7	13.9	15.9	23.1	53.0
	ASMC	12.4	13.5	1.4	(1.1)	13.9
	Termination	11.3		1.3	1.0	2.3
	Separation Scheme	5.8		0.1	1.5	1.5
	Compensation	0.8		(0.7)	0.3	(0.5)
Subtotal - After service benefit liabilities (current service costs)		30.4	13.5	2.1	1.6	17.2
Total		583.0	27.4	18.0	24.8	70.2

/a Excludes US\$1 million of one-time cost

230. The FAO governing bodies have been advised that staff costs are difficult to predict despite the refined information systems used to analyse current costs patterns and quantify trends¹⁹ and this had led to variance from the budgetary estimates prepared in mid-2005 in the PWB 2006-07. This, as noted above, is the first of the two factors to be reflected under biennialization. The governing bodies have recognised that in the current biennium staff costs are underbudgeted by around US\$ 46 million due to cost escalations that have taken effect at

¹⁹ See FC 113/10 Treatment of Staff Cost Variance.

various stages in 2006-07²⁰. FAO does not enjoy the solution available, for example at the United Nations, where staff costs requirements are adjusted annually on the basis of the most recent forecast by the UN Secretariat of inflation and exchange rates, with the assessed contributions to Member States being immediately adjusted to provide a funding source for such underbudgeted increases. The approach available to FAO is to find *ad hoc* solutions to such underbudgeted costs for the current biennium, and for the following biennium to factor the financial impact of these costs under biennialization so that they can be provided for in the plans from 2008-09.

231. The estimated US\$ 45.4 million of underbudgeted costs in 2006-07 are tabulated above in columns II and III, and factors contributing to the large adjustment are:

- . The current service cost of After-service Medical Coverage needs to be increased by US\$ 13.5 million beyond 2006-07 budgeted levels, to cover the actual current service cost determined by the latest actuarial valuation as at 31 December 2006 (as previously reported to the Finance Committee²¹ in September 2005). This is tabulated in column II under ASMC;
- . A largely unbudgeted increase in headquarters General Service staff salaries of 12.16% (US\$ 13.9 million), endorsed by the Council in November 2006, following the results of the ICSC Salary Survey effective November 2005 is tabulated above under General Service salaries also in column II (that affected also Pensionable Remuneration, Separation Scheme and Dependency Allowances payable to General Service staff);
- . The increase in Professional salaries at headquarters and pensions above the budgeted levels in 2006-07, increases in education grant, and the impact of a lower US dollar against local currencies in decentralized offices, are contributing to an estimated US\$ 18 million staff cost variance in the current biennium (excluding US\$ 1 million in one-time costs incurred in 2006-07). This was reported to the Finance Committee in 2006 and 2007 and is tabulated in column III.

232. While columns II and III of the above table quantify the effect of underbudgeted costs incurred in 2006-07, the effect of underbudgeted and budgeted staff cost adjustments in 2008-09 will be even greater. This is because all cost increases that take place at some point in 2006-07 have to be provided for the full duration of the biennium in 2008-09. The required adjustment is quantified in column IV, and the amount of US\$ 24.8 million is consistent with the levels that have been projected in previous PWBs²².

233. Using the data quantified above, the combined effect of the factors that comprise biennialization and inflation of staff costs are graphically illustrated below.

234. The first two bars identify the various elements that make up staff costs levels that will be de facto reached by the end of December 2007. This comprises:

²⁰ See FC 118/2 Annual Report on Budgetary Performance Programme and Budgetary Transfers in 2006-07, paragraphs 13 to 17.

²¹ CL 129/4 paragraph 73

²² For example, an increase was foreseen in headquarters professional salaries effective April 2006 and April 2007, and December 2006 and March 2007 for country offices coupled with gradual weakening of the US dollar against those local currencies during 2006-07. These salary and currency adjustments have to be provided for a full 24 month period in 2008-09.

- . in the first instance, the staff costs budgeted at the 2006-07 rates in the PWB 2006-07 when it was prepared two years ago (US\$ 583.0 million); and
- . secondly, the recurrent unbudgeted costs incurred in 2006-07 of US\$ 45.4 million described above (i.e. increased requirements for the current service cost of After-service Medical Coverage, headquarters general service salary increase, and staff cost variance).

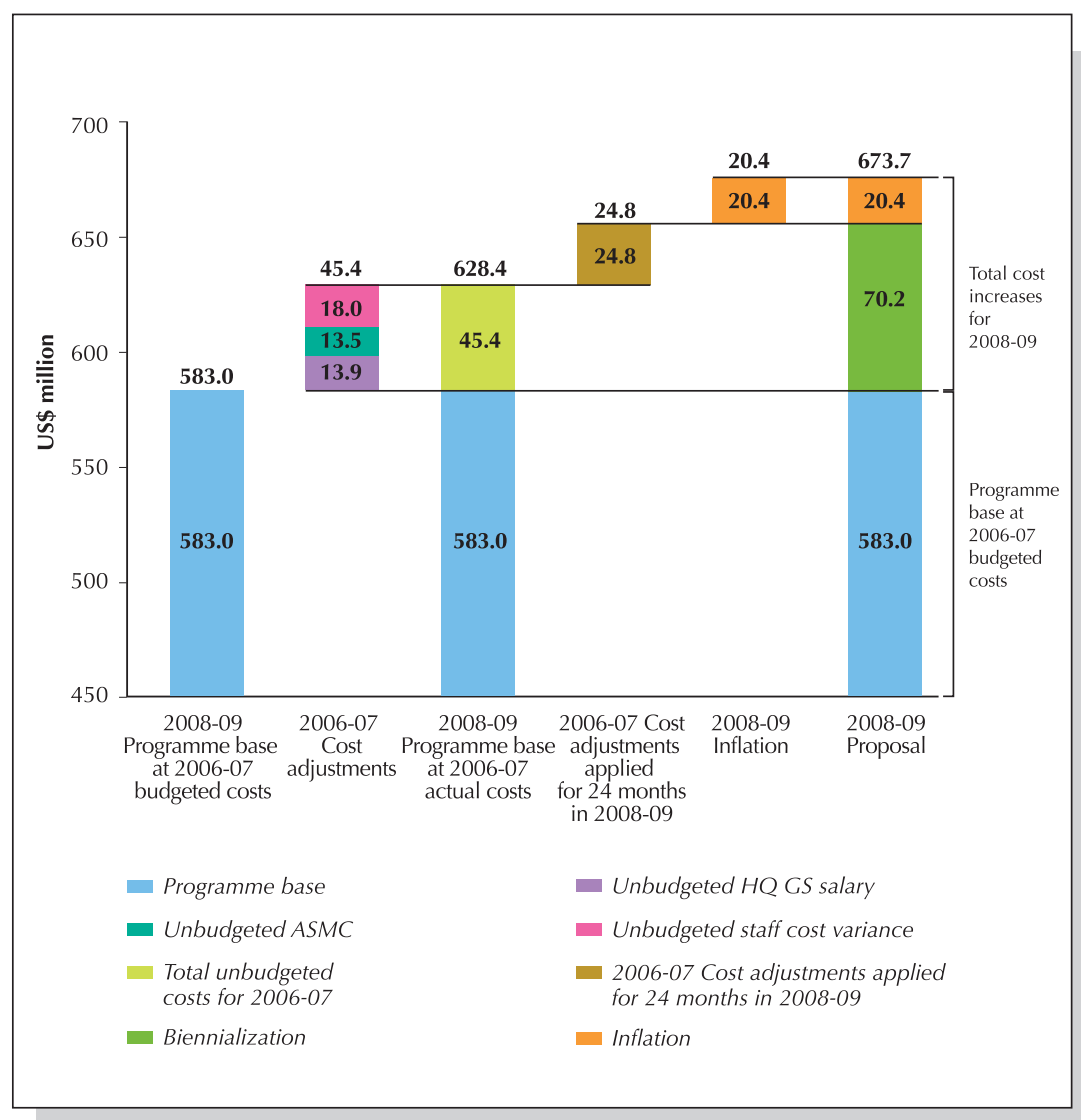
235. Starting with the 'maintenance budget' at 2006-2007 *actual costs* in the third bar, the fourth and fifth bars extrapolate how the 2006-07 actual staff costs levels would unfold in the 2008-09 biennium:

- . As noted in the fourth bar, those increases that occurred at some point into the 2006-07 biennium require additional financial provision for 2008-09 so that they can be met for the entire 24 month period in 2008-09. The incremental 2008-09 requirements are estimated at US\$ 24.8 million.
- . Staff cost inflation in 2008-09, amounting to US\$ 20.4 million, is added in the fifth bar (further details of the assumptions used are provided below).

236. The final bar therefore shows how the total of US\$ 673.7 million is reached for staff costs²³, comprising: i) a 2006-07 cost level of US\$ 583.0 million at the budgeted PWB 2006-07 rates developed two years ago; and ii) staff cost increases, made up of US\$ 70.2 million for biennialization (comprising US\$ 45.4 million for unbudgeted costs to be actually incurred in 2006-07 and US\$ 24.8 million for application of 2006-07 cost adjustments for the entire 2008-09 biennium), plus US\$ 20.4 million for inflation.

²³ Excluding a lapse factor adjustment of US\$ 1.8 million described in paragraphs 246 to 255.

Graphical illustration of breakdown of 2008-09 staff cost increase



237. With regards to *inflation*, a total increase of US\$ 20.4 million foreseen for personnel services is based on estimates for inflation projected to take effect in 2008-09 in various components.

238. For staff salaries and related items, the assumptions are as follows, and have been updated, in line with the latest EIU CPI and Nominal Wages indexes increases:

- headquarters general service staff remuneration and other related items: an increase of 2.7% and 3.0% respectively for 2008 and 2009, slightly below the Nominal wage index of the EIU for 2008 of 2.9%, but slightly higher than the 2009 EIU forecast of 2.7%;
- headquarters professional salaries and post adjustment multiplier: an increase of 2.5% for 2008 and 3.0% for 2009;
- other locations: an average of factors such as inflation indexes, exchange rate extrapolations and recent patterns of increases as applied to staff salaries. For example inflation for professional staff costs range from 1% per year (Regional Office in Latin America, Liaison Office in Japan, Regional Office in Asia and Pacific) to 5% per year (Regional and Subregional Office in Europe, Subregional Office in Southern Africa); GS staff costs see a wider range with a minimum increase of 1% per year (Liaison

Offices in Geneva and Japan, Subregional Office for the Pacific Islands) up to 20% per year (Regional Office in Africa, Accra); FAO country offices average 3.0% inflation for professional staff each year and 4.0% general service inflation estimated in local currency each year.

239. For pensionable remuneration of the Professional category, 3.0% increase for each year is applied, compared with the EIU forecasts for Average Nominal Wages Index (3.1% and 3.4%) and CPI Index (2.5% and 2.6%) for the USA for 2008 and 2009.

240. Current service costs of ASMC and Terminal Payments Fund (TPF) arise each year as active staff members provide their services in exchange for these benefits to be paid in the future. They represent legitimate costs of delivering the Programme of Work and are included in the budgetary appropriations, as staff costs and related cost increases. As noted in paragraph 231, the provision for the ASMC current service costs, derived from the latest actuarial valuation, results in a significant increase versus the present budgeted level.

241. In the case of the TPF, an overall provision of US\$ 13 million is provided versus the current service cost estimated by the actuaries of US\$ 4.2 million, to take account of the potential cost of agreed terminations under a maintenance budget and historical expenditure levels. This amount would thus include the termination costs identified as one time costs under the implementation of the SSC. For the other after-service benefits, namely the Compensation Plan and the General Service Separation Payment Scheme, the absolute amounts determined by the 31 December 2006 valuation have been allowed for, which entailed minor adjustments from current 2006-07 provisions.

242. The Basic Medical Insurance Plan contribution in 2008-09 that prudently assumed 8% inflation per year in the SPWB, is revised downwards to 5%, to incorporate the latest trends experienced in medical costs versus premiums, but nevertheless remains above general consumer price inflation.

243. Finally, no adjustment is made for further movements in non-headquarters currencies against the US dollar in decentralized offices, which essentially implies that the prevailing market exchange rates are considered a reasonable guide for the next biennium. However, a weakening of the US dollar in 2008-09, as reflected through its trade weighted index or cross currency rates at locations where FAO operates, may entail higher costs to be incurred by the Organization in US dollars terms in 2008-09.

Goods and services

244. This cost heading includes Other Human Resources, Travel, General Operating Expenses, Furniture, Equipment and Vehicles and estimated inflation averages 2.4% per year, with US\$ 11.6 million being required over the biennium (3.6%) to maintain purchasing power of these inputs.

245. Other Human Resources, which consists of non-staff human resources in the form of temporary assistance, consultants and contracts, is estimated to increase by 2.8% per year for headquarters and 3.2% per year for non-headquarters locations due to forecast inflation rates based on EIU (4.3% and 4.9% over the biennium respectively). This is the result of the weighted average of the estimated nominal wage increase for Italy applied to headquarters-based expenditures and that of USA for expenditures in decentralized locations. Since the SPWB, these respectively increased from 2.3% to 2.9% for 2008 and 2.5% to 2.7% in 2009 for headquarters and from 2.8% to 3.1% in 2008 for non-headquarters locations. Other costs, such as travel, are projected to increase annually by 1.7% at headquarters and 2.5% in decentralized locations.

Lapse factor

246. The lapse factor consists of a reduction in the budgetary provision for the estimated cost of established posts to account for the fact that some of them will be vacant for some time as a result of staff movements. The lapse factor methodology approved by the Council at its 107th session for application in the 1996-97 budget, has been consistently applied to all budgets since then.

247. In the past several biennia, due to budget reductions in real terms, budgeting at lapsed standard rates has created unfunded costs. In many instances, the difference in costs between the lapsed rate and the unlapsed rate for filled posts now has to be funded centrally, through unplanned reprogramming of resources from other areas, because many FAO units are not able to “absorb” the lapse factor and therefore require resources beyond their approved budgets. This may happen, for example, in high priority programmes requiring the full complement of the established staffing throughout the biennium (and in case of vacancies, the immediate recourse to temporary consultancy arrangements), or in units with no staff turnover in the biennium.

248. In the present budgetary environment, where Members are themselves concerned about the Organization’s “critical mass” in a number of core areas, the lapse factor methodology may be considered a deliberate understatement of the real cost of programme delivery, representing a risk of promising more than can be delivered through available resources. The elimination of the lapse factor practice would, however, add US\$ 15.6 million to the budget in 2008-09, to provide for the full cost of keeping all posts filled throughout the biennium.

249. The Council, at its June 2007 Session, took note of the Secretariat’s clarification that the lapse factor methodology approved at its 107th session would continue in the PWB 2008-09 but that it resulted in a structural imbalance between approved budgets and programme implementation that needed to be reconsidered in a future biennium.

250. In accordance with this methodology, several new posts have been costed in the programme budget for only part of the next biennium, where the expected incumbency period is less than the full biennium.

251. The methodology for ongoing posts is based on three factors:

- . staff turnover rates, as measured through separations;
- . standard recruitment times; and
- . the extent to which separations are foreseen, so that recruitment action can be anticipated and the effective lead time thus reduced.

252. In accordance with the established methodology, a five-year moving average (i.e. 2002 through 2006 inclusive) has been applied to calculate staff turnover rates. This results in an average turnover rate of 6.91% for professional staff and 5.70% for general service staff. Comparing to the five-year moving average used in the PWB 2006-07, the turnover rate has decreased for both professionals and general service, by 0.37% and 0.54%, respectively.

253. The current standard recruitment lead times are as follows: professional - 42 weeks or 0.81 years; and general service - 25 weeks or 0.48 years.

254. The extent of separations which can be foreseen is derived from a review of the reasons for separation, the results of which are summarised below.

Table 8. Extent to which recruitment action can be foreseen

Category of Separations	Professional		General Service	
	% of Population	No. of weeks foreseen	% of Population	No. of weeks foreseen
Foreseen separations (e.g. mandatory retirements)	43%	42 weeks or more	21%	25 weeks
Foreseen separations for a limited period (e.g. resignations with notice)	42%	12 weeks	59%	8 weeks
Unforeseen separations	15%	0 weeks	20%	0 weeks

255. These results have been applied to calculate the 2008-09 lapse factor of 2.51% for professional and 1.65% for general service costs respectively. This is lower than the amounts of 2.83% and 1.75% respectively used in 2006-07 and it results in an upward cost adjustment for personnel services of US\$ 1.8 million compared with 2006-07, shown in Table 6 above.

Capital expenditure

256. The *Capital Expenditure Facility* was established by Conference Resolution 10/2003 and first implemented in the 2006-07 biennium. US\$ 10.1 million of unspent resources for one-time expenditures were carried forward from 2004-05, and US\$ 4.7 million was funded from the 2006-07 budgetary appropriation under *Chapter 8* of the PWB with the original intention of leaving an unspent balance of US\$ 1.2 million to be carried forward into 2008-09, as permitted under Financial Regulation 6.11. Following review by the Finance Committee, these resources are now foreseen to be fully spent in 2006-07. Adequate funding under the facility is essential if the Organization is to continue to undertake capital investments already considered by the governing bodies in an orderly manner, supporting streamlining of administrative and financial processes and the implementation of decentralization.

257. The capital expenditure proposed for the 2008-09 biennium comprises projects initiated in 2006-07, and projects envisaged in the MTP 2006-11 with updated resource estimates and implementation timeframes. In particular: additional investment is needed for the Electronic Document Management System to further streamline administrative processes; a project has to be added in relation to the International Public Sector Accounting Standards (IPSAS) to reflect governing body decisions already taken; required capital spending on Corporate Technical Applications has been brought forward from 2010-11, and a project has been introduced to address Buildings Infrastructure Systems for health and safety measures.

258. In total, a minimum budgeted amount of US\$ 18.4 million is required for the 2008-09 biennium, i.e. entailing an increase of US\$ 13.7 million over the US\$ 4.7 million budgetary appropriation in 2006-07, which would leave no balance for carry-over into 2010-11. The corresponding requirements are summarised below and full details on the capital projects under *Chapter 8* are provided in *Annex 1*.

Table 9. Summary of capital projects (US\$ 000)

Description	Included in the Revised PWB 2006-07	Deferred from 2006-07	Foreseen in the MTP 2006-11 for 2008-09 (adjusted)	Total capital projects for 2008-09 foreseen through planning documents	Other capital projects or further funding needs	Proposed capital projects for 2008-09
	a	b	c	d=b+c	e	f=d+e
8AA01 – Telephony Services	0	150	1,000	1,150		1,150
8AA02 – Corporate Administrative Applications	1,950	700	3,125	3,825		3,825
8AA03 – Server Software and Client Access Licenses	500	95	280	375	2,485	2,860
8AA04 – IT Support to Meetings	575	425	0	425	325	750
8AA05 – Human Resources Mgt. System (HRMS)	9,250	0	0	0	2,150	2,150
8AA06 – Field Accounting System Replacement Project	500	0	0	0	0	0
8AA07 – Electronic Document Management System	800	0	0	0	850	850
8AA08 – IPSAS	0	0	0	0	5,775	5,775
8AA09 – Buildings Infrastructure Systems	0	0	0	0	350	350
8AA10 – Corporate Technical Applications	0	0	0	0	700	700
TOTAL	13,575	1,370	4,405	5,775	12,635	18,410

259. Taking as the starting point projects factored in the revised PWB 2006-07, it was found necessary during implementation to postpone some activities, such as investment in a new Travel system (contained under item 8AA02) and it was possible to supplement funding for the HRMS project. It was also necessary to initiate preparatory work on IPSAS. In total, as the third column in the table indicates, funding of US\$ 1.37 million was re-directed from the original 2006-07 capital plan and will be required in the 2008-09 biennium.

260. In the MTP 2006-11 issued in the second half of 2004, anticipated capital expenditure requirements for 2008-09 totalled US\$ 7.165 million²⁴. These have been re-evaluated and adjusted to take account of other needs or reduced requirements, and to reflect operational or technological changes since then. In particular, planned upgrading of telephone services for PABX facilities (8AA01) and some of corporate administrative applications software (8AA02) will be deferred to 2010-11. Hence, the original plan for 2008-09 in the MTP is adjusted downward, i.e. to US\$ 4.4 million.

261. The required funding in the next biennium for projects considered by the governing bodies in the current biennium is shown in the penultimate column of the preceding Table 9. Among the major items: a further US\$ 2.15 million is needed for development and post-implementation costs pertaining to the HRMS system; increased investment of US\$ 2.1 million relates to new server software and client access licenses to replace obsolete systems; and

²⁴ CL 127/7 paragraphs 632-645

the major item (8AA08) pertains to the implementation of IPSAS by 2010, as already approved by the governing bodies, in line with similar decisions throughout the UN system.

Completing the picture are the provisions for: the Electronic Document Management System; enhanced Information Technology Support to Meetings; Buildings Infrastructure Systems to ensure compliance with mandatory health and safety regulations; and development of corporate technical applications.

One-time and transition costs

262. One-time and transition costs of FAO reforms foreseen in 2008-09 under maintenance budget conditions are described below and comprise the estimated salary costs for redeployees (US\$ 3.3 million). The other one-time and transition costs of completing the reforms already approved by the governing bodies are either included in standard staff costs (foreseen agreed terminations) or are expected to be covered by host government or other extrabudgetary contributions.

Implementation of the Shared Services Centre

263. The full implementation of the Shared Services Centre (SSC) involves a number of one-time and transition costs. The government of Hungary is providing or meeting the following one-time costs: the required office space; technical installations and civil works; security and safety works; the necessary equipment (including information technology, telephony and computers) and furniture for a total value of approximately US\$ 1 million. In addition, it agreed to share in the annual running costs of the SSC. The government will also provide resources for each of the next three years for the relocation costs of international staff and training of local staff, which will be supported by the secondment of experienced or current SSC staff from Rome.

264. The incumbents of 65 General Service posts abolished in the AF Department under the approved configuration will be released from SSC duties on a rolling basis from January to June 2008, and redeployed to other budgeted posts within the Organization or separated on agreed terms. The salary costs for these staff members, while still serving in the SSC at headquarters or awaiting redeployment, are estimated at US\$ 3.0 million in 2008. These costs have been included under *Programme 5H: Shared Services*, as incremental budgetary requirements within the maintenance budget.

265. It is estimated that approximately 20 agreed terminations might be offered, either directly to the redeployees whose posts were abolished or to a staff member on a budgeted post whose departure would accommodate a SSC redeployee, at a total estimated cost of US\$ 1.7 million. These termination payments are included within the budgeted staff costs for 2008-09.

266. A number of posts in the Management Support Units of the Regional Offices will also be affected by the implementation of the Shared Service Centre hubs, but no significant incremental costs are foreseen in these cases.

Latin America and Caribbean Region

267. The implementation of the decentralized reform model in the Latin America and Caribbean region is expected to result in some redeployment costs, currently estimated at approximately US\$ 0.3 million, which is included under the programme management entities of *Chapters 2 and 3* as incremental budgetary requirements within the maintenance budget.

268. In addition, one-time set-up costs for the new office in Central America, and potential refurbishment costs for the office in Santiago estimated at US\$ 0.2 million, would be funded from extrabudgetary resources.

Training

269. Several different categories of staff – particularly FAO Representatives and remaining staff to be deployed in subregional multidisciplinary teams in Africa, Central Asia and Latin America/Caribbean – require one-time intensive retraining including workshops on improved programme planning. Training modules have been developed on: policies and strategies for agricultural and rural development; agricultural investment, and FAO Representative competency development. Also foreseen is training for all new national professional and administrative officers. The total one-time training cost for the biennium is estimated in excess of US\$ 2 million, for which extrabudgetary resources will be sought.

Introduction of Russian as a language of FAO

270. The Finance Committee in May 2007 and the Council in June 2007, reviewed the incremental services that would be required for full implementation of Russian as language of the Organization during 2008-09²⁵. The costs of such additional services were estimated at US\$ 5.2 million, of which some US\$ 4.6 million representing recurring costs.

271. At the June 2007 session of the Council, Members expressed concern about the financial implications of adoption of Russian and called for the identification of appropriate funding modalities, including through trust fund and voluntary contributions. The view was also held that consideration should be given to phasing the introduction of the Russian language, as was done in the case of Arabic. In this context, the Secretariat consulted interested countries in order to identify with them priority Russian language services and discuss possible voluntary contributions, including in-kind assistance they might provide²⁶.

272. While confirming the need for full adoption of Russian, interested countries are prepared to support a phased introduction of Russian language services in FAO in light of the current financial difficulties of the Organization. The first stage in the 2008-09 biennium would include: i) translation into Russian of the main documents for Conference and Council sessions, the Regional Conference for Europe and Central Asia, the sessions of the Committees on Fisheries, Forestry and World Food Security, and the final reports thereof, ii) provision of interpretation to plenary meetings at Conference and Council sessions and to one Commission during the Conference session, to the Regional Conference for Europe and Central Asia, and to the sessions of the Committees on Fisheries, Forestry and World Food Security, iii) translation of FAO flagship publications into Russian, iv) development of the main pages of the FAO Web site in Russian with the assistance of specialists from interested countries, and v) development of Russian terminology with the support of specialists from interested countries.

273. To meet the costs of the above services, the PWB 2008-09 provides a budgetary allocation of approximately US\$ 1.7 million, nearly all of which represents recurring costs. Additional voluntary contributions would be sought and, if received, could be used to meet the costs of further Russian translation and interpretation services to interested countries. Towards the end of the 2008-09 biennium, the requirements in Russian language services would be reviewed and any subsequent changes that might be needed would be submitted to the relevant governing bodies for appropriate decision.

²⁵ CL 132/17 Adoption of Russian as a language of FAO.

²⁶ CL 133/6 Adoption of Russian as a language of FAO - Funding Modalities

C. Requirements to Tackle Financial Health, Liquidity Situation and Reserves

274. An appreciation of the financial position of the Organization as at end-2006 is a useful foundation for examining possible solutions for the next biennium. Accordingly, *Annex 4* provides an overview of the General Fund deficit and the causes for its deterioration between 1998, when total reserves and fund balances were positive at US\$ 27.4 million, and end-2006, when the overall deficit stood at US\$ 83.2 million.

275. *Annex 4* explains that the deterioration during this period is largely due to unfunded amortization of After-service Medical Coverage past service costs (US\$ 81.2 million); Conference-approved redeployment and separation costs over and above the net budgetary appropriations in 1998-99 and 2000-01 (US\$ 19 million); terminal payments to staff members in excess of the amounts determined by the respective actuarial valuations in 2002-03 and 2004-05 (US\$ 12.3 million); and cumulative losses in foreign exchange differences charged to the Special Reserve Account (US\$ 19.8 million). It also highlights the effect of persistently high levels of outstanding contributions, amounting to US\$ 110.5 million at end 2006, but much higher during the year, on the cash position of the General Fund, which have resulted in external borrowing since 2004.

276. As noted in *Annex 4*, the General Fund deficit continues to deteriorate because charges are incurred that are not matched with funding. At the end of 2006, the balance of the Working Capital Fund was US\$ 0.3 million compared with an authorised level of US\$ 25.4 million, because resources had been advanced to the General Fund to meet liquidity shortages. The Special Reserve Account, which has depleted primarily on account of substantial losses on exchange due largely to late payments of assessed contributions, had a balance of US\$ 12.1 million at the end of 2006 (compared with an authorised level of 5% of the effective working budget, which would be equivalent to US\$ 38.3 million in 2006-07).

277. At its past sessions²⁷, the Finance Committee has scrutinised proposals to accelerate payment by Member Nations of assessed contributions, so as to improve the Organization's balance sheet situation and liquidity shortage. The Committee discussed several alternative measures that could be introduced to encourage timely payment of contributions, e.g. incentives, sanctions, as well as measures proposed in the past but not adopted, and recent UN system experience in contributions. The issue is addressed by the UN Secretariat, whereby several proposals have been recently presented to the General Assembly, such as charging interest on Member States in arrears of assessed contributions. The Secretariat continues to pursue all possible measures within its control to accelerate payment of assessed contributions. However, it cannot prejudge or anticipate substantial improvements in payment patterns pending further deliberations and actions by Members.

278. The Council at its 132nd session expressed concern over the high level of arrears outstanding and urged Member Nations to pay their contributions in full, noting that as of 15 June 2007, 62 Member Nations still had arrears outstanding from 2006 and previous years, and 27 owed arrears in such amounts as would prejudice their Voting Rights in accordance with Article III.4 of the Constitution. In addition, the Organization's severe cash shortage was also caused by the very low percentage of current assessments actually received so far in 2007,

²⁷ See FC 115/8 Measures to Improve the Organization Cash Shortage, which also provides a history of documents presented to the Finance Committee on this issue.

which showed a significant shortfall compared to the same period last year and two years ago. It agreed to recommend to Conference several measures to improve the timely payment of assessed contributions by Member Nations, as explained in paragraph 215.

279. The requirements to at least stabilise the General Fund deficit by addressing recurrent unfunded liabilities as reflected in the Organization's accounts (past service liability of ASMC and TPF) and to begin to restore safety nets particularly to avoid liquidity shortage by one-time replenishment of reserves (WCF and SRA) are quantified below.

280. The Council agreed that the membership needed to take action to restore FAO's financial health, but that the time period and modalities for tackling the matter required further reflection.

281. In responding to the general feeling reported by Council that proposals for the funding of reserves and long-term liabilities were worth revisiting in the full PWB with a view to pursuing a more phased approach, based on further appraisal by the Secretariat, the minimum incremental funding requirements have been reconsidered and now total US\$ 37.3 million, versus US\$ 70.9 million in the SPWB.

282. The revised minimum incremental funding now only comprises the two specific areas where the Secretariat has already received positive guidance from Council as follows:

- US\$ 6.4 million to restore to the Special Reserve Account the equivalent charge for a portion of the unbudgeted headquarters GS salary increase, as already recommended by Council at its 131st session in November 2006²⁸;
- US\$ 30.9 million for the ASMC past service liability, in full accord with the principle established by the November 2005 Council of "*recommending funding at the same level prescribed by the latest Actuarial Valuations in future biennia*".

283. The desirable incremental requirements for tackling the financial health and liquidity situation is retained at US\$ 133.8 million so as to again convey the Secretariat's judgement of the needs for substantially and expeditiously improving FAO's financial health. As summarised in Table 10 the incremental funding requirements therefore range from US\$ 37.3 million for minimum incremental funding to US\$ 133.8 million for desirable full funding.

Table 10. Incremental requirements for addressing the financial health of the Organization (in US\$ millions, at the 2006-07 budget rate of exchange of 1 Euro = US\$ 1.19)

Elements for improving FAO's financial health, liquidity and reserves	Minimum incremental funding in 2008-09	Desirable incremental funding in 2008-09
Recurring requirements for staff-related liabilities		
Funding After-service Medical Coverage, past service liability by instalments over ten biennia	30.9	30.9
Funding Terminal Payments Fund, past service liability by instalments over three biennia	0.0	8.8
Subtotal recurring incremental funding requirements for staff related liabilities	30.9	39.7
One-time requirements for replenishment of reserves		
WCF (Current authorised level is US\$ 25.4 million)	0.0	49.6
SRA (Balance at end 2006 stood at US\$ 12.1 million)	6.4	44.5
Subtotal one-time requirements for building up reserves	6.4	94.1
Total incremental requirements	37.3	133.8

²⁸ CL 131/REP paragraph 37

Funding of After-service Medical Coverage past service liability

284. FAO's ASMC past service liability has never been, and is not intended to be, met from the budgetary appropriations or the Programme of Work. As explained in *Annex 4*, beginning with the 2004-05 biennium, the Conference approved separate additional assessments on Members towards funding the ASMC past service liability, although at a level less than required to fully fund the liability by 2027. The Council has previously acknowledged the principle of matching the funding to the amortization of the liability as indicated by the latest actuarial valuation²⁹. The resulting biennial amortization is US\$ 45 million³⁰. This requires an increase of US\$ 30.9 million above the present US\$ 14.1 million biennial assessment to achieve matched funding, as Council recommended at its 129th session whereby funding by Members should be at the level prescribed by the latest actuarial valuations³¹.

285. Every organization within the UN system will have to individually fund its own ASMC liability. No UN-wide funding solution is contemplated as each agency has a different magnitude of liability and funding approach. Very few UN organizations have fully funded the ASMC past service liability, while many others are providing funding by instalments. In the case of FAO, for 2008-09, the governing bodies will consider the matter based on the latest actuarial data.

Amortization of terminal payments past service liability

286. The liability relates to the end of service payments including accrued annual leave, repatriation grant, termination indemnities, and cost of repatriation travel that will arise when the staff members separate from the Organization. The unrecorded – and unfunded – past service liability at 31 December 2006 was US\$ 24.2 million, which is not intended to be met from the budgetary appropriations or the Programme of Work³². The past service liability would therefore need to be addressed in the same manner as ASMC past service liability.

287. The desirable funding level proposes to include a provision for a special assessment of US\$ 8.8 million per biennium, which would fully fund the TPF past service liability over a period of three biennia. Presently, no funding mechanism exists, and the minimum incremental scenario has been revised so as to not address the funding in 2008-09.

288. This may have potential adverse implications on the Organization's financial position and cash flow if biennial expenditure levels continue to remain higher than the budgetary estimates and are not met by reductions in planned activities or a separate earmarked source of funding to cover such staff costs.

Working Capital Fund

289. The Finance Committee has been previously advised that to cope with the operating cash requirements in the face of persistent delays in Members' contributions, the WCF should

²⁹ CL 129/REP paragraph 44

³⁰ As at 31 December 2006 the Organization had recorded an ASMC liability of US\$ 173 million of which US\$ 20 million was unfunded. The remaining amount of US\$ 353.3 million of ASMC past service liabilities are not yet recorded or funded and remain to be amortized according to the latest actuarial valuation as at end-December 2006.

³¹ As provided in document FC 118/11

³² TPF current service cost is included in the appropriation for 2008-09 for an amount of US\$ 4.2 million.

increase by US\$ 49.6 million to reach US\$ 75 million, or 8.4% of a 2008-09 maintenance budget through a one-time assessment on Members. The amount of US\$ 75 million is equivalent to about two months of Regular Programme cash outflow. A replenishment to this level in 2008-09 is considered highly desirable, as it would provide a safety net for avoiding recourse to borrowing or lowering it, considering that outstanding payments of assessed contributions reach on average 4 months of regular budget expenditure. A replenishment spread over a period of two biennia was proposed in the SPWB as the minimum incremental funding requirement for 2008-09 (US\$ 24.8 million per biennium). It is now revised so as to retain the current level of Working Capital Fund of US\$ 25.4 million for 2008-09, implying no one-time replenishment, and no resultant impact on Member Nations' assessments.

290. It is recalled that with the three recommendations it has agreed to put to Conference to encourage more timely payment of assessed contributions of Member Nations, Council has taken concrete steps to improve the General Fund liquidity situation. Unless Members' contribution payment patterns improve significantly in 2008-09, preservation of the WCF at its current level of US\$ 25.4 million would entail a high risk of external commercial borrowing to deliver the approved Programme of Work.

Special Reserve Account

291. Conference Resolution 13/81 specifies that the SRA should be maintained at a level equivalent to 5% of the total effective working budget of the Organization. The previous replenishment of the SRA, by special assessment on Member Nations, was authorised by Conference in 1991 (Resolution 16/91), for an amount of US\$ 28 million.

292. The SRA had a balance of US\$ 12.1 million as at end-2006, following a charge of US\$ 6.4 million for a portion of the unforeseen 2006-07 headquarters general service salary increases, as recommended by the September 2006 Joint Meeting of the Programme and Finance Committees. The Finance Committee, at its session in September 2006, also recommended a replenishment of US\$ 6.4 million to cover the underbudgeted portion of the cost of the GS salary increases charged to the SRA³³. The minimum incremental funding for the SRA is maintained at the same level as was proposed in the SPWB of US\$ 6.4 million.

293. However, the SRA could be depleted by year-end if significant exchange rate losses arising primarily from late receipts of Members' contributions are incurred during 2007, with implications on the General Fund deficit. For example, exchange losses charged to the SRA during the 2004-05 biennium alone amounted to US\$ 14.7 million, which is larger than the 31 December 2006 balance of the SRA. It is therefore desirable to replenish the reserve to its authorised level through a one-time special assessment. The level of the assessment would depend on the latest balance of the SRA and on the approved budget level. Assuming there will be no balance left on the SRA by the end of the biennium, an assessment in the order of US\$ 44.5 million to fully replenish the SRA up to 5% of a 2008-09 maintenance budget could be required.

D. Conclusions

294. This section covered the elements of a "comprehensive financial plan" aimed at restoring the financial health and long-term sustainability of the Organization in light of the guidance provided by the Committees and Council during their review of the SPWB 2008-09 in May/June 2007.

³³ CL 131/7 paragraph 43

295. An overall view of how this plan, providing for both the funding requirements to execute the 2008-09 Programme of Work and the requirements to tackle the financial health, liquidity situation and reserves, would impact on future financial commitments of Members is presented below.

Cumulative funding requirements

Funding of 2008-09 Programme of Work

296. The maintenance budget provides for the resources needed to continue the 2006-07 Programme of Work in 2008-09. It therefore starts with a net budgetary appropriation of US\$ 765.7 million, as approved for the current biennium. Estimated cost increases of US\$ 101.4 million must be added to this to preserve purchasing power (primarily for increased staff costs which were underbudgeted in 2006-07) and US\$ 18.7 million for incremental requirements that have been reported to or endorsed by Members in 2006-07 for implementation in 2008-09 (capital expenditure, transition costs and Russian as an FAO language).

Table 11. Net budgetary appropriations (in US\$ millions, at the 2006-07 budget rate of exchange of 1 Euro = US\$ 1.19)

Requirements for implementing the Programme of Work in 2008-09	"Maintenance" budget for 2008-09
2006-07 Net Budgetary Appropriation	765.7
Cost Increases	101.4
Incremental requirements for 2008-09 reported to/endorsed by Members	18.7
Incremental funding requirements for maintenance budget	120.1
Maintenance level net budgetary appropriation for 2008-09	885.8
Percentage change in Net Appropriation	15.7%

297. The resulting appropriation level of US\$ 885.8 million represents the amount required to continue a Programme of Work in the next biennium at the 2006-07 level. A net budgetary appropriation below this amount would require programme cuts. A maintenance budget would not address certain areas of underfunding that have built up over the years or possible follow-up to the IEE and UN Reforms, the cost of which remains unquantified at present.

Restoring the financial health of the Organization

298. A desirable incremental funding level of US\$ 133.8 million would expeditiously improve FAO's financial health in 2008-09. However, as tabulated below, proposals are put forward as a minimum, to address the Organizations' deteriorating financial health and liquidity by:

- . providing funding for After-service Medical Coverage past service liability, via additional biennial assessments, as already recommended by Council in November 2005; and
- . restoring to the Special Reserve Account a portion of the unbudgeted General Service salary increase, which was charged to the reserve in the current biennium as recommended by the Finance Committee to Council in November 2006.

Table 12. Incremental requirements for restoring the financial health of the Organization (in US\$ millions, at the 2006-07 budget rate of exchange of 1 Euro = US\$ 1.19)

Elements for improving FAO's financial health, liquidity and reserves	Minimum incremental funding in 2008-09
Recurring requirements for staff-related liabilities: Funding After-service Medical Coverage, past service liability by instalments over ten biennia	30.9
One-time requirements for replenishment of reserves: SRA (Balance at end 2006 stood at US\$ 12.1 million)	6.4
Minimum incremental requirements for 2008-09 to tackle deteriorating financial health	37.3

Impact on assessments

299. In calculating Members' assessed contribution, Financial Regulation 5.2(a) foresees that the resolution on the Budgetary Appropriation should include a deduction for estimated Miscellaneous Income. Miscellaneous Income estimates put forward during the past four biennia have ranged between US\$ 6.0 million and US\$ 9.2 million. The governing bodies have already recognised the risk in this approach should the level of forecast Miscellaneous Income not be realised, with a consequent adverse effect on the balance of the General Fund. In 2004-05, actual Miscellaneous Income fell short of the estimated level by US\$ 1.7 million. In 2006-07, the increasing costs of borrowing (US\$ 1.5 million in 2006 and over US\$ 1 million estimated for 2007) are expected to result in actual Miscellaneous Income falling far short of the 2006-07 estimate of US\$ 6 million. Accordingly, it is considered appropriate to set the Miscellaneous Income estimate in the next PWB at the conservative level of US\$ 1.0 million.

300. The overall 2008-09 funding requirement for a maintenance budget and for providing minimum funding in 2008-09 towards restoring FAO's financial health amounts to US\$ 936.2 million, representing a 21% increase in the level of assessments compared with the present biennium, as summarised in Table 13.

Table 13. Cumulative assessments (in US\$ millions, at the 2006-07 budget rate of exchange of 1 Euro = US\$ 1.19)

	PWB 2006-07 Approved	2008-09 Funding requirements for "maintenance" budget and restoring financial health
Budgetary requirements at 2006-07 cost levels		765.7
<i>Incremental requirements for "maintenance" budget</i>		120.1
Net budgetary appropriation for implementing Programme of Work	765.7	885.8
Partial funding of ASMC past service liability	14.1	14.1
<i>Incremental requirements for restoring financial health of FAO</i>		37.3
Assessments for tackling financial health of FAO	14.1	51.4
Total proposed requirements	779.8	937.2
Miscellaneous Income deduction	(6.0)	(1.0)
Assessed contributions from Members	773.8	936.2
Increase in assessments in 2008-09 vs. 2006-07		162.4
Percent increase in assessments vs 2006-07		21.0%

301. Under the split assessment methodology adopted by Conference Resolution 11/2003³⁴, assessments are due in US dollars and Euros, in accordance with the estimated expenditures in each of these currencies³⁵. The US dollar portion of the estimated expenditures in 2008-09 for implementing the Programme of Work will rise compared with 2006-07, due in large part to the increased decentralization of cost components needed to implement the Programme of Work. Table 14 reveals the overall impact on assessments, compared with the approved US dollar and Euro contributions for 2006-07, of the proposed 2008-09 maintenance budget and the proposals for tackling the financial health of FAO. It demonstrates that the aggregate increase in assessments of 21% comprise a 34.3% increase in US dollar assessments and 9.8% rise in Euro assessments.

Table 14. Assessed contributions from Members in 2006-07 and 2008-09

Biennium	Funding Level for	US\$ million at 1 Euro = US\$ 1.19	US\$ million	€ million
2006-07	Implementation of Programme of Work (46% US\$, 54% Euros)	765.7	352.2	347.5
	- Less Miscellaneous Income (80% US\$, 20% Euros)	(6.0)	(4.8)	(1.0)
	Funding of ASMC Amortization of past service cost (40% US\$, 60% Euros)	14.1	5.6	7.1
	Total 2006-07 Assessments paid by Members	773.8	353.1	353.6
2008-09	Implementation of Programme of Work	885.8	450.5	365.8
	- Less Miscellaneous Income	(1.0)	(0.8)	(0.2)
	Funding of ASMC Amortization of past service cost	45.0	18.0	22.7
	Replenishment of the SRA	6.4	6.4	0.0
	Total Assessments proposed to be paid by Members in 2008-09	936.2	474.1	388.3
	Percent difference from 2006-07	21.0%	34.3%	9.8%

302. The impact on individual Members may differ from the overall increase on account of the adjustments to the proposed 2008-09 scale of contributions³⁶, which for example envisions lower assessment rates for Japan and Brazil, and higher rates for Australia, China, Mexico, Republic of Korea and Spain.

303. The above budget figures have been calculated at the budget rate of exchange of the 2006-07 biennium, i.e. Euro 1 = US\$ 1.19. As per established practice, the budget rate of exchange for the 2008-09 biennium of Euro 1 = US\$ 1.36, has been set by reference to the exchange rate at the time when the full PWB document was going to print, while the estimated US dollar portion of the expenditures for implementing the Programme of Work is established at 47.5% with the remaining 52.5% in Euro.

304. It is recalled that the assessed split contributions in Euros and US dollars do not vary under different exchange rate conditions. This is demonstrated in Table 15 by applying the funding requirements for 2008-09 tabulated above at the revised Euro/US\$ exchange rate of Euro 1 = US\$ 1.36.

³⁴ Financial Regulation 5.6 refers.

³⁵ Planned expenditures in most offices outside headquarters are included in the US dollar share.

³⁶ CL 132/REP Appendix D

Table 15. Impact of the change in the budget rate of exchange under split assessment (US\$ million)

	Euro 1 = US\$ 1.19	Euro 1 = US\$ 1.36
<i>Assessments due in US dollars for implementation of 2008-09 Programme of Work* (47.5% of net appropriation)</i>	\$450.3	\$450.3
<i>Assessments due in Euro for implementation of 2008-09 Programme of Work* (52.5% of net appropriation)</i>	€365.8	€365.8
Assessed contributions due in US dollars	450.3	450.3
Assessed contributions due in Euro and expressed in US dollars at two distinct budget rates of exchange of Euro 1 = US\$ 1.19 in 2006-07 and Euro 1 = US\$ 1.36 for 2008-09	435.3	497.5
Total expressed in US dollars	885.8	948.0
*Excluding miscellaneous income deduction (at Euro 1 = US\$ 1.36) of US\$ 1,143,000 which is split as 80% US\$ (i.e. US\$ 914,000) and 20% Euro (i.e. Euro 168,000)		

305. The table below shows the impact of the revised Euro/US dollar exchange rate for 2008-09 of Euro 1 = US\$ 1.36 by chapter, with the resulting appropriation.

Table 16. Summary of Exchange Rate Impact by Chapter (US\$ 000)

Chapter	Description	Net appropriation at 2006-07 budget rate of Euro 1 = US\$ 1.19	Net appropriation at 2008-09 budget rate of Euro 1 = US\$ 1.36
1	Corporate Governance	21,043	23,038
2	Sustainable Food and Agricultural Systems	248,408	266,474
3	Knowledge Exchange, Policy and Advocacy	220,179	239,851
4	Decentralization, UN Cooperation and Programme Delivery	227,832	234,553
5	Management and Supervision Services	126,695	139,671
6	Contingencies	600	600
8	Capital Expenditure	18,938	20,378
9	Security Expenditure	22,102	23,420
Total		885,797	947,985

E. Draft Resolutions for Adoption by the Conference

Budgetary Appropriations 2008-09

THE CONFERENCE,

Having considered the Director-General's Programme of Work and Budget:

Approves a total net Appropriation of US\$ 947,985,000 for the financial period 2008-09 and approves the Programme of Work proposed by the Director-General for 2008-09 as follows:

a) Appropriations are voted at a rate of Euro 1 = US dollar 1.36 for the following purposes:

	US\$
Chapter 1: Corporate Governance	23,038,000
Chapter 2: Sustainable Food and Agricultural Systems	266,474,000
Chapter 3: Knowledge Exchange, Policy and Advocacy	239,851,000
Chapter 4: Decentralization, UN Cooperation and Programme Delivery	234,553,000
Chapter 5: Management and Supervision Services	139,671,000
Chapter 6: Contingencies	600,000
Chapter 8: Capital Expenditure	20,378,000
Chapter 9: Security Expenditure	23,420,000
Total Appropriation (Net)	947,985,000
Chapter 10: Transfer to Tax Equalization Fund	94,300,000
Total Appropriation (Gross)	1,042,285,000

b) The appropriations (net) voted in paragraph (a) above minus estimated Miscellaneous Income in the amount of US\$ 1,143,000 shall be financed by assessed contributions from Member Nations of US\$ 946,842,000 to implement the Programme of Work.

c) Such contributions shall be established in US dollars and Euro and shall consist of US\$ 449,378,000 and Euro 365,782,000. This takes into account a split of 47.5% US dollars and 52.5% Euro for the appropriations (net).

d) An amount of US\$ 45,000,000 shall also be financed by assessed contributions from Member Nations to fund the amortization of After-service Medical Coverage (ASMC). The contributions shall be established in US dollars and euro, taking into account a split of 40% US dollars and 60% euro, and shall therefore amount to US\$ 18,000,000 and Euro 19,853,000.

e) The total contributions due from Member Nations to implement the approved Programme of Work and to fund the amortization of ASMC shall amount to US\$ 467,378,000 and Euro 385,635,000. Such contributions due from Member Nations in 2008 and 2009 shall be paid in accordance with the scale of contributions adopted by the Conference at its Thirty-fourth Session.

f) In establishing the actual amounts of contributions to be paid by individual Member Nations, a further amount shall be charged through the Tax Equalization Fund for any Member Nation that levies taxes on the salaries, emoluments and indemnities received by staff members from FAO and which are reimbursed to the staff members by the Organization. An estimate of US\$ 11,600,000 has been foreseen for this purpose.

Replenishment of the Special Reserve Account

THE CONFERENCE,

Noting that one of the purposes of the Special Reserve Account, established by Conference Resolution 13/81 is, subject to prior review and approval by the Programme and Finance Committees, to finance unbudgeted extra costs of approved programmes due to unforeseen inflationary trends, to the extent that such costs cannot be met through budgetary savings without impairing the execution of such programmes;

Noting that the Programme and Finance Committees, at their Joint Meeting of September 2006, agreed to charging a portion of the unforeseen and unbudgeted General Service salary increase of 2006-07 arising from the Rome-based General Service Salary Survey results, in an amount of US\$ 6.4 million, to the Special Reserve Account, and that this was supported by the Council at its Session of November 2006;

Recalling that the Finance Committee, at its Session of September 2006, recommended that the necessary funding for the US\$ 6.4 million charged to the Special Reserve Account be secured through a replenishment of an equivalent amount through Member Nations' assessments for the Special Reserve Account at the time of the formulation of the Programme of Work and Budget for 2008-09;

Recalling further that the Council, at its Session of November 2006, requested the Finance Committee to review the funding of unbudgeted costs and to report the results to the Council;

Having considered, in line with the foregoing, the proposals submitted by the Director-General to the Finance Committee, at its Session of September 2007 and to the Council, at its Session of November 2007, for the replenishment of the Special Reserve Account in an amount of US\$6.4 million;

- 1) Decides to make a special assessment on Member Nations to provide for the replenishment of the Special Reserve Account, in the amount of US\$6.4 million, payable in two equal instalments of US\$3.2 million each due on 1 January 2008 and 1 January 2009 respectively.
- 2) Requests the Director-General to inform the Finance Committee and the Council in the subsequent biennium of the progress made in the replenishment of the Special Reserve Account.

ANNEX 1 - PROGRAMME NARRATIVES AND RESOURCE TABLES

Explanatory notes

306. This *Annex* expands on *Section II.D* above by presenting more detailed narratives covering substantive thrusts and planned actions under the various programmes, together with proposed budgetary allocations down to programme entity level. It is recalled that the current programme structure is different from that used in the preceding full PWB 2006-07 document submitted to the last Conference in November 2005. A modified structure was endorsed by the Conference in the context of reforms and was put into effect in the Revised PWB 2006-07 considered by the Programme and Finance Committees in May 2006. More detailed information can be found on FAO's Internet Web site at www.fao.org/pwb.

307. The tables by programmes below show the component entities – with their codes, titles and proposed allocations for 2008-09. It may be useful to recall the coding convention now in use. Each entity has a five character code, with figures and letters:

- . the first figure indicates the chapter to which the entity belongs;
- . the following capital letter indicates the applicable programme, within the chapter;
- . the third character (capital letter) indicates whether: i) the entity is a time-bound project (always recognised by the letter A); ii) it reflects continuing activities (always recognised by the letter P); or iii) it provides technical or other services (always recognised by the letter S), particularly advisory services to Members or technical support services to projects;
- . the last two figures embody the sequential number of each entity of the same type within the programme (with the theoretical possibility of going from 01 to 99).

Resource changes

308. Changes at the chapter and programme levels have been explained in *Section II.D*. At the programme entity level, unless otherwise indicated, it may be noted that the changes from provisions in the revised PWB 2006-07 shown in the tables are mostly the reflection of refined distribution of staff time (especially professional staff) across programmes and entities, also taking account of the impact of the new operating model in decentralized locations and the incidence of multi-disciplinary teams in subregional offices. The impact of cost increases is shown in a specific line at the bottom of each table.

CHAPTER 1: CORPORATE GOVERNANCE

Programme 1A: Governing bodies

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
1AP01	Organization of the Conference and Council sessions and Interdepartmental Coordination of Governing Bodies sessions	6,473	983	7,456
1AP02	Regional Conferences	1,321	105	1,427
Total		7,794	1,088	8,883
Cost Increases				826
Total - recosted				9,709

309. *Programme 1A* includes the organisation of the Conference, the Council and its Committees except the main Technical Committees, as well as the biennial Regional Conferences. It ensures provision for documentation in FAO languages, interpretation, short-term staff and overtime, in addition to the travel of government representatives, as provided for in the Financial Regulations. Secretariat is also provided to Conference and Council sessions, including the preparation of agendas, schedules of documentation, correspondence, and in-session use of meeting rooms and facilities.

Programme 1B: General direction

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
1BP01	Director-General's Office	7,296	(182)	7,114
1BP02	Legal Services Required for the Management of the Organization	2,355	213	2,568
1BP03	Support to CCLM	163	0	163
Total		9,814	31	9,845
Cost Increases				1,461
Total - recosted				11,306

310. The programme covers the Office of the Director-General (ODG) *stricto sensu*, as well as the share of the activities of the Legal Office (LEG) devoted to "in-house counsel" work. A separate entity identifies technical support to the CCLM.

CHAPTER 2: SUSTAINABLE FOOD AND AGRICULTURAL SYSTEMS

Programme 2A: Crop production systems management

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2AA02	Soil Productivity and Conservation	2,454	(2,454)	0
2AA04	Conservation and Sustainable Use of Plant Genetic Resources	2,621	758	3,379
2AA05	Sustainable Intensification of Crop Production Systems through Nuclear Techniques and Biotechnology	2,089	0	2,089
2AA06	Crop Production Systems - Sustainable Intensification, Diversification, and Biodiversity	4,328	549	4,877
2AP01	Technical Support to the International Treaty on Plant Genetic Resources for Food and Agriculture	2,875	(0)	2,875
2AP03	Secretariat of the International Treaty on Plant Genetic Resources for Food and Agriculture	1,124	483	1,607
2AS01	Committee on Agriculture (COAG)	512	0	512
2AS02	Technical Services for Partnership Development, Advice, and Information Enhancement	695	(264)	431
2AS03	Technical Support Services to Members and the Field Programme	3,467	229	3,696
Total		20,165	(699)	19,466
Cost Increases				2,265
Total - recosted				21,731

311. Under this programme, countries will receive assistance to develop integrated strategies and practical options – addressing multiple challenges such as climate change, loss of biodiversity, natural resource degradation, and the impact of bioenergy on crop production – to enhance food and feed crop production systems and to improve livelihoods, especially of the rural poor, using ecosystem management approaches. *Programme 2A* will also disseminate best practices and build national capacity for collection, conservation and use of plant genetic resources and of crop associated biodiversity.

312. Sustainable intensification of crop production needs to draw together advances in plant breeding and biotechnology, bio-safety, on-farm water use, plant nutrition, integrated pest management (IPM), reduction of soil and water contamination, and high value horticulture to establish viable techniques within different agro-environment farm systems. Sharing of geographically-based knowledge on production practices will be served by a database, especially for areas with pervasive food insecurity and associated environmental stresses, and also an interactive Web-based information and decision support system and a series of subregional workshops.

313. The implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-PGRFA) will be pursued, i.e. the implementation of the Multilateral System of Access and Benefit-sharing for genetic resources and the Standard Material Transfer Agreement. In addition, a key publication, the *State of the World's Plant Genetic Resources* will be completed. The Report will assist countries in prioritising activities related to the conservation and use of plant genetic resources and implementing the Global Plan of Action, the International Treaty and the Multi-year Programme of Work just endorsed by the CGRFA. The information will also assist countries in addressing the negative impact of climate change on plant genetic resources and crop production. The Global Plan of Action

(GPA) and the Global Information System on PGRFA will also translate into specific technical assistance.

314. The Joint FAO/IAEA Division (AGE) will develop cutting-edge technologies to improve crop water productivity, enhance sustainability and competitiveness in harsh environments, and promote improved mutant varieties. Application of these technologies with sustainable management of water and plant nutrition will contribute to higher crop production and quality. Methodologies and guidelines will also be developed for using mutagenesis to improve and conserve un- or underutilised crop species and the assessment of molecular markers for characterising mutated genomes. The programme will maintain a database on mutated resources and produce decision support tools for planning and implementation of the sterile insect technique.

315. The 21st Session of COAG will be organised in 2009.

Programme 2B: Livestock production systems management

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2BA02	Sustainable Livestock Production	3,043	144	3,187
2BA03	Management of Animal Genetic Resources	2,307	(0)	2,307
2BP01	Global Livestock Information and Knowledge System	1,257	46	1,303
2BS01	Technical Support Services to Members and the Field Programme	1,891	547	2,438
Total		8,498	737	9,235
Cost Increases				1,189
Total - recosted				10,424

316. The primary focus of *Programme 2B* is to address the on-farm aspects of livestock production and the generation, analysis and dissemination of livestock sector specific information. This involves: the introduction of good animal production and husbandry practices that cover animal feeding and nutrition; animal husbandry; handling of animal welfare requirements; herd health management for non-infectious animal diseases; appropriate on-farm use of animal genetic resources; and guidance on the livestock component in the formulation of responses to natural or man-made disasters, in collaboration with *Programme 4D*.

317. Since infectious and zoonotic diseases generally originate on-farm, *2B* will support actions for the control of major epidemics carried out by *Programme 2C* by promoting farm-level biosecurity and animal husbandry measures. Similarly, animal food-borne diseases originate in general from inappropriate handling of animals and animal products on-farm. Therefore, *2B* will also generate and disseminate Good Management Practices in association with *Programme 2D*. A manual on safe animal feeding (which is under preparation with the feed industry) will be issued to ensure the implementation of the code on Good Animal Feeding adopted by the Codex Alimentarius Commission. In addition, technical and institutional elements of post-harvest value-adding at the smallholder level will be addressed in association with *Programme 2M*.

318. The Global Livestock Information and Knowledge System will continue to provide data and analysis on the livestock sector at the global, regional and national levels. The coverage of the Global Livestock Production and Health Atlas (GLIPHA) and livestock distribution and production systems maps will be expanded. Compilation, processing and

dissemination of statistical information and knowledge through easily accessible and user-friendly products will contribute to informed and evidence-based decision-making to guide livestock sector development.

319. The programme will also ensure follow-up to the decisions adopted by the First International Technical Conference on Animal Genetic Resources (September 2007 at Interlaken, Switzerland) which are likely to include a Global Plan of Action on Animal Genetic Resources for implementation at various levels. The policy-related aspects will be dealt with in association with the Secretariat of the Commission on Genetic Resources for Food and Agriculture under *Programme 2K*.

Programme 2C: Diseases and pests of animals and plants

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2CA02	Sustainable Intensification of Livestock Production Systems through Nuclear Techniques and Biotechnology	1,726	0	1,726
2CP01	Secretariat of the International Plant Protection Convention (IPPC)	4,656	671	5,327
2CP02	Pesticide Risk Reduction through Pesticide Management, IPM and the use of Biopesticides	3,936	284	4,220
2CP04	EMPRES - Migratory and Transboundary Invasive Plant Pests	5,226	422	5,648
2CP05	EMPRES - Progressive Control of Transboundary Animal Diseases	4,553	695	5,248
2CS01	Technical Support Services to Members and the Field Programme	3,772	1,020	4,792
Total		23,869	3,092	26,961
Cost Increases				3,111
Total - recosted				30,073

320. *Programme 2C* combines the plant pests and animal disease components of EMPRES and is supported by the Crisis Management Centre (CMC) established in 2007 at the level of the Department of Agriculture and Consumer Protection. The CMC will ensure coordination across the entire food chain (transboundary pests and diseases of animals and plants, and food safety) including partnerships with other agencies and will use the Crisis Management Centre of AGA, established in October 2005, as a logistical/operational platform for rapid reaction to emergencies along the food chain. It will ensure contingency planning measures to be taken at various levels, support simulation exercises and enhance or establish, if required, relevant information and early warning systems.

321. Future targeting and control work under the new Desert Locust strategy will feature livelihoods and vulnerability assessments, as recommended by the evaluation of the 2003-05 locust control campaign³⁷, and expanded use of biopesticides as shown in migratory locust control. Building capacity to dispose of unused conventional pesticides will further reduce environmental risks. The successful preventive approach of EMPRES employed in much of the Central Region will be extended there, and in the Western Region.

³⁷ PC 96/4 c)

322. As regards the IPPC, FAO will play a major role in the progressive implementation of the recently-approved business plan, in partnership with National and Regional Plant Protection Organizations. It will expand networks to facilitate technical and financial support for standard setting and further assist with protecting plant-associated biodiversity and managing invasive plant species. Strategic partnerships will seek to reinforce FAO's role in coordinating assistance to countries' phytosanitary capacities. The recently completed external evaluation of the IPPC suggests a target of 3-4 new or revised ISPMs per year.

323. Following endorsement by COAG and Council of a more inclusive strategy for international pesticide management, FAO will co-ordinate more actively its support of the Rotterdam Convention, the Code of Conduct on Pesticides, pesticide residue standards through Codex Alimentarius, advice on IPM policy and practice, and assistance towards disposal of obsolete pesticides. This strategy will assist Members in at least three regions to significantly reduce the use of highly hazardous pesticides.

324. The process for the declaration of global freedom from Rinderpest by 2010 is on track. The Global Rinderpest Eradication Programme (GREP) will establish a scientific steering committee to oversee the validation and accreditation process. Highly Pathogenic Avian Influenza is most likely to continue to need major attention, and prevention and control activities will remain a priority particularly in Asia and Africa. National veterinary services will be enabled to target this dangerous disease at source, based on emerging knowledge of its ecology. 2C will continue to address the heavy losses inflicted by foot-and-mouth disease (FMD) on the livestock sector in Asia, Africa and Latin America. The high-profile Research Group of the European Commission for Foot-and-Mouth Disease Control (EUFMD) will inform and support global action against this disease. Latin America will be a focus of attention for both FMD and classical swine fever eradication.

325. Together with OIE and WHO, FAO will provide early warning and disease intelligence for all transboundary animal diseases (TADs) that are of major socio-economic significance or pose a human health threat, through its Global Livestock Early Warning System. The network of Regional Animal Health Centres will be expanded to support progressive control and eradication of TADs, including zoonoses. Field programme support and technical assistance to countries will focus on disease prevention, surveillance, and rapid response to emergencies.

326. AGE will produce guidelines, early detection methods and quality-assured data from national serological and molecular surveys in support of the diagnostic, surveillance, and analytical aspects of programme 2C. Access to molecular tools for better characterising indigenous animal genetic resources and identifying DNA sequences that mark favourable traits will also be facilitated. The inter-agency Programme Against African Trypanosomiasis (PAAT) will be pursued, as well as environmental/ecological disease analysis and management activities (including wildlife-livestock disease interactions) for improved technical and policy interventions.

Programme 2D: Nutrition and consumer protection

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2DA01	Animal Product Food Safety	1,835	197	2,032
2DA05	Household Food Security, Nutrition and Livelihoods	2,822	(221)	2,601
2DA06	Food and Nutrition Education and Consumer Awareness	1,459	8	1,467
2DP01	Improving Food and Environmental Safety through Nuclear Techniques	1,703	0	1,703
2DP02	Nutrient Requirements and Dietary Assessment in a Transforming Food Economy	1,471	258	1,729
2DP03	Joint FAO/WHO Food Standards Programme (Codex Alimentarius)	6,932	13	6,945
2DP04	Food Quality and Safety throughout the Food Chain for Consumer Protection	2,641	141	2,781
2DP05	Provision of Scientific Advice on Food Safety	2,779	0	2,779
2DS01	Technical Support Services to Members and the Field Programme	2,054	77	2,131
Total		23,696	473	24,169
Cost Increases				2,729
Total - recosted				26,898

327. As a major component of this programme, it is expected that by the end of 2008, the recommendations of the evaluation of Codex Alimentarius and other FAO and WHO food standards work will be fully implemented. Communication with countries and the publication of adopted standards will be enhanced by the use of advanced information technologies. Nine expert meetings will be convened to provide scientific advice on food safety matters, including: risk assessment of microbiological and chemical hazards in food; food additives specifications; antimicrobial resistance; safety assessment of foods derived from recombinant-DNA animals; safe use of active chlorine in the food industry; health risks and health benefits associated with the consumption of specific foods; nanotechnology and other relevant issues.

328. Food safety and consumer protection is foreseen to be improved in eight countries as a result of FAO assistance in managing control systems using the food chain approach. This will include: harmonising national food standards and regulations with the Codex Alimentarius; participating more effectively in the work of the Codex Alimentarius Commission; integrating quality and safety assurance systems along the chain; responding to emergencies, and disseminating information on food quality and safety. Countries will also be assisted in meeting international sanitary and phytosanitary requirements connected with multilateral and bilateral agricultural trade negotiations.

329. As a contribution to improved diets, an expert consultation on “*fats and fatty acids in human nutrition*” will be convened in collaboration with WHO and other UN agencies. Indicators and methodologies will be validated to assess and monitor dietary intake, levels of household food insecurity, nutritional status and multiple burdens of malnutrition within the framework of nutrition and food security information systems. New indicators will be developed and guidelines and training materials for implementing nutrition-related standards will be produced through the cross-cutting “Initiative for Biodiversity for Food and Nutrition”. The development and dissemination of food composition information will be accelerated through the INFOODS Regional Data Centre Network and the Journal of Food Composition and Analysis. Innovative nutrition information, education and communication materials and tools will be developed, and the capacities of six national and local institutions will be strengthened to develop and implement effective nutrition education programmes. Nutrition aspects will continue to be integrated into food security projects, including FIVIMS.

Nutrition surveys are planned for several countries, as well as the preparation of new and updated Nutrition Country Profiles.

330. As relates to animal product food safety concerns, 2D will contribute to the preparation of good agricultural and management practices for application of food safety hazard management in routine operations, in collaboration with industry and other stakeholders. Emphasis will be given to the implementation of codes adopted by the Codex Alimentarius Commission on safe animal feeding and on meat and dairy product handling, and to OIE-negotiated standards on animal product food safety at the production level. To enhance emergency preparedness and rapid response capacity (including contingency planning), the programme will work with the AG-departmental Crisis Management Centre, also engaging in close partnerships with other agencies and supporting (and, if required, developing) attendant information and early warning systems.

331. AGE's laboratory will develop methods and procedures that enable governments to evaluate the impact of the application of good production practices. These will be delivered through collaborative efforts between UN organizations and other stakeholders and will concentrate on pesticides, mycotoxins, and the detection of residues of veterinary drugs in foods.

Programme 2E: Forestry information, statistics, economics, and policy

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2EP03	Forestry Knowledge and Communication Centre	3,016	(462)	2,554
2EP04	Global Socio-economic analysis and forest sector studies	1,893	(92)	1,801
2EP05	Strengthening Policy, Institutional and Participatory Capacities for Forest Management and Conservation	2,462	359	2,821
2EP06	Support to COFO, Global and Regional Forestry Processes	2,496	(473)	2,023
2ES01	Technical Support Services to Members and the Field Programme	1,413	382	1,796
Total		11,280	(286)	10,995
Cost Increases				1,360
Total - recosted				12,354

332. Under *Programme 2E*, country-based information will be provided on all aspects of forests and forestry, building on knowledge exchange and partnerships with countries, other organizations, and the private sector. This information will be made available at various levels through integrated databases, as well as targeted, cost-effective publications. Regional and global outlook studies will expand the knowledge base on forestry through participatory processes, also contributing to capacity building.

333. In line with the importance attached by COFO to national forest programmes (NFPs), countries will be assisted in their development and implementation, covering *inter alia*: policy review, strengthened linkages between forestry and other sectors, enhanced stakeholder participation and law enforcement measures, and the sharing of best practices at the regional, national and local levels. Emphasis will be given to financial mechanisms for sustainable forest management and conflict management. Also in response to recommendations of COFO, the programme will carry out further analysis of forest tenure arrangements and their implications for sustainable forest management and to poverty alleviation. It will promote practical linkages between forestry and poverty reduction strategies and community-based small scale forest enterprises for sustainable income generation. The aim is to have NFPs recognised as the

framework for policy planning and implementation in forestry by 40 countries, with three countries having included forestry inputs explicitly in their poverty reduction strategies, and better recognition of the role of forestry in poverty alleviation in 10 countries.

334. Global and regional outlook studies will analyse the driving forces and concrete scenarios to provide a foundation for planning at the national level. Countries will also get a better understanding of emerging opportunities and challenges in the context of globalisation and adapt their national forest programmes accordingly. Economic analysis will outline the opportunities for enhancing income and employment, a key determinant in the wider adoption of sustainable forest management. All these activities are expected to facilitate regional and global policy dialogue, while FAO will continue to lead the Collaborative Partnership on Forests, focusing on multidisciplinary approaches to issues of major interest.

Programme 2F: Forest management, conservation and rehabilitation

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2FA06	Forest Fire Management and Forest Health	1,486	(143)	1,343
2FA07	Conservation and Rehabilitation of forests and woodlands ecosystems	2,160	336	2,496
2FP02	Sustainable Management of forests, woodlands and trees outside of forests	2,293	219	2,512
2FS01	Technical Support Services to Members and the Field Programme	2,295	318	2,612
Total		8,234	730	8,963
Cost Increases				1,081
Total - recosted				10,044

335. *Programme 2F* aims at promoting and supporting sustainable forest management, particularly by ensuring that goods and ecosystem services derived from forests and trees meet the needs of present and future generations, as well as national objectives on poverty reduction, eradication of hunger and environmental sustainability. It will provide countries and forestry stakeholders with decision support tools for the management of naturally regenerating forests, the establishment and management of planted forest and agroforestry systems. Work on genetic resources will be carried out in cooperation with *Programme 2K*.

336. Multi-stakeholder knowledge generation will be supported, in particular through national forest assessment and monitoring and sharing of forest management experiences worldwide, to stimulate progress towards sustainable forest management. Biological diversity, protected area and wildlife management, trees outside forests and urban forestry will continue to be addressed. Management approaches to dry lands and mountains will be promoted, together with guidelines for sustainable management of dry land forest ecosystems. As specifically requested by COFO in March 2007, voluntary guidelines for fire management and responsible establishment and management of planted forests will be implemented, to maximise benefits and reduce possible negative impacts. The prevention and control of forest pests and diseases, particularly invasive species, will receive due attention. The impact of climate change on forests, the necessary adaptation of forest management to ensure forest health and the role forestry can play in climate change mitigation will also receive priority.

Programme 2G: Forest products and industry

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2GA01	Strengthening the Contribution of Forest Industries to Rural Development	1,347	(76)	1,271
2GP01	Best practices in forest products harvesting, utilization and appropriate industry development	2,697	(500)	2,197
2GP02	Assessment, monitoring and reporting on forest resources products and institutions	3,210	235	3,445
2GS01	Technical Support Services to Members and the Field Programme	1,645	270	1,916
Total		8,899	(71)	8,828
Cost Increases				1,147
Total - recosted				9,975

337. *Programme 2G* includes technical and policy advice to countries on the harvesting and processing of wood including wood fuels and non-wood forest products (NWFPs) that contribute to both rural and urban livelihoods. Technical assessments and policy support will be offered in situations where wood and forests play an important role in energy generation and consumption. The programme is to strengthen the capacity of countries to develop small and medium size forest-based industries. It will continue to work on assessment, monitoring and reporting on forest resources, products and institutions. A major thrust for the 2008-09 biennium include launching of the Global Forest Assessment 2010 process. 2G also covers: annual statistics on production, consumption and trade of forest products; information on national forest policy and institutions; and integration of reporting processes and national communications. The programme will support sharing of knowledge and best practices among countries on harvesting, processing, utilisation and trade of wood, NWFPs and wood fuels, with due emphasis on employment and income generation.

Programme 2H: Fisheries and aquaculture information, statistics, economics, and policy

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2HA01	Support to the Strategy for Improving Information on Status and Trends of Capture Fisheries (Strategy-STF) through FIRMS and other FIGIS Partnerships	1,038	(40)	998
2HA02	Implementation of the Code of Conduct for Responsible Fisheries (Including Inland Fisheries and Aquaculture) and Related Instruments	3,825	159	3,984
2HP01	Provision of Fisheries Information and Statistics	4,760	142	4,902
2HP04	Global socioeconomic analysis of fisheries and aquaculture and of their contribution to food security, poverty alleviation and economic growth	1,574	110	1,684
2HS02	Promotion and Strengthening of Regional Fisheries and Aquaculture Bodies and Arrangements	2,967	287	3,253
2HS03	Technical Support Services to Members and the Field Programme	2,871	483	3,354
2HS04	Support to COFI and associated Meetings	823	(29)	794
Total		17,858	1,111	18,969
Cost Increases				2,536
Total - recosted				21,505

338. In line with the recommendations of COFI, *Programme 2H* is to spearhead the implementation of the Code of Conduct for Responsible Fisheries (CCRF) – which includes aquaculture – and related instruments, as measured by the number of international fishery instruments adopted and the number of countries adopting National Plans of Action. This major effort involves: analysis, development and promotion of appropriate policies, strategies and regulatory measures; the elaboration of additional guidelines on ecolabelling of inland and marine capture fisheries as well as technical guidelines on social, institutional and economic considerations in the ecosystem approach to fisheries and aquaculture (EAF); assistance with phasing out fishing overcapacity; preparations of a conference focusing on small-scale fisheries; and developing a new legally-binding instrument on port state measures for combating illegal, unreported and unregulated (IUU) fishing. As also requested by COFI, priority will be given to further sustainable expansion of aquaculture, including the establishment of a special programme for aquaculture in Africa, and to further strengthening of regional fishery bodies (RFBs).

339. Policy work will be enhanced by ongoing socio-economic analysis of fisheries and aquaculture, particularly their contributions to food security, poverty alleviation and economic growth. *2H* will continue to identify and analyse major policy issues with implications at global, regional and national levels, such as: overcapacity, access to resources and fishing grounds in coastal and inland waters and participatory resources management. Concerning information and statistics, due prominence is given to the Strategy for Improving Information on Status and Trends of Capture Fisheries (Strategy-STF) and the newly-adopted Strategy for Improving Information on Status and Trends of Aquaculture, coupled with the biennial publication on *The State of World Fisheries and Aquaculture* (SOFIA), and other statistical publications and information products. Improved quality and coverage of information and statistics on high seas fisheries and aquaculture will be pursued through expanded partnerships with governments, RFBs and centres of excellence (also reflecting expectations of COFI).

Programme 2I: Fisheries and aquaculture management and conservation

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2IP01	Monitoring, Management and Conservation of Fishery Resources	5,539	(37)	5,502
2IP02	Monitoring, Management and Conservation of Resources for Aquaculture Development	3,861	136	3,998
2IS01	Technical Support Services to Members and the Field Programme in the area of Fishery Resources	1,792	223	2,015
2IS02	Technical Support Services to Members and the Field Programme in the area of Aquaculture	1,721	244	1,964
Total		12,914	565	13,479
Cost Increases				1,759
Total - recosted				15,238

340. *Programme 2I* aims at promoting conservation of resources and effective management of production systems through complementary entities dealing with the two subsectors of capture fisheries (marine and inland) and aquaculture. It also contributes to the implementation of the relevant aspects of the CCRF, associated International Plans of Action (IPOAs) and other international instruments. Taking into account the conclusions and recommendations of COFI, it will: a) pursue the identification, assessment, and monitoring of resources; b) disseminate guidelines, methodologies, and indicators for management and

conservation of both marine/inland resources and aquaculture systems; c) clarify the role of ecosystem-related management methods (including aquatic protected areas); d) address environmental aspects of fishing and aquaculture; e) carry out studies for intensification of aquaculture, including efficient and sustainable technologies; f) support Fishery Management Information Exchange networks; and g) address emerging issues such as deep sea fisheries, marine protected areas and climate change impact on fisheries. The programme also provides the secretariats for the COFI Subcommittee on Aquaculture and the European Inland Fisheries Advisory Commission. Work on genetic resources will be ensured in cooperation with *Programme 2K*.

Programme 2J: Fisheries and aquaculture products and industry

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2JA02	Implementation of MCS	564	182	746
2JA03	Capacity Building for Aquaculture and Small-Scale Fisheries Development	1,050	(66)	984
2JP01	Utilization, safety and quality of fishery products	1,628	17	1,645
2JP02	Fish trade and marketing	2,020	(68)	1,952
2JP03	Improving the safety of fishing operations	528	96	624
2JS01	Technical Support Services to Members and the Field Programme	3,459	(101)	3,358
Total		9,248	61	9,309
Cost Increases				1,124
Total - recosted				10,433

341. *Programme 2J* focuses on optimising the utilisation of fish resources, including production of safe and nutritious fishery products. The programme will assist developing countries to participate in international fish trade, including products coming from the small scale sector. It will monitor, analyse and report on barriers relating to fish trade and thus support transparent, predictable trading regimes including retail standards, and equitable distribution of derived benefits. As highlighted by COFI, further work will be carried out on global technical guidelines on responsible fish trade.

342. Developments regarding corporate social and environmental responsibility will be monitored including various certification and ecolabelling schemes with a view to clarifying what constitutes responsible fish trade. Support to small-scale fisheries and small- and medium-scale fish processing and marketing operators will be strengthened. This also applies to fish marketing information and intelligence in collaboration with the Fish Info Services.

343. The programme will explore the use of microfinance as a tool for development of fisheries and aquaculture. Continued emphasis will be placed on international collaboration and assistance to countries on new technologies to combat illegal, unreported and unregistered fishing (IUU) making use of vessel monitoring systems, electronic log book systems, and other means to improve compliance with management regimes by fishing vessel operators. As underlined by COFI, this will include the development of a global record of fishing vessels. Attention will be given to the sustainability and safety of fishing operations especially for the small-scale sector, as well as interventions related to cleaner fishing harbours and waste management.

Programme 2K: Sustainable natural resources management

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2KA01	Agricultural Water Use Efficiency, Quality and Conservation	4,080	271	4,351
2KA05	Land Tenure, Agrarian Reform and Access to Natural Resources	2,684	17	2,701
2KA06	Integrated Land, Water and Production Systems Policies, Planning and Management	1,638	779	2,417
2KA07	Forests and Water	1,107	(283)	824
2KA09	Impact of Fishing on the Environment	955	34	989
2KP01	Secretariat of the Commission on Genetic Resources for Food and Agriculture (CGRFA)	2,077	(0)	2,077
2KP02	Land and Water Knowledge Management, Information Systems, Databases and Statistics	2,476	(678)	1,799
2KP04	Economics of Natural Resources and Environmental Sustainability	1,479	27	1,506
2KP06	Bioenergy	1,797	1,538	3,335
2KP07	Climate Change Adaptation and Mitigation	1,557	2,577	4,134
2KP08	Fragile Ecosystems	1,144	723	1,867
2KS01	Technical Support Services to Members and the Field Programme	7,813	774	8,587
Total		28,808	5,779	34,587
Cost Increases				4,244
Total - recosted				38,831

344. As stressed under *Section II.D* above, 2K is the largest programme under *Chapter 2* and is of a particularly strong multidisciplinary nature, under the leadership of the NR Department with substantial inputs from other departments and offices. In effect, the programme draws on available expertise within the Organization on natural resources management including land and water, biodiversity, bioenergy, climate change and environmental management of ecosystems. The programme also ensures liaison and contributions to major international environmentally-related initiatives, including the Commission on Sustainable Development. As requested by the 20th Session of COAG, the NR Department will prepare a study for an Organization-wide strategic framework on agriculture and environment in the 21st century.

345. A substantial shift in focus is made toward reflecting bioenergy and climate change as genuine corporate priorities. While entity *2KP07: Climate change adaptation and mitigation* already existed to provide a firm anchor for coordinating FAO-wide efforts in this area, entity *2KP06* is reformulated to house similar coordination activities on bioenergy. The scope of planned work and objectives in these two areas was explained in a quite detailed manner in *Section II.B* above, as well as planned high-level events in *Section II.D*.

346. An important share of resources under this programme relates to the management of land and water resources. Three closely related entities, *2KA01*, *2KA06* and *2KP02*, focus on: ensuring greater efficiency in water use and conservation; the integration of land and water policies, planning and management; land and water quality improvement; and enhanced knowledge management and databases on land and water resources. Information systems on land and water resources will be continuously updated, including monitoring of the status and utilisation of land and freshwater resources worldwide. Linkages are established with sectoral information systems to forge a comprehensive multiscale and multipurpose information base to facilitate integrated analysis in support of decision-making.

347. Work on water management will include transboundary water resources, playing a catalytic role in enhancing intercountry cooperation and agreements, and supporting major international initiatives. Emphasis is given to water scarcity, management of fragile ecosystems, including wetlands, and to methods for soil moisture conservation and increased resilience of climatic variability in rainfed agriculture. Aquifer recharge and the impact of climate change on land and water resources will be investigated. The importance of forests to the provision of adequate supplies of fresh water is addressed under entity 2KA07, in particular through the development of methodologies and the provision of advice to countries on effective watershed management policies and practices.

348. Concerning land and other natural resources, entity 2KA05 is to assist countries to provide secure access in line with overall social justice and rural development objectives, as follow-up to the International Conference on Agrarian Reform and Rural Development (ICARRD). The entity will address *inter alia* land tenure management in emergency settings, effective governance of land tenure, improved administration of public lands, and land tenure responses in relation to climate change and mitigation. Entity 2KA09 covers more specifically the complex environmental issues linked to fisheries operations and management. 2K will continue providing detailed assessments of, and decision support on livestock-environment interaction issues and their mitigation.

349. *Programme 2K* also provides for the Secretariat of the Commission on Genetic Resources for Food and Agriculture (CGRFA) and assists with the development of internationally-agreed frameworks for genetic resources for food and agriculture. The 11th Regular Session of the Commission in June 2007 reviewed the status and needs of the various sectors of biodiversity for food and agriculture beyond plants and animals, to include forestry, fisheries, micro-organisms, as well as the ecosystem approach to genetic resource management and conservation. As agreed at the same session, the Secretariat will lead implementation of the Commission's rolling Multi-year Programme of Work on Biodiversity for Food and Agriculture (MYPOW). It will promote such aspects as the development of cross-cutting programmes, including access and benefit-sharing policies and arrangements for genetic resources for food and agriculture generally, and the internalisation of the ecosystem approach to biodiversity management in agriculture forestry and fisheries. It will liaise closely with other relevant international processes and organizations, active in the environment, trade and intellectual property sectors.

350. 2K provides remote sensing and geospatial analysis for early warning assessments, global and regional land cover mapping, and poverty and environmental hotspots mapping and analysis. Countries are assisted to mainstream in a holistic manner environmental concerns in their agriculture, forestry and fisheries practices, based on agro-ecological approaches and also to ensure improved management of fragile ecosystems (e.g. drylands, mountains and coastal zones).

351. Completing the picture is an essential input from the ES Department, seeking to improve understanding of the links between agriculture and the environment, and of the economic, environmental and policy factors that influence farmers' decisions about natural resource management. The need for policies to be better informed by sound biophysical and social science has been noted in recent meetings of FAO governing bodies, including COAG and CFS. Areas of analysis will include: the links between markets and biodiversity; market-oriented opportunities to compensate farmers for costs incurred in enhancing provision of environmental services; and measures to reduce technical, economic, policy and information barriers to sustainable resource use by the rural poor.

Programme 2L: Technology, research and extension

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2LA01	Strengthening National Agricultural Research and Extension Systems	2,828	18	2,846
2LP01	Secretariat of the CGIAR Science Council	5,650	1,328	6,978
2LS01	Technical Support Services to Members and the Field Programme	1,534	77	1,611
Total		10,012	1,423	11,435
Cost Increases				1,030
Total - recosted				12,465

352. *Programme 2L* assists countries to establish and strengthen national agricultural research and extension approaches and systems to match identified technology, knowledge and human capacity requirements for sustainable agricultural development. Emphasis is given to integrating National Agricultural Research and Extension Systems with National Programs for Food Security to ensure effective technology generation, assessment and adoption by farmers. In doing this, the complex interactions between farming communities, natural resource management and food security are taken into account. Assistance is also provided to improve national capacities in policy formulation and on the safe application of biotechnologies, as well as to support regional harmonization of regulatory frameworks. The Programme has strong links with *Programme 3F: Gender and equity in rural societies*, to assist countries in the field of communication for development and education for rural people. *2L* also embodies strong partnerships with International Agricultural Research Centers of the CGIAR, other UN agencies, the Global Forum of Agricultural Research, regional and subregional organizations and fora on research, extension, education and communication. It hosts the Science Council Secretariat of the CGIAR.

Programme 2M: Rural infrastructure and agro-industries

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
2MA04	Fostering competitive agro-industries	6,019	(334)	5,685
2MA05	Enhancing small farmer income, employment and livelihoods	2,700	(89)	2,611
2MP02	Rural Infrastructure Development	2,229	(74)	2,155
2MS01	Technical Support Services to Members and the Field Programme	4,773	525	5,298
Total		15,721	28	15,749
Cost Increases				1,995
Total - recosted				17,744

353. The main focus of *Programme 2M* is the development of competitive agro-industries and agro-enterprises linking input suppliers and producers through to final retail markets. Following guidance from COAG, it will seek to address three major priorities: support to countries on enabling policies and institutions for agribusiness and agro-industries development, programmes for developing specific agro-industries and value chains, and building the capacities of small farmers and agro-enterprises to participate in markets, including high value market channels.

354. A major event, the Global Agro-Industries Forum, will be organised in 2008 together with UNIDO and other partners to discuss strategies for developing competitive agro-industries that contribute to poverty reduction. Following this Forum, a series of concrete actions will be launched at regional and national levels to strengthen local expertise and capacity to establish enabling policies, institutions and services. Attention will be given to clarifying institutional mandates, improving regulatory frameworks, and reinforcing public-private sector cooperation. Working with other agencies and private sector partners, the programme will provide technical support to the development of specific agro-industries and value chains in all regions (foreseen in at least twenty countries).

355. 2M will address concerns of small scale farmers and processors by building in conjunction with partners, organizational capacity for linking farmers to markets and services, as well as for increasing farmers' management skills for value addition (in about 30 or more projects or activities). In recognition of the pervasive infrastructure constraints impacting on agricultural growth including development of agro-industries, agro-enterprises and increasing farm incomes, 2M will foster infrastructure investments, with priority to the Infrastructure Consortium for Africa.

CHAPTER 3: KNOWLEDGE EXCHANGE, POLICY AND ADVOCACY

Programme 3A: Leveraging resources and investment

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3AP02	Financing for FAO Projects and Programmes	3,351	(328)	3,023
3AP03	Preparation and Formulation of National and Regional Programmes on Food Security, Agricultural and Rural Development	3,578	(85)	3,494
3AS01	World Bank Cooperative Programme	32,550	2,698	35,248
3AS08	Resource Mobilization for Member States	593	718	1,311
3AS12	Rome-based UN Agencies	1,061	697	1,758
3AS14	International, Regional and Sub-regional Financing Institutions and Bilateral Institutions	8,770	418	9,188
3AS16	Support to FAO activities	926	(742)	184
Total		50,829	3,377	54,206
Cost Increases				5,596
Total - recosted				59,802

356. 3A covers, in the first instance, work with a wide range of partners in support of technical cooperation and financing of agricultural and rural development, including assistance in the identification of funding opportunities, facilitation of high-level dialogue and negotiations, and harmonisation with international development initiatives. Engagement in UN system “Delivering As One” pilots will receive particular attention. Assistance is provided at country, subregional, regional and global levels in relation to project identification and formulation and joint programming. In addition, due emphasis is being given to the development of a broad range of different funding modalities (strategic partnerships, multidonor trust funds, joint programmes, pooled funding, unilateral trust funds) which allow for more flexibility and close alignment with donors' and developing countries' needs and priorities. More interactions are expected with new sources of funding (‘emerging’ donors) such as the Global Environmental Facility (GEF) which are more sophisticated and demanding, in terms of demonstrated performance, quick and flexible response as well as results and impact measurement backed by relevant reporting.

357. In line with the guidance provided by the High Level External Panel for Food Security in May 2007, the 33rd Session of the Committee on World Food Security (CFS), as well as the Programme Committee, support to countries for the formulation and funding of National and Regional Programmes on Food Security (NPFS and RPFS) will continue to be an important activity under this programme in 2008-2009. As attainment of MDGs requires action on a much larger scale than heretofore, and in response to the lessons learned and recommendations of the independent evaluation completed in 2001-2002, the shift in focus from pilot SPFS projects to more comprehensive NPFS and RPFSs introduced in 2006-2007, is to be pursued. Due attention will be given to more systematic integration of NPFS and RPFS with the pertinent poverty reduction policies, strategies and programmes. Larger and more flexible South-South Cooperation agreements are expected to result from new strategic alliances with interested countries.

358. Involving by far the largest share of resources budgeted under 3A, the Investment Centre will, based on established partnerships with the major IFIs, provide independent advice and analysis to both beneficiary countries and the IFIs themselves, leading to the formulation

of substantial investments in agriculture. The bulk of these investments, targeted especially at food security, is to be financed by the World Bank while close collaboration and broader scope of joint activities would lead to a growing volume of funding from IFAD. The Centre also plays its due role in support to implementing the Paris Declaration on Aid Effectiveness seeking to harmonise approaches and promote joint assistance strategies at country level. The evolving aid architecture, with governments increasingly empowered to lead and direct investment programmes, will translate in the Centre devoting more resources to capacity building in order to transfer skills in development planning to country partners in the food and agriculture sector. It is foreseen that a growing share of the Centre's activities will benefit sub-Saharan Africa, in line with partners' priorities, and the commitment in the Maputo Declaration for countries to devote at least 10 percent of budget resources to agriculture.

Programme 3B: Food and agriculture policy

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3BA01	Food Insecurity and Vulnerability Information and Mapping Systems (FIVIMS)	4,295	113	4,408
3BA04	Socioeconomic analysis of global perspective issues in food and agriculture	1,332	160	1,492
3BA06	Support to the Development of a Regulatory Framework for Food and Agriculture	2,126	(144)	1,982
3BP02	The State of Food and Agriculture	1,458	(8)	1,450
3BP05	Food Security Policy Analysis and Monitoring of the WFS goals and MDGs	1,873	(64)	1,809
3BP08	Field Programme Development	9,094	(757)	8,337
3BP10	Collection and Dissemination of Legal Information	1,276	67	1,343
3BP11	The Role of Agriculture in Economic and Social Development: Policy Analysis and Lessons Learned	2,465	(94)	2,371
3BS01	Servicing the Committee on World Food Security	1,099	236	1,335
3BS02	Technical Support Services to Members and the Field Programme	1,203	212	1,415
3BS06	Agriculture Policy Assistance	4,075	331	4,406
Total		30,296	52	30,348
Cost Increases				4,026
Total - recosted				34,373

359. *Programme 3B* aims at identifying policies which will contribute more efficiently to the achievement of MDGs, especially MDG1, in a rapidly changing world. The need for better policy and norm-setting frameworks, as well as evidence-based policy and legal advisory services from an Organization like FAO, has been flagged at the meetings of various intergovernmental bodies (especially COAG and CFS) and various evaluation reports. Hence, the programme brings together two main components: an analytical component to provide the necessary underpinning of the other component of direct advisory services.

360. The analytical work under this programme examines in the first instance the underlying causes of poverty and food insecurity in evolving social and economic conditions, including situations of chronic hunger, emergencies and protracted crisis. It addresses the impact of agricultural and rural development and environmental policies, the effectiveness of programmes and projects of poverty reduction and carries out topical studies on the role of agriculture in the overall economic development process. It also carries out comparative studies on agricultural development at country and regional levels. The programme makes

extensive use of networks with research centres, academic institutions and other partners to exchange views and advice.

361. Major flagship publications produced under 3B include: *The State of Food and Agriculture*, published annually; *Socioeconomic Analysis of Global Perspective Issues in Food and Agriculture (SOFA)* with the next major report, *World Agriculture: Towards 2030/2050*, planned to be issued in 2009; and *The State of Food Insecurity in the World (SOFI)*. For example, the SOFA report in 2008 will focus on biofuel and food security. There will be two issues of *The Electronic Journal of Agricultural and Development Economics (e-Jade)* per year covering thematic agricultural economics issues. At country level, tools for the classification of food insecurity and needs assessment will be implemented in collaboration with partners. They will facilitate more accurate and timely national and subnational information through FIVIMS.

362. Building on the above analytical work, policy advisory services are provided to countries particularly in relation to the following key aspects: putting in place an enabling legal and regulatory environment and making proper institutional arrangements; harmonisation of agriculture and rural development policies with broader poverty reduction strategies; strengthening the capacities of countries and Regional Economic Integration Organizations (REIOs) in policy analysis, formulation and implementation; the adoption of innovative approaches and improved methodologies based on lessons learnt and dissemination of good practices; and field programme development at country and regional levels. The programme will also continue to assess and enhance the role of the rapidly evolving livestock sector in economic development and poverty reduction.

Programme 3C: Trade and markets

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3CA02	Support to the Multilateral Trade Negotiations and support for Implementation of Multi-Lateral Trade Negotiations	1,642	0	1,642
3CP06	Global socioeconomic analysis and market assessment of agricultural products and impact on food security	4,947	(462)	4,485
3CP07	Analysis of globalization and trade issues relevant to agricultural markets	2,685	(28)	2,657
3CP08	Support to CCP	1,490	(2)	1,488
3CS01	Technical Support Services to Members and the Field Programme	1,135	(194)	941
Total		11,899	(686)	11,213
Cost Increases				1,595
Total - recosted				12,808

363. The programme focuses principally on: *a)* the analysis of agricultural trade and commodity markets, and *b)* the analysis of agricultural trade policy, aiming to achieve better informed and more effective national trade and commodity development strategies, and more effective participation and negotiation in multilateral and regional trade agreements. The activities for 2008-09 are designed around priorities expressed at the 66th Session of CCP in April 2007, and build on the recommendations of the evaluation of FAO's work on commodities and trade completed in early 2007, also taking account of the state-of-play in the WTO Negotiations on Agriculture as these evolve.

364. With regard to *a)*, main areas of work are: 1) the outlook for global agricultural commodity markets, both in the short and medium run, in light of emerging global developments such as energy price rise, biofuel demand, the role of large global players and the

incidence of transboundary livestock diseases; 2) the analysis of global and regional agricultural trade developments and issues in light of changing patterns of globalisation and multilateral agreements, with attendant support to capacity building for Members; and 3) the analysis of national and international food supply and demand, with emphasis on market impact of biofuel demand, commodity markets' developments of interest to the GIEWS and impact of trade issues on national and household food security.

365. With respect to *b*), planned work covers: 1) technical assistance and capacity-building to support effective participation of developing countries in international trade negotiations and implementation of multilateral trade arrangements; and 2) advice on national and regional trade and commodity strategies in light of international developments. The programme also supports policies for diversification and value-addition in both domestic and export markets.

366. 3C carries out socio-economic analyses of the livestock sector, of changing trends and associated public policy issues at global and regional levels. Globalisation and trade issues relating to the occurrence and control of major transboundary animal diseases and food safety hazards in the animal product value chain are also addressed.

Programme 3D: Agriculture information and statistics

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3DA01	Multi-Agency Programme for Capacity Building in Food and Agricultural Statistics	558	140	698
3DP02	Global Food and Agriculture Statistics	4,888	148	5,036
3DP03	Surveys and National Statistical Information Systems	2,145	4	2,149
3DP04	FAOSTAT/CountrySTAT and Coordination of Statistics at FAO	2,143	4	2,147
3DS01	Technical Support Services to Members and the Field Programme	985	152	1,137
Total		10,719	448	11,167
Cost Increases				1,670
Total - recosted				12,838

367. *Programme 3D* aims to continually improve the coverage, quantity, utility, timeliness and accessibility of information relating to nutrition, food and agriculture among a broad range of constituents. Since the quality of FAO statistics is closely related to the capacity of countries to provide reliable and complete data, the programme seeks to support national capacities for data collection and analysis. Planned work for the next biennium builds on reviews and evaluations conducted in the past and recent guidance from governing bodies including the Programme Committee and COAG in 2007 and from the Regional Statistical Commissions.

368. The core data sets addressed by the programme include: statistics on resources, production, prices, agricultural trade and its flow by origin and destination; supply utilisation accounts for crops and livestock products, as well as resources and agricultural trade, output, input price and productivity indexes in addition to Food Balance Sheets. The programme also compiles and analyses food consumption and demographic data and derives indicators pertaining to the food and nutrition situation. To monitor other aspects of agricultural and rural development, specialised databases are maintained on food security, investment in agriculture, assistance to agriculture, government expenditures on agriculture, macro-economic indicators and census of agriculture. Normative work is done on data disaggregation by gender and other parameters. FAOSTAT is the corporate database for the management, maintenance

and dissemination of substantive statistical data, while CountrySTAT is an integrated system for organising and disseminating food and agriculture statistics at the country level. CountrySTAT will continue to be rolled out in additional countries (the number being subject to resource availability).

369. The programme promotes participation of countries in world agricultural censuses, including scope, coverage, concepts, definitions, classifications, methodology and proposed tabulations. It assesses and responds to country needs for technical assistance in planning and conducting agricultural censuses and surveys. It conducts methodological studies, expert consultations, seminars, workshops and participates in international fora to establish global norms and standards in agricultural statistics. Likewise, country requests for technical assistance will be met to the extent that resources permit.

Programme 3E: Alliances and advocacy initiatives against hunger and poverty

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3EA01	Implementing Guidelines on the Right to Food in the context of National Food Security	391	27	418
3EP01	National Liaison Offices	4,638	1,248	5,886
3EP02	Corporate Framework for Effective Partnerships with civil society and private sector	798	(151)	647
3EP03	Coordination of the FAO Partnership Programmes relating to Retired Experts, TCDC/TCCT Experts, Young Professionals and Visiting Experts from Academic and Research Institutions	887	(401)	486
3EP04	Cooperation with the European Union	1,978	(74)	1,904
3ES02	The World Food Day, TeleFood and related activities	3,183	(129)	3,054
3ES03	The International Alliance Against Hunger	713	(28)	685
Total		12,588	492	13,080
Cost Increases				1,392
Total - recosted				14,471

370. *Programme 3E* continues to include coordination, planning and implementation of activities relating to World Food Day, TeleFood and FAO Goodwill Ambassadors. As per the recommendations of the evaluation of TeleFood, this will be closely integrated with corporate outreach and public information work (under *Programme 3j*) aimed at raising public awareness of world hunger and other issues related to FAO's mandate, and promoting universal food security. *3E* also includes the Secretariat of the International Alliance Against Hunger (IAAH) which will pursue mobilisation of new resources, as recommended by Council, so as to enable the International Alliance to become increasingly self-financing. At the core of the IAAH mandate is that all actors work together towards a common vision and shared goals consistent with the Millennium Development Goals.

371. Entity 3EP01 covers three Liaison Offices: in Yokohama (Japan), Washington, D.C. (North America) and – when established – Moscow (Russian Federation). These offices also play a key role in awareness-raising among national constituencies interested in FAO's mandated areas and seek to mobilise resources in the fight against hunger and malnutrition. Entity 3EP04 covers another Liaison Office, in Brussels and more generally aims at increased cooperation with the European Union, bearing in mind that the EU provides more than half of the world's official development assistance (ODA). Implementation of the strategic partnership between the European Commission and FAO will be supported through active dialogue and interface with the Commission, Council, Parliament, the European Investment Bank, as well as with the Secretariat and members of the ACP Group and related committees.

372. Other budgetary provisions cover work on the right to food, coordination for the implementation of partnerships agreements and cooperation with civil society and private sector partners. The Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security (Right to Food Guidelines) were adopted by the FAO Council in 2004 with the recommendation to Members to implement them. *Entity 3EA01* will thus continue to support countries in the implementation of the guidelines, through the development of methodologies and tools, policy advice, information and capacity development. The entity also seeks to integrate the right to food approach into the programmes and projects of FAO, as appropriate.

Programme 3F: Gender and equity in rural societies

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3FA02	Mitigation of the Impact of Diseases in Rural Societies	1,457	(319)	1,138
3FP01	Promoting Gender Equality, Social Equity, Education and Communication in Rural Development	5,144	0	5,144
3FS01	Technical Support Services to Members and the Field Programme	2,799	(153)	2,646
Total		9,400	(472)	8,928
Cost Increases				1,200
Total - recosted				10,128

373. *Programme 3F* is led by the new Gender, Equity and Rural Employment Division (ESW), with appropriate inputs also from the NR Department. It aims at reducing gender inequalities and social inequities particularly as they contribute to poverty and hunger. It provides support to countries to mainstream gender issues in national policies and programmes, within the framework of the Gender and Development Plan of Action, and to other technical programmes of the Organization. Particular attention is given to the pilot countries in the “Delivering as One” context. The issues being addressed in analytic terms include: the nexus between agriculture, gender equality, social equity, household food security, rural development and poverty reduction taking account of emerging trends (such as vulnerabilities of the poor to climate change and water scarcity); documenting the socio-economic burden of human diseases particularly in respect to agriculture, food security and rural livelihoods; and country-specific needs in the interaction between gender policies and trade, globalisation and new communication technologies.

374. 3F will continue to provide a significant component of capacity building in countries, e.g. to conduct applied, gender-sensitive social research on rural livelihoods and socio-economic inequality, including on rural aging, human diseases and vulnerable populations. This also involves addressing gender and demographic factors in agricultural statistics and monitoring/evaluation systems using gender-sensitive indicators. Assistance on communication for development and education for rural people is delivered in close collaboration with the NR Department.

375. The programme also serves as corporate focal point on HIV/AIDS, indigenous peoples and population issues, particularly migration, rural ageing and disability. It acts as convenor within the Global Coalition of Women and AIDS and participates actively in the UN Inter-Agency Network on Women and Gender Equality (with leadership on specific issues).

Programme 3G: Rural livelihoods

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3GA02	Participatory Processes for Sustainable Rural Livelihoods	3,754	(1,110)	2,644
3GS02	Technical Support Services to Members and the Field Programme	365	68	433
Total		4,119	(1,042)	3,077
Cost Increases				399
Total - recosted				3,476

376. *Programme 3G* is also led by the new ESW Division, with inputs from other ES divisions and FAO departments. A number of recent high-level UN events have stressed the need to mainstream goals of full and productive employment and decent work in policies, programmes and activities. In particular, partnership with ILO on agricultural and rural employment is being pursued through a Memorandum of Understanding.

377. The programme operates in a context of dramatic changes in agricultural systems worldwide, with obvious impact on employment patterns in rural areas. The expansion of value chains associated with agribusiness and agro-industry, the difficulty of self-employed small farmers to earn a living wage, and labour shortages in some regions together with underemployment in others, are transforming rural labour systems, thus requiring adjustment in policies. Efforts to reduce poverty and hunger by raising on- and off-farm incomes and diversifying livelihoods can be hindered by new forms of employment relationships based on more flexible and casual forms of agricultural employment which must be addressed in existing rural development policies, programmes and labour legislation.

378. The programme supports rural employment and livelihoods policies and programmes that create productive, diversified, remunerative, decent and safe farm and non-farm employment, including the elimination of the worst forms of child labour. Complementary support is provided to strengthen the organisational and institutional capacities of important vulnerable groups. The programme targets those groups who are likely to lose most in the rapid transformation process, including small farmers, landless workers, indigenous peoples, children, and rural populations in mountain and other marginal agro-ecological regions and in post-disaster contexts. The programme also serves as corporate focal point on institutional strengthening of producer organizations, participatory processes and rural development. It facilitates interdepartmental coordination on livelihoods and rural development, chairs the Inter-departmental Working Group (IDWG) on Institution Building for Agriculture and Rural Development, and promotes global partnerships in support of small producers' organizations.

Programme 3H: Knowledge exchange and capacity building

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3HP01	Knowledge Management and Information Dissemination (WAICENT, Ask FAO)	3,695	380	4,075
3HP02	Standards, Norms and Procedures for Knowledge Management and Information Dissemination (WAICENT and FAO Knowledge Forum including Ask FAO)	1,518	(67)	1,451
3HP03	Capacity Building, Distance Learning and Facilitation of Access to WAICENT and the FAO Knowledge Forum, including Ask FAO	2,408	(27)	2,381
3HP04	Library and Virtual Library Services, AGORA and other Information Collections	3,290	(845)	2,445
3HP05	Global Information and Early Warning System on Food and Agriculture	6,380	380	6,760
3HP06	Acquisition of Books and Journals on Line, International Programmes for Digitalization of Agriculture Books and Journals	1,978	710	2,688
3HP07	Knowledge Networks, Internal and External	2,128	(5)	2,123
3HS02	Capacity Building including Fellowships, Internships, High-level Training in Policies, Institution Building	855	606	1,461
Total		22,251	1,132	23,383
Cost Increases				3,401
Total - recosted				26,784

379. *Programme 3H* is the overall focal point for enhancing FAO's role as a knowledge organization, including through the WAICENT framework, and for coordinating and facilitating capacity building. Its lead role is more amply explained under *Section II.B* above.

380. As the preceding table indicates, *3H* comprise a number of specific entities addressing various aspects of knowledge management. It will *inter alia* continue to coordinate the Programme to Bridge the Rural Digital Divide and the e-Agriculture Community of Expertise, leveraging resources through interagency partnerships established in follow up to the World Summit on the Information Society. Decision-makers, researchers, planners and evaluators, in particular in developing countries, will be assured timely access to multilingual information on food, agriculture and rural development through the Web site and other media. WAICENT information services will be made more interactive, building on the experience and success of the Knowledge Forum, including the *Ask FAO* initiative. Tools will be developed to support virtual events and to allow outside constituents to interact with FAO experts on-line. Support to thematic and best practice knowledge networks will take place for instance through electronic fora and training manuals and activities. The development of "best practices" will be mainstreamed into working procedures of FAO field projects and the Special Programme for Food Security. Further development of the Corporate Document Repository of Electronic Publications will be sought leading to an "Open Archive" and further support given to thematic information gateways, such as the FAO Country Profiles. A full range of library services will continue to be provided to FAO staff at both headquarters and the decentralized offices.

381. The programme also promotes the adoption of international definitions, standards and methodologies for the collection, storage and dissemination of electronic data, information and knowledge pertaining to food and agriculture, enabling better management of national information systems, and resulting in increased use of available information. Further development of the WAICENT Web guide will facilitate electronic publishing. Enhancement of the multilingual agricultural thesaurus AGROVOC will be achieved, taking into

consideration the latest approaches in information science (i.e. the expansion of controlled vocabularies into full-fledged ontologies).

382. Work on capacity building includes fellowships, internships, high-level training in policies, and strengthening of institutional dimensions. *3H* will spearhead effective corporate approaches to the organisation and management of capacity building activities, within a coherent policy framework laying out respective roles and responsibilities, and embodying commitment to developing skills and approaches consistent with FAO's mission and wide external demands.

383. *3H* also includes the Global Information and Early Warning System (GIEWS), the major thrusts of which remain: a) support to Members and the international community at large to respond to identified food crises, through assessment and evaluation of crisis-related food needs, based on Crop and Food Supply Assessment Missions; b) strengthening early warning systems in countries themselves, including ability to assess household vulnerability to short-term food crises; and c) assistance in appropriate risk management strategies at national and international levels.

Programme 3I: Information technology systems

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3IP02	IT Systems Concept and Development	6,138	928	7,066
3IP05	Information and Communications Technology Infrastructure Services Support	9,380	1,481	10,861
3IP06	Support in the use of IT services	5,079	1,039	6,118
3IP07	Knowledge Management Systems Support	2,578	225	2,803
3IP08	Management Information Systems Support	5,777	(340)	5,437
Total		28,952	3,332	32,284
Cost Increases				4,169
Total - recosted				36,454

384. *Programme 3I* covers information systems (IS) and information and communications technology (ICT) in support of FAO units, programmes and administrative processes in all locations, under the leadership of the Information Technology Division (KCT). The programme provides for a range of IS/ICT services, user support, policy advice and technical guidance, including through outposted officers in regional offices and some subregional offices. The "One UN" pilots and eventual operationalisation of new arrangements may have a significant influence on the work programme.

385. As always, an over-arching concern is to deliver services at acceptable levels of availability and performance, while also at acceptable cost. The programme continually strives for efficiency savings and productivity gains, which are described in *Section I.D* above as well as under capital expenditure. Adherence to an effective ICT governance framework is essential, and the Organization has also adopted internationally recognised standards for project and service management, which are in fact being adopted across the UN system, as well as in many Member Nations. In 2008-09, one major objective will be to achieve an increased degree of compliance with these standards.

Programme 3J: Communication and public information

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
3JP01	Programme for the Improvement of Language Coverage	2,048	0	2,048
3JP03	Electronic Publishing Policy and Support	4,474	188	4,662
3JS01	Multilingual communication, media promotion and cooperation	11,547	(638)	10,909
Total		18,069	(450)	17,618
Cost Increases				2,321
Total - recosted				19,939

386. *Programme 3J* plays a critical role in supporting and coordinating the coherent dissemination of policy messages from the Organization and fostering public awareness of its goals. It supervises the publishing activities of FAO, and includes advocacy in the context of enhancing outreach. It, therefore, ensures communication of information in support of FAO's programmes, seeks to enhance the image of the Organization as a multilingual centre of excellence and to raise the level of understanding and awareness of FAO's priority areas of activity, and mobilises, to the maximum possible, attention in national and international development policies and initiatives to the agricultural and rural sector and the availability of food for all. Another objective is increased recognition of FAO's identity worldwide and its impact in the development process, through partnerships with the private communication sector, development of core campaign materials, establishment of design and photography guidelines and standards, rosters of external service providers, and advisory services to FAO units in all locations.

387. The programme covers strategic planning of, and technical support to, publishing activities, an essential component of FAO's work as a Knowledge Organization. In this, it strives to ensure that technical cross-media information outputs are appropriately conceptualised, planned, produced, disseminated and promoted to maximise their cost-effective contribution. The programme also encompasses core responsibility for news output through TV, radio, internet and print media, including real-time Web-casting of major conferences and events; establishment of a TV and Radio Broadcasting Centre; and collaboration with global, regional and national TV channels and networks.

CHAPTER 4: DECENTRALIZATION, UN COOPERATION AND PROGRAMME DELIVERY

Programme 4A: UN cooperation, integration and monitoring

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
4AP04	FAO Participation in cooperation with United Nations and Intergovernmental Organizations at corporate level	8,748	262	9,010
4AP05	FAO Participation in cooperation with United Nations at field level	5,164	(374)	4,790
Total		13,912	(112)	13,800
Cost Increases				1,679
Total - recosted				15,479

388. *Programme 4A* will continue to ensure close interaction and coordination with UN system organizations and programmes at corporate level with a view to ensuring complementarity and avoiding overlap, duplication and fragmentation. It also monitors intergovernmental discussions (including donor policies) with regard to the Paris Declaration on Aid Effectiveness as well as to broad UN Reforms, and seeks to assess implications for FAO. It aims at forging partnerships with other UN agencies and formulates coordinated positions on UN system wide policy matters, including with the Rome-based agencies.

389. The programme also provides secretariat to the FAO's High-level Committee (HLC) on the Millennium Development Goals, ensuring proper interface with other specialised agencies, programmes and funds of the United Nations system. In this connection, it is envisaged to examine factors responsible for the success or failure of the achievement of the MDGs relevant to FAO, with special emphasis on selected countries in Africa.

390. As recalled in *Section I.B* above, the FAO Secretariat is now closely involved in work to improve system-wide coherence, for example inter-agency initiatives relating to "Delivering as One" pilots at country level; this takes place in particular through the UN Country Teams and various inter-agency policy advisory fora such as the UN Development Group mechanisms, including a new High-level Support Committee, as well as a High-level Advisory Group under the chairmanship of the Deputy Secretary-General; the search for improvements of UN system business practices (through the High-level Committee on Management); and the review of the CEB (through the High-level Committee on Programmes and the CEB itself). In addition, a coherent and coordinated response to upcoming UN system wide initiatives on climate change will be supported.

391. It may be noted that entity *4AP04* provides for those units and staff which interface most directly with UN system partners, including UNC at headquarters and the Liaison Offices in New York and Geneva. *4AP05* covers resources in decentralized locations, given the prime focus of UN reforms on operational activities at the country level.

Programme 4B: Coordination of decentralized services

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
4BP02	Coordination and Decentralization Policy	1,920	365	2,285
4BP03	Oversight, Operations and Management Support to the Decentralized Offices	4,867	(79)	4,788
4BS01	FAOR support to Knowledge Management, Networking and Advocacy	13,519	(375)	13,144
Total		20,306	(89)	20,217
Cost Increases				2,829
Total - recosted				23,046

392. *Programme 4B* will continue to ensure unity of purpose and synergy between the different layers of the decentralized structure. FAO's decentralization policy and recent reforms have led to adjustments in office structure and locations, including the establishment of new SROs and a new operating model regarding roles and responsibilities, and relationships between headquarters and decentralized offices. The overall performance of the restructured network of country, subregional and regional offices (currently covering more than 130 countries), and the further implementation of reforms will continue to require cost-effective oversight, operational and management support, including staff development, seeking to ensure optimal use of human and financial resources. The programme also contributes to policy analysis and the definition of mechanisms to ensure the full participation of the decentralized units in relation to revised collaborative arrangements which may emanate from UN System reforms.

393. Services provided by the FAOR offices in support of knowledge management, networking and advocacy will continue to facilitate a two-way exchange of information and knowledge (e.g. statistics, appropriate technologies, best practices) between international sources and local partners and also foster national capacity-building initiatives. Country offices will pursue advocacy work, i.e. ensuring that agriculture and food security are accorded due priority in national policies, targeted sensitisation activities and facilitation of policy dialogue through networks of major stakeholders. It is recalled that FAORs are to allocate a share of their time to provide technical support at country and subregional level, as members of the multidisciplinary teams of the pertinent subregional offices (with related budgetary provisions under the appropriate programmes).

Programme 4C: Food security, poverty reduction and other development cooperation programmes

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
4CA01	Field programme Coordination, Monitoring, Inspection and Reporting	4,538	102	4,640
4CP01	Management and Coordination - SPFS/NPFS/RPFS/SSC/pro-poor small projects	7,816	(69)	7,747
4CP05	Analysis of Country and Regional Information on Agricultural Development and its Economic, Social and Political Context	4,384	218	4,602
4CP06	Regional field programme operations and monitoring	3,792	103	3,895
4CS07	FAOR support to National Development and Emergencies/Rehabilitation	65,562	(1,212)	64,350
Total		86,092	(859)	85,233
Cost Increases				10,785
Total - recosted				96,018

394. Under *Programme 4C* and in conjunction with *3A*, technical assistance is provided to countries and Regional Economic Integration Organizations (REIOs) for implementing National and Regional Programmes on Food Security, including mobilisation of FAO technical expertise, establishment of South-South Cooperation agreements, as well as partnerships with other UN agencies and in-country stakeholders. In 2008-2009, work under this programme will *inter alia* seek: a) establishment of systems for quantitatively monitoring and evaluating National Programmes for Food Security (NPFS) and assessing their impact, leading to a report to CFS on lessons learned in 2009; b) implementation of agreements between FAO, WFP and IFAD relating to the establishment of in-country theme groups on food security; c) improved targeting, impact and effectiveness of TeleFood projects.

395. With inputs from decentralized offices, the programme will continue to monitor and analyse country and regional situations to support policy assistance and resources mobilisation efforts. It will organise training, in particular for new FAORs and staff involved with the field programme. Country and regional briefs will provide a contextual basis for policy and technical assistance to countries and REIOs. The programme also supports and coordinates internal discussions on, and corporate responses to UNGA and FAO Conference's own Resolutions relating to TCPR, including the operational dimensions of the "Delivering as One" pilots, and interacts with the undg mechanisms dealing with operational issues.

396. Periodic analytical reports will be issued based on the Field Programme Management Information System (FPMIS), and reviews made of complex field programme issues as they arise. The FPMIS as a corporate application will be enhanced in line with user and management demands. Field programme policies and procedures are updated as needed and related advice and training given to all concerned units.

397. The largest entity (*4CS07*) covers support from FAORs to national development (including emergency and rehabilitation) as country offices need to orchestrate coherent and timely responses to identified food security, agriculture/rural development and emergency problems, as well as to resources mobilisation. They act in an increasingly autonomous manner and with greater delegation of administrative and project approval authority. They will actively support joint UN approaches in achieving MDGs and implementing poverty reduction strategies. The national medium term priority frameworks (NMTPFs) progressively put in place will ensure that priorities regarding FAO's assistance are jointly agreed with host country governments. They will also facilitate dialogue with UN partners, donors and other

stakeholders, aiming for more inclusive UNDAFs giving due attention to national food security, agriculture, rural development and sustainable development priorities.

Programme 4D: Emergency and post crisis management

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07		Change Programme of Work 2008-09
4DS01	Implementation of Emergency Programme	15,228	9,739	24,967
4DS02	Disaster preparedness, Mitigation and Support to Emergency and Rehabilitation Programme	610	197	807
Total		15,838	9,936	25,774
Cost Increases				3,081
Total - recosted				28,855

398. Within the emergency response framework of the United Nations and in close collaboration with other agencies (in particular WFP, UNHCR, UNICEF, ILO, and WHO) as well as NGOs, the programme will continue to embody FAO's catalytic role in emergencies through: a) the coordination of situation and response analysis (needs assessments) and the monitoring of food security; b) the formulation of post-crisis recovery strategies and programmes, c) leading the agriculture sector cluster, or co-leading the food security or livelihoods clusters at field level, and helping governments with coordination, standard bearing, and technical inputs, in order to optimise the impact of humanitarian and development assistance; and d) enabling control of outbreaks of transboundary pests and diseases of crops and livestock and post crisis recovery and rehabilitation programmes.

399. FAO will give equal importance to supporting interventions that foster livelihood diversification in order to reduce future risks. Once more detailed assessments have been completed and analysed together with other stakeholders, interventions become more complex, require a longer term and broader perspective, as well as need to involve many units. Related assistance does not rely only on "humanitarian budgets" but helps leverage more developmental type of resources for both prevention activities and post disaster and conflict contexts.

400. The programme will also lead interdisciplinary work on disaster preparedness, mitigation and support to emergency and rehabilitation. It will produce streamlined procedures to reduce administrative costs and improve timeliness of actions. It will devise and follow a common approach to FAO's evolving role in emergencies, post crisis and transition contexts, exploit FAO's technical expertise in all sectors (e.g. food security and livelihood analysis, livestock, seed). This aims at improving the quality of emergency needs assessments and response planning and the Organization's capacity to respond to crises while strengthening national and local disaster risk management systems.

Programme 4E: Technical Cooperation Programme

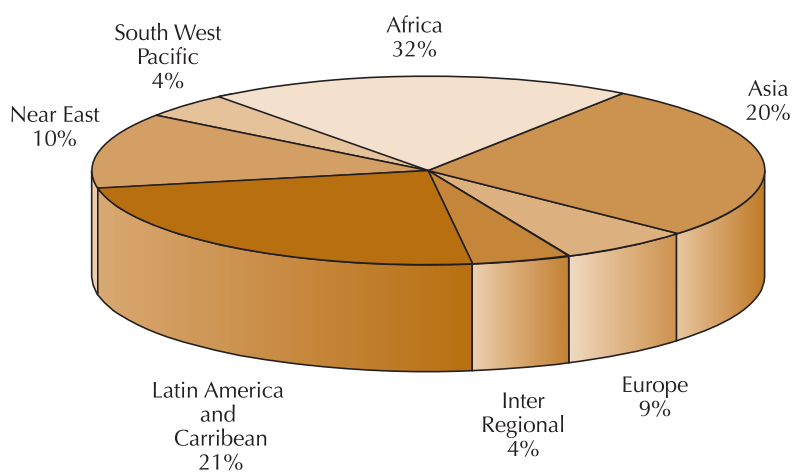
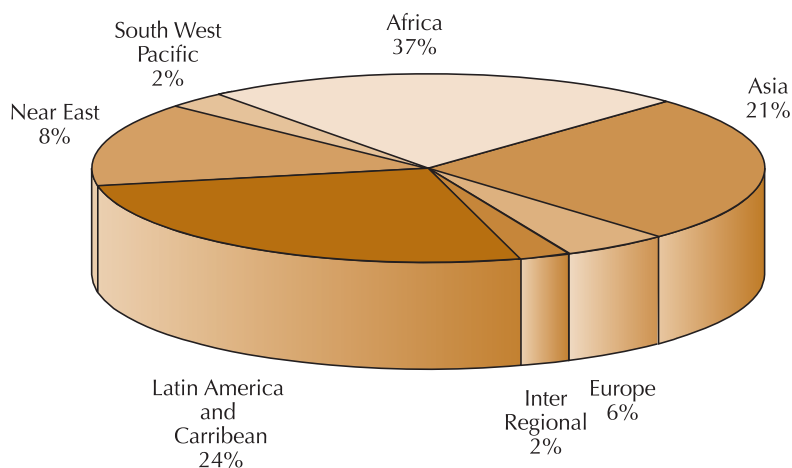
(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
4EP01	Technical Cooperation Programme	98,780	348	99,128
4ES01	Programme Management, Monitoring and Coordination of the TCP	4,770	(348)	4,422
Total		103,550	0	103,550
Cost Increases				3,866
Total - recosted				107,416

401. The Council, at its 129th Session in November 2005, while confirming the demand-driven character of the TCP, approved substantial changes in its policy and operational framework, aimed at strengthening the relevance, impact and sustainability of TCP project outcomes. These changes were introduced in the 2006-07 biennium, entailing new ways to use and manage TCP resources which will continue in 2008-09 as summarised below.

Overall geographic distribution

402. While confirming the universality of access to TCP resources, and without setting any fixed level of approval by country or group of countries, the Council recommended that special attention be given to neediest countries, especially the least developed countries (LDCs), land-locked developing countries (LLDCs), small island developing states (SIDS) and low-income, food-deficit country (LIFDCs), representing a total of 115. Access by high-income countries (38 in total) to FAO technical assistance through the TCP modality is now only possible on a full cost-recovery basis. A third group of middle-income developing countries continues to have access to TCP on a grant basis. The following table compares the levels of approval for these three groups of countries in two periods: the previous three biennia, and the present biennium up to May 2007, a "trend" which is likely to continue into 2008-09.

National TCP projects approved from 1.1.2000 to 31.05.2007		2000-2005			2006-2007		
	No. of Countries (FAO members)	No. of projects	US\$ million	%	No. of projects	US\$ million	%
Countries to be given special attention	115	1,263	221.4	77.2%	185	33.0	79.8%
High-income countries (excluding SIDS)	35	18	1.8	0.6%	0	0.0	0.0%
Other middle income developing countries	39	392	63.6	22.2%	50	8.3	20.2%
Total	189	1,673	286.8	100.0%	237	41.3	100.0%

Breakdown of TCP Projects by Region 2004-2005**Breakdown of TCP Projects by Region 2006-2007**

Emergency assistance

403. TCP emergency assistance in 2008-09 may be expected to remain within the indicative ceiling of 15 percent set by the governing bodies compared with 14.2 percent in 2006-07 and 27.8 percent in 2004-05, which was due to the coincidence of major crises (avian influenza and transboundary animal diseases, desert locusts and other complex emergencies, including the tsunami). In accordance with the guidance provided by the governing bodies, TCP emergency assistance will also shift away from the sole provision of production inputs towards strategic

technical advice aimed at strengthening resilience and preparedness as well as the mobilisation of effective donor and government support.

Use of the TCP Facility

404. The TCP Facility allows commitments of up to US\$ 200,000 per biennium and per country to be approved by the FAO Representatives. While in 2004-2005 only US\$ 0.7 million were approved for projects under the Facility in 40 countries, US\$ 5.8 million were approved in 2006-2007 (as of 15 June 2007) in 90 countries. This trend is expected to continue.

Strengthened national processes

405. TCP priority-setting processes at the country level involve governmental authorities, the FAO Representative, the TCA Division and its outposted officers in decentralized locations and other stakeholders. These processes ensure close national ownership and full alignment of TCP assistance with national development frameworks. The TCP Facility contributes to the formulation of NMTPFs, and TCP priorities will be further integrated into NMTPFs, as well as other frameworks developed by the UN Country Teams.

TCP criteria, procedures and guidelines

406. The criteria approved in November 2005 have been and will be systematically applied in the appraisal of new requests. Project preparation and implementation have been facilitated by the introduction of appropriate tools and concepts (TCP guidelines for national stakeholders, standard project document, logframe) in line with other UN and donor agencies' best practices and enhanced communication with, and training of TCP partners. Enhanced monitoring and evaluation, and hence better reporting to the governing bodies, are also expected to be facilitated by these new arrangements. In particular, modules are being introduced for auto evaluation by the budget holder (in most cases, the FAOR) of the project outputs/outcome and the likelihood of their catalytic effects, when projects reach their conclusion.

Linking FAO's global work to local needs

407. The TCP will continue to play its catalytic role in "localising" FAO global public goods (including norms, standards and best practices developed by FAO's programmes), in consistency with the TCP criteria. The Lead Technical Officer (LTO) designated for every TCP project will have overall responsibility of ensuring that the project is formulated, appraised, approved and implemented in accordance with the highest technical standards and in line with FAO's corporate and sectoral policies.

408. All projects will continue to be directly linked with at least one programme entity. For example, through the 2004-05 and 2006-07 biennial TCP appropriations, 22 technical programmes and 65 programme entities extended their reach through the TCP, most notably: crop production systems management (14.0 and 19.8 percent); diseases and pests of animals and plants (22.8 and 14.9 percent); nutrition and consumer protection (5.1 and 7.2 percent); rural infrastructure and agro-industries (3.3 and 6.2 percent); and food and agricultural policy (5.4 and 3.5 percent).

Management of the Programme

409. The TCP is managed and coordinated by the Technical Cooperation Programme Service (TCOT), which reports to the Director of the Field Operations Division of the Technical Cooperation Department. TCOT ensures adherence of approved projects to the TCP criteria and coordinates the appraisal of requests, as well as the Organization's response to incoming requests for TCP assistance. TCOT ensures a quality control in project design and checks that budgets allocated are in proportion to the problems posed. While the decentralized structures assume a growing role in the project cycle, headquarters departments continue to exercise responsibility for quality and adherence to principles and criteria. TCOT

has been able to streamline its operations and to reduce its staff in 2006-07 and again in 2008-09.

CHAPTER 5: MANAGEMENT AND SUPERVISION SERVICES

Programme 5A: Oversight

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5AP01	External Audit	925	0	925
5AP02	Internal Audit, Inspection and Monitoring of the Organization's System of Internal Control and Financial Management	6,654	1,636	8,290
5AP03	Independent Evaluation	3,681	203	3,884
Total		11,260	1,839	13,099
Cost Increases				1,501
Total - recosted				14,600

410. This programme relates to key functions of oversight, i.e.: the work carried out both by the External Auditor and the Inspector General in all locations, the provision for local audits in decentralized offices (under entity 5AP02), and centrally funded evaluation activities. Full cooperation is maintained between the External Auditor and the Office of the Inspector-General to ensure complementarity of action. The internal audit function will continue to address headquarters and decentralized activities to provide assurance that operations are managed in an economical, efficient and effective manner, and investigations of fraud, presumptive fraud and undesirable trends. New approaches to local audits will be explored to contain costs. The restored funding level provided in the 2006-07 biennium for the local audit programme should allow for adequate coverage.

Programme 5B: Programme and budget services

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5BP01	Support to results-based programme planning, budgeting, implementation monitoring and reporting	5,806	50	5,856
5BS02	Support to multi-disciplinary action	1,207	0	1,207
Total		7,013	50	7,063
Cost Increases				851
Total - recosted				7,914

411. This programme provides support to results-based programme planning, budgeting implementation monitoring, auto-evaluation and reporting through the Office of Programme, Budget and Evaluation (PBE), except as relates to independent evaluation which is included in the preceding programme. As explained in *Section II.B* above, the centrally managed catalytic provision to assist with implementation of multidisciplinary work (5BS02) is being continued.

Programme 5C: Financial services

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5CP01	Central Accounting and Financial Reporting	7,557	3,446	11,003
5CP02	Financial Operations and Systems	8,749	(6,066)	2,683
5CP03	Treasury Operations	1,574	(274)	1,300
Total		17,880	(2,894)	14,986
Cost Increases				2,179
Total - recosted				17,165

412. Under this programme, the Finance Division maintains the Organization's financial systems and performs accounting control activities, providing assurance regarding reliability of financial reporting and compliance with financial policies and relevant rules and regulations, and produces the official accounts of the Organization which require certification by the External Auditor. It also manages the Organization's liquidity, investments and currency needs. The programme faces significant challenges, in particular in relation to the introduction of new UN-wide accounting standards and dealing with a high volume of accounting and reporting work resulting from the increasing level and complexity of extrabudgetary activities of FAO. Resources are being prioritised so as to deal with these challenges in the most efficient and effective manner.

Programme 5D: Human resources management and staff welfare

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5DP01	Health and Medical Services	2,837	(63)	2,774
5DP02	Human Resources Legal Services	1,290	(56)	1,234
5DP03	Human Resources Policy, Planning and Inter-Agency Activities	5,028	(437)	4,591
5DP04	Organizational Development and Staffing	4,069	(63)	4,006
5DP05	Staff Development and Learning Services	2,085	(78)	2,007
5DP06	Provision of Social Security Services	1,503	70	1,573
Total		16,812	(627)	16,185
Cost Increases				2,219
Total - recosted				18,404

413. This programme includes the Human Resources Management Division (AFH) and the Medical Unit (AFDM). AFH will continue to address a broad spectrum of human resources management issues, pursuing its prime advisory role and also providing support to the decentralized offices. In this context, an integrated approach to human resources planning and development will continue to be adopted under the HR Management Model supported by the full implementation of the Human Resources Management System (HRMS). Within the UN system, AFH will continue to participate in inter-agency consultations, particularly relating to the International Civil Service Commission (ICSC) and the UN Joint Staff Pension Fund (UNJSPF), in order to maintain a common approach on human resources management matters.

414. AFH will support corporate activities, such as: review of overall general staffing levels; targeted recruitment (in particular, for under-represented countries) and development programmes for young professionals; the development and improvement of a performance

management system linked to the Organization's planning model; and an effective programme of staff development. The Medical Unit will fulfil its mandate relating to health of staff. Further to initiatives already carried out (workstation ergonomic assessment and extended travel clinic), preventative programmes will be implemented based on data from its Occupational Health Information System.

Programme 5E: Procurement

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5EP01	Procurement	8,901	(388)	8,513
Total		8,901	(388)	8,513
Cost Increases				1,376
Total - recosted				9,889

415. This programme, delivered by the Procurement Service of AFS, covers central support to procurement activities throughout the Organization, which have expanded considerably particularly due to emergency-related work. It also assists with procurement-related institutional building and training in concerned countries, in the context of important unilaterally-funded programmes and projects, and in line with the concept of capacity building.

416. Work will continue in support of decentralization and increased delegation of authority. Pre-requisites are the roll-out of the procurement certification module in the regions, the finalisation of the procurement certification programme, and the expansion of training. 5E will continue to concentrate on merchandise categories for which headquarters provides a leverage potential and technical added value. Efficiency gains will continue to be sought through the full application of the business intelligence tool developed under the programme, and investigating further the feasibility of a systematic e-Tendering tool. 5E will further improve supplier management to increase tender response rate and geographical participation, and develop collaborative procurement with the Rome-based institutions, and whenever appropriate, other UN agencies.

Programme 5F: Management of premises

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5FP01	Provision of Central Records Services	7,581	205	7,786
5FP02	Facilities Management Services	25,874	1,952	27,826
Total		33,454	2,157	35,611
Cost Increases				3,308
Total - recosted				38,919

417. This programme, delivered by the Infrastructure and Facilities Management Service of AFS, covers various aspects of the management of premises, including utilities and maintenance of buildings. In view of overall budgetary constraints in the Organization, continued reliance would be placed on the Host Government, as well as donors for infrastructure improvements at headquarters. Ordinary maintenance activities will continue, although at a less than ideal pace. Supplemental funding has been provided under the Capital Expenditure Facility to address urgent safety and maintenance works and to begin a longer-term process of addressing infrastructure needs, including safety in conformity to European

standards and regulations. The programme also includes essential services related to documents, central records and internal communications.

Programme 5G: Meetings and language services and protocol

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5GP01	Official Correspondence	1,723	(166)	1,557
5GP02	Programming of meetings at Headquarters and in the Field	1,559	149	1,708
5GP03	Provision and monitoring of FAO language services	1,974	(12)	1,962
5GP04	Protocol Services and Liaison with Permanent Representatives	2,625	(68)	2,557
Total		7,882	(97)	7,785
Cost Increases				1,303
Total - recosted				9,088

418. *Programme 5G* covers the processing of official correspondence and ensures programming and management of all FAO sessions as well as non-FAO sessions held at headquarters. It provides services in FAO languages and also in local languages, including terminology, translation, interpretation and printing services, as well as document workflow management and supportive information systems. It also covers liaison and protocol work, including liaison with the host government for the implementation of the *Headquarters Agreement*, the issuance of travel documents, visas and identity cards, and support to the organisation of meetings of Permanent Representatives. Cost recovery mechanisms will continue to be explored for processing and delivering administrative documents (visas, laissez-passers, etc.).

419. It may be noted that financial management and monitoring of interpretation, translation and printing services is carried out under this programme, while funding of these services is backcharged to originating divisions and secretariats of governing bodies on the basis of standard rates fixed at the beginning of the biennium. Compared to previous biennia, the level of resources managed through the corresponding “pools” is being reduced for two main reasons: measures are being applied across programmes to reduce volumes of translation and printing and the number of interpretation days; and less of the translation volume is being channelled through internal translation services. Electronic language tools are available for internal staff and open for consultation on the Internet through the FAOTERM Web site.

Programme 5H: Shared services

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
5HP01	Provision of Management Support Services	19,641	2,821	22,462
Total		19,641	2,821	22,462
Cost Increases				4,254
Total - recosted				26,717

420. This programme hosts the Shared Services Centre (SSC) which would ultimately contribute to efficiency gains in handling administrative tasks by reducing fragmentation and

duplication. The reconfigured SSC will build and expand on the precedent of the centralised Management Support Service (MSS), the cost of which was previously distributed across a number of programmes. It is recalled that the SSC consolidates the personnel servicing, travel administration and budget holder/transaction initiator support and help desk functions across the Organization, as well as the Payroll Benefits Unit and the new Administrative Applications Coordination Unit.

CHAPTER 6: CONTINGENCIES

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
6AP01	Contingencies	600	0	600
Total		600	0	600
Cost Increases				0
Total - recosted				600

421. The provision for contingencies remains unchanged since the PWB 1980-81.

CHAPTER 8: CAPITAL EXPENDITURE

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
8AA01	HQ and Regional Office Telephone Systems	0	1,150	1,150
8AA02	Corporate Administrative Applications	1,950	1,875	3,825
8AA03	Server Software and Client Access Licenses for HQ and ROs	500	2,360	2,860
8AA04	IT Support to Meetings	575	175	750
8AA05	Human Resources Management System Project (HRMS)	9,250	(7,100)	2,150
8AA06	Field Accounting System Replacement Project	500	(500)	0
8AA07	Electronic Document Management System	800	50	850
8AA08	IPSAS	0	5,775	5,775
8AA09	Buildings Infrastructure Systems	0	350	350
8AA10	Corporate Technical Applications	0	700	700
Total		13,575	4,835	18,410
Cost Increases				528
Total - recosted				18,938

422. As mentioned in *Section III.B* above, a total of US\$ 18.4 million has been budgeted for capital expenditure in 2008-09. Details and justifications for the component projects shown in the above table are provided below.

8AA01: Telephony services (US\$ 1,150,000)

423. The private automatic branch exchange (PABX) which operates telephone services within headquarters, was installed in 1994 and will require replacement in the 2008-09 biennium. Based on the evolution of Voice-Over-Internet Protocol (VoIP) technology, it is anticipated that a new-generation PABX will be selected using VoIP. The provision deferred from 2006-07 (US\$ 150,000) will be spent in early 2008 to allow initial testing of VoIP, including in regional offices whose smaller PABXs are more suitable for testing. The goal is to achieve cost containment for voice telephone calls in an increasingly decentralized Organization in which outlays for communications would otherwise continue to grow rapidly. In order to minimise risks and inconvenience to users, a phased approach will be adopted, with an additional provision for 2008-09 of US\$ 1,000,000 and the remainder of the project to be completed in 2010-11.

8AA02: Corporate administrative applications (US\$ 3,825,000)

424. The provision is reduced vs. that planned in the MTP 2006-11 and the subitems to be funded in 2008-09 are summarised in the following table.

Capital Item	Amount
Update of Administrative Applications Infrastructure	1,685
Limited Update of ERP Software	420
Expansion of Corporate Data Repository	200
Update of Datawarehouse Software	500
Update of PIRES	220
Update of Travel System	800
TOTAL	3,825

425. The expansion of the corporate data repository is part of the Management Information Systems (MIS) framework considered essential for effective and timely decision-making. The

investment of US\$ 200,000 is for preliminary work, i.e. to provide the roadmap for a corporate MIS framework. An amount of US\$ 500,000 has been allocated for the upgrade of the Data Warehouse system software which will provide a better-performing operational environment, as well as a more user-friendly interface, together with US\$ 220,000 for updating the corporate budgeting and planning system PIRES. The Atlas software package introduced in May 1999 to provide travel accounting and information functions in the Organization, needs to be replaced (with an investment of US\$ 800,000 deferred from 2006-07). The new application will address best practice business needs in travel processing and responds to External and Internal Audit recommendations that require major changes to the current system.

8AA03: Server software and client access licences (US\$ 2,860,000)

426. Subitems are listed in the following table.

Capital Item	Amount
Microsoft Network and Email Software	1,180
Desk-to-desk email in existing country offices	980
Anti-Spam Software	250
Establishment of centralized network and email servers	450
TOTAL	2,860

427. FAO currently uses Microsoft Windows 2000 Server software, and for email, Microsoft Exchange 2000. Both will cease to be supported by mainline vendors in mid-2010. In anticipation of this, a provision of US\$ 1.18 million is required for new versions of Windows Server and Exchange software and appropriate licenses. This amount will cover network management servers and licenses for servers and client access for headquarters, regional and subregional offices, support staff and user training, as well as work involved in migration to newer versions.

428. To meet a longstanding need for e-mail connectivity for all staff, a project was initiated in 2006 to roll-out desk-to-desk e-mail services to existing country offices, thus putting staff there on a par with the rest of FAO. US\$ 980,000 has been factored to complete the project. Spam (unsolicited "junk" e-mail) is becoming a serious time-consuming inconvenience to users everywhere. The increasing volume and complexity of spam requires a more powerful and sophisticated anti-spam solution in 2008-09, at a cost of US\$ 250,000. Finally, a Central Network Service is required at a cost of US\$ 450,000. Currently, network services (file/printer sharing and exchange) are organised along departmental lines, and each time additional resources (disk, memory, CPU) are required, there is no flexibility to utilise resources available across the Organization. Benefits are expected from a central service.

8AA04: IT support to meetings (US\$ 750,000)

429. The communications systems in meeting rooms at headquarters cover audio-visual hardware and simultaneous interpretation equipment (SIE). Following initial installations funded by sponsoring governments, there has been no provision for periodic updates or replacement of equipment. The planned investment will assist in overhauling meeting room equipment and ensure continuation of reliable audio-visual and SIE services, beyond action already undertaken in 2006-07. The provision will also cover other limited meeting-related services such as videoconferencing, Web-casting services, remote SIE feeds and the digitalisation of audio from the meeting rooms.

8AA05: Human Resources Management System (US\$ 2,150,000)

430. The Report of the 118th Session of the Finance Committee urged the Secretariat to give high priority, "*in particular, to the completion in 2008 of all HRMS functionality*"³⁸. With the progressive and phased implementation of the HRMS, some of its functionality will not be available until 2008, including HR planning and HR management information, as well as i-recruitment and performance management. The planned amount is to complete development, ensure post-implementation support, and cover parallel processing with legacy systems.

8AA07: Electronic Document Management System (US\$ 850 000)

431. The HRMS maintains records that were previously maintained in paper form, thereby significantly reducing the paper flows within the Organization and enabling the use of, for example, electronic sign-off procedures on HR related actions and easier archiving and retrieval of records. The Electronic Document Management System (EDMS) is complementary to the HRMS. In addition, under the same provision, the Document and Workflow Management System (DocFlow) will be completed to support business processes, manage documents and tasks, and enable users to initiate, execute, manage and track internal processes.

8AA08: International Public Sector Accounting Standards (IPSAS) (US\$ 5,775,000)

432. In November 2005, the High-level Committee on Management (HLCM) of the United Nations System Chief Executives Board for Coordination (CEB) accepted the recommendation of the Inter-agency Task Force on Accounting Standards to the effect that the UN system adopt IPSAS for reporting periods beginning on or after 1 January 2010. In July 2006, the General Assembly of the UN approved the adoption of IPSAS by the United Nations. The Director-General agreed to adopt IPSAS in FAO subject to identification of related costs and approval by the governing bodies, including appropriate funding.

433. The system-wide decision to adopt IPSAS requires all UN entities to be IPSAS compliant by 1 January 2010. A UN system-wide project team provides support, coordination and leadership but each individual UN entity needs to assess the implications and incorporate necessary funding in their budgets. In this context, IPSAS had been included under the capital budget, with US\$ 5.8 million estimated in 2008-09. Details on the project and its costs can be found in document FC 118/12 *Progress Report on Adoption of International Public Sector Accounting Standards*.

434. There would be substantial risks in the absence of IPSAS adoption. The credibility of the Organization would be impacted in an environment where other organizations of the UN system are producing IPSAS compliant reporting and the external auditors can be expected to report negatively on the Organization's inability to prepare financial statements in accordance with IPSAS standards. In addition, the expected contributions of IPSAS towards improvements of accountability, transparency and governance would not accrue to the Organization.

435. The amount includes both functional costs at US\$ 3.9 million and technical costs at US\$ 1.9 million. The first rubric includes staff and consultant costs for the dedicated project team in addition to the costs of backfilling staff members in those units which will be involved during the business analysis and testing phases. The second rubric covers staff or consultants for technical activities and additional licence fees and hardware costs as required.

³⁸ CL 132/24 paragraph 72

8AA09: Buildings infrastructure systems (US\$ 350 000)

436. In order to ensure that headquarters buildings comply with safety regulations and the reliability of the functioning of its air conditioning systems, investment is urgently needed for replacement of obsolete chillers and associated electrical systems and panels. The replacement of chillers, apart for ensuring a better functionality and reliability of the air-conditioning systems of the meeting rooms of Buildings C and D, will also permit to comply with the prescriptions of the Montreal and Kyoto environmental protocols, which recommend the progressive phasing out of the ozone depleting gas contained in these chillers.

8AA10: Corporate technical applications (US\$ 700 000)

437. Some work under this project was foreseen in the MTP 2006-11 to come on-stream in 2010, and is thus required to be undertaken in 2008-09. This includes: an integrated and accessible shared data repository of technical information to improve accessibility by Members, partners and other constituents; additional servers and server software to meet increasing demands from technical departments and knowledge networks; and enhancement and equipment upgrades for the corporate media base to improve content creation, backup storage, and integration of various divisional systems.

CHAPTER 9: SECURITY EXPENDITURE

Programme 9A: Headquarters security

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
9AP02	Safeguarding of FAO personnel, assets and operations in Headquarters	7,989	81	8,071
Total		7,989	81	8,071
Cost Increases				1,236
Total - recosted				9,306

438. *Programme 9A* provides for the protection of people, property and premises at headquarters, and related coordination with host government authorities. The programme covers, for example, the provision of identification cards with embedded computer chips, and security infrastructure such as security cameras and reception areas as well as headquarters guards.

Programme 9B: Field security

(All amounts in US\$ 000)				
Programme Entity	Title	Programme of Work 2006-07	Change	Programme of Work 2008-09
9BP01	Safeguarding of personnel, assets and operations in field locations and provision of security equipment to FAO Representations	7,091	(108)	6,983
9BP02	Provision of security equipment to FAO decentralized offices other than the FAORs	727	26	753
9BP03	FAO participation in joint UN system undertakings to strengthen field security	297	0	297
9BP04	FAO financial contribution to the UN unified security management system	4,340	0	4,340
Total		12,455	(82)	12,373
Cost Increases				423
Total - recosted				12,796

439. *Programme 9B* provides for the development of the FAO field security policy and its implementation at all FAO locations outside of headquarters, in the context of increasing decentralization. The programme covers:

- liaison with the United Nations Department of Safety and Security (UNDSS) and representation of the Organization at Inter-agency Security Management Network (IASMN) meetings regarding security policy and the management of the common UN security system;
- coordination of training for official travel and security clearance processing to security-phase countries, briefing of FAORs and other personnel on field security policy and related issues;
- provision of security equipment and security services for FAO representations, regional, subregional and liaison offices;
- Contribution to the Malicious Acts Insurance Policy to cover premiums for eligible field deployed staff members, and
- provision of residential security equipment and services to eligible personnel in the decentralized offices of the Organization.

CHAPTER 10: TRANSFER TO TAX EQUALIZATION FUND

440. The Tax Equalization Fund was established as of 1 January 1972.
441. In line with the practice followed since 1972-73, the 2008-09 budget is presented on a gross basis, by adding to the total effective working budget an appropriation for staff assessment.
442. This will have no effect on the contributions payable by Members not levying tax on FAO staff emoluments; their full share of the staff assessment appropriation is refunded, by deduction from the contributions payable by them.
443. Members which levy tax on FAO staff emoluments will have their shares of the appropriation for staff assessment reduced by the amount estimated to be required to meet claims from the FAO staff concerned for tax reimbursement.
444. The amount of US\$ 94.3 million provided for 2008-09 represents the difference between gross and net salary costs based, as far as professional staff and above are concerned, on the UN salary scales as of 1 January 2007.
445. The application of credits arising from the Staff Assessment Plan against Members' assessments will be presented after the Conference has decided on the scale of contributions to be applied for 2008-09.

ANNEX 2 - REGIONAL DIMENSIONS

Resource Summary

Region	(all amounts in US\$ 000)	
	Chapter 2 - Sustainable Food and Agricultural Systems	Chapter 3 - Knowledge Exchange, Policy and Advocacy
Global	86,182	115,003
Inter-Regional	15,187	2,572
Africa	45,087	32,779
Asia and Pacific	27,812	28,448
Europe	15,423	17,662
Latin America / Caribbean	27,457	17,362
Near East	15,816	10,280
Total	232,963	224,105

The table provides a breakdown of the resources estimated to relate to each region in the Programme of Work, being amounts allocated to Regional, Sub-regional and country offices under the two chapters, and a derived distribution of Headquarters resources

Introduction

446. The Organization aims to be more responsive to decentralized priorities while continuing to address global issues. The preceding *Annex 1* focused on main programmatic thrusts and global achievements, with only some references to activities of direct interest to individual regions; either explicitly (e.g. in relation to animal diseases or plant pests affecting specific geographical areas); or implicitly (e.g. by mentioning planned work with known components of regional or subregional nature, such as forestry outlook studies, support to fisheries bodies, or the preparation of programmes for food security).

447. Therefore, this Annex provides indication of priorities of pertinence to regions that will be addressed in 2008-09 under *Chapter 2: Sustainable Food and Agricultural Systems*, and *Chapter 3: Knowledge Exchange, Policy and Advocacy*.

448. The priority areas have been identified under the lead of the respective regional offices, in consultation with subregional offices and headquarters technical divisions, and taking into consideration the recommendations of the Regional Conferences. Planned achievements are formulated in the context of existing programmes and are aimed both at contributing to the normative work of the Organization and extending the benefits of this work to the regional, subregional and country level. Extrabudgetary resources will provide additional means of addressing these priorities at the field level.

449. The summary table above provides for PWB *Chapters 2 and 3* breakdowns of the resources under the Programme of Work estimated to relate to global work and to the respective regions. The narratives by region are deliberately selective, starting with a brief overview of the regional context from the perspective of FAO's mandate.

Africa

Overview

450. Agriculture in Africa still depends on the vagaries of rainfall for about 93% of cultivated land with little or no irrigation. It is also characterised by problems linked to low soil productivity, very extensive production systems, land degradation, low yields, pest-induced pre- and post-harvest losses, absence of disease and drought-resistant seed varieties. Most farming communities are still trapped into low input/low output agricultural practices, barely above subsistence level. Other major weaknesses, such as institutional arrangements,

policy formulation and the available statistical information base, need to be addressed. It is against this background that harnessing water resources is a major priority. Integrated natural resources management must also be pursued vigorously to increase productivity, lead to appropriately diversified production systems and ensure sustainable agriculture, livestock, forestry and fisheries development, with attention to meeting increasing food demand for both domestic consumption and exports. The upscaling of best practices resulting from experience under National and Regional Programmes for Food Security also needs to be pursued. Further support to the Comprehensive Africa Agriculture Development Programme (CAADP) which underpins the New Partnership for Africa's Development (NEPAD) is given due prominence.

Chapter 2: Sustainable Food and Agricultural Systems

451. The major priorities include:

- . Advice on integrated land and water management, resulting in increased use of low-cost lowland development, expanded small-scale irrigation, including water saving techniques, rainwater harvesting, sustainable land management (TerrAfrica), safe wastewater re-use in irrigation especially in urban and peri-urban areas;
- . Support to small-holder farming systems, conservation agriculture and urban and peri-urban agriculture;
- . Support to countries in relation to IPPC standard setting, implementation of the Rotterdam Convention and pesticide disposal;
- . Further implementation of EMPRES, particularly to combat and prevent desert locust upsurges;
- . Strengthening of livestock farmers organizations focusing on environmental, technical, managerial, financial, commercial and organizational aspects; together with managing transitions from extensive towards intensive livestock systems;
- . Assistance in relation to major diseases, e.g. Highly Pathogenic Avian influenza (HPAI) and resurgent Rift Valley Fever (RVF) in East Africa, including early warning and early reaction systems;
- . Continued attention to African trypanosomiasis, including strategies for area-wide tsetse and trypanosomiasis intervention and strengthened and integrated veterinary and livestock services;
- . Further implementation of National Plans of Action for Nutrition (NPAN), including nutrition education and communication, methodologies and guidelines for household food security;
- . Reduction of micronutrient deficiencies, including improved quality and availability of data (AFROFOODS);
- . Strengthening of food inspection and control systems, and acceptance and application of CODEX Alimentarius recommendations;
- . Enhanced delivery systems for rural finance, agricultural input supply, market information and agro-processing and agro-enterprise development.

Forestry

452. The major priorities include:

- . Improved agroforestry and soil conservation practices and use of non-wood forest products;
- . Protecting forests and wildlife against bush fires;
- . Best practices to address human-wildlife conflicts;
- . Exchange of information and knowledge on forestry and wildlife management;
- . Building strategic partnerships and integrating forestry aspects into NEPAD and other regional initiatives;
- . Assistance to national forestry programmes, with attention to multistakeholder participation in conservation and management;

- . Implementation of regional guidelines on reduced impact of logging, forest plantations and fire management;
- . Promotion of efficient wood-based energy production.

Fisheries

453. The major priorities include:
- . Formulation of long-term fisheries management plans and building national capacity to harness full benefits of marine and coastal fisheries;
 - . Improved fisheries governance and participatory management, particularly under coastal and marine environments;
 - . Strengthened access to regional and international trade in fish products;
 - . Enterprise development through enabling institutions and policies;
 - . Support to the Special Programme for Aquaculture Development in Africa (SPADA);
 - . Establishment of regional aquaculture networks (similar to NACA);
 - . Through watershed-based ecosystem approaches, ensuring that aquaculture development is socially and environmentally sustainable.

Chapter 3: Knowledge Exchange, Policy and Advocacy

454. The major priorities include:
- . Technical support to countries in ongoing economic partnership agreement negotiations, multilateral trade negotiations (WTO) and various bilateral and regional trade initiatives, including reliable information;
 - . Support to harmonisation of policies and action plans, together with capacity building;
 - . Tools for the collection of sex and age-disaggregated data in agricultural censuses and surveys together with indicators relevant to gender and agricultural development;
 - . Support to governments to plan and respond to the impact of HIV/AIDS and other diseases on food and nutrition security;
 - . Advice to countries in the conduct of agricultural censuses, within the framework of the World Programme for the Agricultural Census 2010;
 - . Organisation of consultative meetings and round tables with countries and donors for advocacy and eventual financing of projects in the framework of the CAADP and other policy pronouncements;
 - . Networks and partnerships for analysis and sharing of policy information; coupled with updating of major regional policy studies and identified areas of joint action.

Asia and Pacific

Overview

455. Many countries in the region continued to make great strides at reducing poverty and hunger and improving living standards. Nevertheless, several remain mired in poverty, and there are still 524 million undernourished people in developing and transition economies in the region. Farmers, fishers and foresters are very vulnerable to natural disasters, such as floods, droughts and cyclones. Avian influenza has become endemic in many parts of the region. High energy prices, water scarcity, the consequences of trade liberalisation and globalisation on small farmers, the impact of climate changes are issues of major concern, especially in the SIDS. Agriculture remains a major sector, although declining in relative importance, both in term of contribution to GDP and share of labour force.

456. A Regional Strategic Framework (RSF): *Towards a Food-secure Asia and the Pacific*, was developed in consultation with regional partner institutions and endorsed by the 27th Regional Conference for Asia and the Pacific held in May 2004 in Beijing. It identified six priorities for the region over the longer term: a) agriculture restructuring under changing

market and trade conditions; b) decentralized governance in support of sustainable development; c) reducing vulnerability to disasters; d) promoting effective and equitable management, conservation and sustainable use of natural resources; e) strengthening biosecurity for food security and agricultural trade; and f) alleviating poverty in rice-based livelihood systems. While not an exhaustive blueprint for action, this RSF will continue to be a useful tool to shape future activities.

Chapter 2: Sustainable Food and Agricultural Systems

457. The major priorities include:

- . Support to cost-effective sustainable rice-based cropping systems and the adoption of integrated soil, crop, water, nutrient and pest management in line with good agricultural practices;
- . Policies for revitalising the rice sector and enhancing farm income based on multi-stakeholder partnerships;
- . Regional crop production networks and strengthening of national capacity for adaptation to and mitigation of the adverse effects of climate change;
- . Provision of suitable credit and marketing facilities, irrigation services and risk mitigation measures to assist farmers, forestry and fishing communities;
- . Addressing transboundary animal diseases and other invasive species (monitoring, surveillance, diagnosis, prevention and control), especially avian influenza and foot and mouth disease;
- . Strengthening of national phytosanitary systems (e.g. technical advice, standard setting);
- . Assistance for livestock sector restructuring and environmentally friendly production systems;
- . Effective national biosecurity frameworks harmonised with international obligations and with adequate policy and regulatory capacity for risk analysis and management (also involving workshops and sharing of information and technology);
- . Systematic identification of nutritionally vulnerable people for better targeting of nutrition interventions;
- . Studies of food consumption and use of safe and diversified food towards balanced nutrition, including appropriate indicators;
- . Adaptive strategies to improve resilience of rural communities to potential climate change and assistance with technologies for carbon sequestration;
- . Evaluation of impacts of biofuel production and implementation of appropriate biofuel policies and programmes;
- . Analytical work on the potential of biotechnologies and associated risks;
- . Policies for rural infrastructure and agro-industries development and technical advice on post-harvest management and food distribution systems.

Forestry

458. The major priorities include:

- . Support to assessments of forest resources;
- . Assistance regarding issues of ownership, tenure and institutional arrangements related to forest resources;
- . Implementation of codes of practice and voluntary guidelines related to the development, management and harvesting of forest and other natural resources.

Fisheries

459. The major priorities include:

- . Improved organisation of small-scale communities of fishers and aquaculture farmers for management of coastal waters and small water bodies, including participatory methods;
- . Networks for conservation of coastal and marine environment, in line with the Code of Conduct for Responsible Fisheries;
- . Continued support to the long term rehabilitation of and livelihoods in tsunami affected countries.

Chapter 3: Knowledge Exchange, Policy and Advocacy

460. The major priorities include:

- . Advice on redirection of agricultural subsidies towards investments for agricultural sector growth, poverty alleviation and food security;
- . Support to such bodies as ASEAN, SAARC and PIF as regards policy aspects of trans-boundary animal and plant pests and disease, integrated watershed management, impact of floods and droughts, forest fire monitoring and early warning;
- . Improved trade regimes, through increased value-addition in market chains, together with market accessibility and efficiency;
- . Development of indicators and exchange of experiences towards more timely and reliable agricultural statistics and information for formulation of national food security strategies;
- . Capacity-building and advice on statistical data and information systems in the food and agricultural sector, including forestry and fisheries and natural resources management;
- . Study on the status of agriculture and food security in the region, including trend analysis, trade policy developments and progress in relation to trade negotiations;
- . Promoting increased self-reliance of vulnerable groups, including women, children and disabled, together with opportunities for rural youth.

Europe and Central Asia

Overview

461. The FAO office network serving the region is now strengthened with the subregional office for Central Asia in Ankara, and the subregional office for Central and Eastern Europe co-located with the regional office in Budapest. As a result of this, coverage by the network extends now to 51 countries (which are to increase to 53 in November 2007, subject to admission to membership of Andorra and Montenegro) and one Member Organization (the European Community). This implies an increase in the population served by 260 million people, out of which 65 million are poor, mostly living in rural areas.

462. Some of the countries in the Balkans and more particularly the Central Asian countries of the CIS are experiencing high poverty rates, especially in rural areas. Agriculture is still an important sector that employs a high percentage of the labour force and contributes significantly to GDP. Key areas for priority attention identified and endorsed by the Regional Conference relate to revitalising the rural sector and supporting rural livelihoods, assistance to countries in meeting requirements for eventual European Union accession as well as to facilitate access to EU markets. In addition, regional approaches to address cross-boundary issues are of high importance, together with several emerging subjects such as organic farming, biotechnology and biosafety emphasised by the Regional Conference.

Chapter 2: Sustainable Food and Agricultural Systems

463. The major priorities include:

- . Cooperation for surveillance, diagnostics and control of transboundary animal diseases, including foot-and-mouth disease as agreed through the EUFMD;
- . Particularly in Central Asian countries, support to small-scale livestock farming, including improved access to animal health services and economic viability;
- . Capacity-building of national phytosanitary and plant quarantine systems in the context of the IPPC;
- . Community-based nutrition interventions and strengthening of national food control systems, including reviewing and updating food legislation, harmonising food regulations and standards with Codex recommendations and other international regulatory instruments, training in different food safety disciplines;
- . Strengthening of national capacities in formulating policies to ensure: access to land by the rural poor and improved land tenure arrangements, food security and balanced rural development;
- . Advice on efficient National Agricultural Research Systems (NARS) and establishing functional linkages between research and extension;
- . Regional and national capacities for innovative market-oriented assessment and technology transfer, including biotechnologies for food and agriculture and biosafety regulations;
- . Agribusiness development, supply chain management, and agribusiness investment promotion.

Forestry

464. The major priorities include:

- . In collaboration with partners, strengthening of private forest sector institutions (associations);
- . Support to measures for the protection of forest resources, forest land consolidation and land tenure issues;
- . Promotion of environmentally-friendly use of wood (housing and energy generation) and full participation of all countries in regional forest sector policy dialogues and initiatives.

Fisheries

465. The major priorities include:

- . Support to the modernisation of aquaculture and fisheries in needy countries and improvements in ecosystem approach to fisheries management;
- . Assistance to regional bodies, including the General Fisheries Commission for the Mediterranean (GFCM) and EIFAC to enhance aquaculture and inland fisheries;
- . Particularly for Central Asian countries, increased awareness of the Code of Conduct for Responsible Fisheries and translation of its main provisions into national policy development and planning processes.

Chapter 3: Knowledge Exchange, Policy and Advocacy

466. The major priorities include:

- . Addressing major issues affecting sustainable food security, agriculture and rural development, including related policy analysis, formulation and implementation;
- . Regional strategies for field programme development based on national priorities and subregional requirements;
- . Assistance to countries in relation to Multilateral Trade Negotiations and analysis of regional trade issues and agricultural markets;
- . Continued facilitation of exchanges and networks;
- . Capacity-building on food and agricultural statistics; coupled with coordination between countries and exchange of methodological experiences;

- . Promotion of CountrySTAT amongst the countries in the region and inputs to the preparation of country reports related to the Millennium Development Goals (MDGs).

Latin America and the Caribbean

Overview

467. The 29th Regional Conference for Latin America and the Caribbean, held in April 2006 in Caracas, highlighted seven priority areas. Accordingly, the presentation below is organised around these thematic areas, rather than the PWB programme structure and also takes into consideration the recommendations of the GRULAC meeting held in Rome, in January 2007 and other specific demands by groups of countries.

Transboundary Animal Diseases and Plant Pests

468. The major priorities include:
- . Addressing the threat of the Highly Pathogenic Avian Influenza (H5N1) and its possible introduction to the Americas;
 - . Support to countries in prevention and control of Foot and Mouth Disease (FMD);
 - . Control of the other major diseases (CSF, BSE, NWS, Rabies) and strengthening of national veterinary services;
 - . Cooperation on plant health and eradication of economically important pests such as fruit flies.

Bioenergy

469. The major priorities include:
- . Development and diversification of energy sources in the Region in the context of the International Bioenergy Platform (including assessment of potentials, building national capacities, and regional consultations);
 - . Policies for liquid biofuels and market regulation for bioenergy products and services;
 - . Improved information (institutions, technologies and alternative crops) to support bioenergy programmes and projects.

Genetic Resources, Biodiversity and Environmental Sustainability

470. The major priorities include:
- . Formulation of proposed regional strategy for the management and utilisation of animal genetic resources, as a contribution to the World Action Plan for Animal Genetic Resources;
 - . Sustainable management of native forests, protected areas and appropriate water management practices (including networks such as REDLACH and REDPARQUES);
 - . Integrated watershed management, use of territorial planning approaches and methodologies.

Animal and Plant Health and Food Safety

471. The major priorities include:
- . Technical and policy advice in relation to the growing number and complexity of private standards' systems;
 - . Guidance on the responsible management of pesticides and elimination of obsolete pesticides; as well as the further implementation of the International Plant Protection Convention (IPPC) (including for both areas regional workshops and training and support to countries on registration of pesticides and post-registration monitoring programmes);

- Harmonisation of Codex procedures and implementation of equivalency agreements among countries; together with prevention of food-borne illnesses.

Food Security and Policies for Fighting Hunger

472. The major priorities include:

- Support to the initiative: “Latin America and the Caribbean Without Hunger” (ALCSH), including: awareness activities, workshops and networks, training of government personnel and NGOs executives on food security issues, evaluation of specific programmes and provision of statistical information on food security, malnutrition and other data for government planning.
- Promotion of South-South Cooperation activities.

Rural Development and Agrarian Policies

473. The major priorities include:

- Follow up to the recommendations resulting from the International Conference on Agrarian Reform and Rural Development, held in March 2006, coupled with strengthened cooperation with partners, under the framework of the rural development inter-agency group;
- Network of responsible institutions for territorial policies, agrarian reform and access to land.

Urban and Peri Urban Agriculture

474. The major priority is the:

- Analysis of main component issues such as: technologies, nutritional education, soil and water management, socio-economic implications, commercialisation policies and community organization.

Near East

Overview

475. The Near East region exhibits wide disparities in terms of resources endowment, incomes and agricultural development. Several countries are witnessing food deficits, coupled with increased imports; while some other countries are affected by malnutrition. Hence, regional needs are also diverse, including: advice on formulation of agriculture, rural development and food security policies; improved water resources management; redressing the low productivity of farming systems; building technical and institutional capacities; reduction of post-harvest losses; active afforestation and land conservation programmes; sustainability of fisheries resources and better fisheries management; promotion of private sector investments and agricultural production entrepreneurship; effective cooperation among countries on a number of issues: combating transboundary plant pests, adoption of standards, increased intra-regional trade opportunities.

Chapter 2: Sustainable Food and Agricultural Systems

476. The major priorities include:

- Improved water management, including harvesting techniques, reuse of waste water in agriculture, participation of users in maintenance of irrigation schemes;
- Land management programmes for drought mitigation and rehabilitation of degraded lands;
- Sustainable rangeland production and ecosystem services;
- Support to livestock networks, i.e. on small ruminants, buffaloes, genetic resources;
- Harmonised regional phytosanitary measures and strengthened national capabilities; coupled with regional collaboration on pests quarantine;

- . Assistance in updating national pesticide legislations;
- . promoting plant protection strategies as part of organic agriculture and bio-security and bio-safety on national and regional levels;
- . Support to Locusts Commissions and survey and control operations (to be accompanied by applied research, training courses; improved information tools; and use of alternatives to conventional pesticides);
- . Promoting the establishment of an Animal Health Commission for the Near East and North Africa;
- . Community-based nutrition interventions and nutrition education programmes;
- . Strengthening of national food control systems, and updating of food laws and legislations;
- . Improved water management, including better harvesting techniques and reuse of waste water in agriculture, as well as participation of users in maintenance of irrigation schemes; ensuring preparedness to drought and adaptation to climate change;
- . Strengthening capacities in the areas of biotechnology (including crops that have higher shelf life to reduce post-harvest losses), bio-safety, research and technology transfer.

Forestry

477. The major priorities include:
- . Strengthened institutional capacities for forest management and conservation;
 - . Cooperation on forest fire management and forest health;
 - . Strengthened institutional capacities for forest management and conservation;
 - . Conservation of vulnerable ecosystems through appropriate arid and semi-arid zones forestry practices; rehabilitation of watersheds;
 - . Strengthened institutional capacities for forest management and conservation;
 - . Sustainable utilisation of wood energy.

Fisheries

478. The major priorities include:
- . Promotion of regional cooperation, including assessment and management of shared stocks and intra-regional trade;
 - . Strengthening of regional and sub-regional fishery commissions, in particular RECOFI and establishment of new regional fishery bodies as appropriate (e.g. Red Sea);
 - . Fish food safety and quality systems to meet international requirements and improve marketing information systems;
 - . Assistance to improve fishery statistical systems.

Chapter 3: Knowledge Exchange, Policy and Advocacy

479. The major priorities include:
- . Enhanced monitoring of food security and undernourishment, at household, national and regional levels, including through national FIVIMS;
 - . Exchange of information, experience and lessons, particularly through the Near East and North Africa Regional Network for Agricultural Policies (NENARNAP), and the Near East and North Africa rural and agricultural knowledge and information network (NERAKIN), driven by NARS at national and regional levels;
 - . Long-term action plans for drought response and mitigation (in line with the Near East Regional Conference recommendations);
 - . Harmonisation of rural and agricultural policies to promote sub-regional trade integration; coupled with assistance to countries that signed association agreements with the EU or in the process of accession to WTO;

- . Regional perspective studies covering: impact of climate change, water utilisation, use of bio-fuels, changing food demand patterns;
- . For countries emerging from natural and man-made disasters, support to appropriate institutional and policy frameworks for rehabilitation of the agriculture and rural sectors.

Annex 3 - Post Changes

480. The PWB 2008-09 staffing proposals reflect the full impact of the decisions on FAO reform taken to date by the governing bodies and include some additional post action proposals as put forward by departments and offices. The table below provides an overview of the evolution of budgeted posts by location and category from the Revised PWB 2006-07 to the PWB 2008-09.

Evolution of posts (post counts by grade category and location)

Grade Category	2006-07 Revised PWB	PWB 2008-09	Change	% change
Headquarters				
International Professional and above	919	910	(9)	(1%)
General Service	872	798	(75)	(9%)
Total HQ	1,791	1,708	(84)	(5%)
Decentralized				
International Professional and above	300	323	23	8%
National Professional	181	188	7	4%
Total Professional and above	481	511	30	3%
General Service	800	847	47	6%
Total Decentralized	1,281	1,358	77	6%
All Locations				
International Professional and above	1,219	1,233	14	1%
National Professional	181	188	7	4%
Total Professional and above	1,400	1,421	21	2%
General Service	1,672	1,644	(28)	(2%)
TOTAL	3,072	3,065	(7)	0%
% Professional posts decentralized	34%	36%		

Note: The PWB 2006-07 includes 14 and the PWB 2008-09 includes 19 outposted HQ officers

481. Since the Revised PWB 2006-07, the decentralized establishment has increased by 77 posts. The change is mainly due to the implementation of the Shared Services Centre (SSC), the transfer of the Regional Office for Europe and Central Asia (REU) to Budapest, and the establishment of the new Subregional Office for Central America (SLC). The percentage of professional staff in the decentralized locations has increased from 34% to 36%.

482. The total number of general service posts has declined by 28 (2%). The decrease is mainly due to the approved shifts in the SSC functional profile as well as some further streamlining in subregional offices.

483. Under a maintenance budget, the proposed PWB 2008-09 staffing changes were kept to a minimum. The proposed overall PWB 2008-09 establishment is lower by 7 posts compared to the Revised PWB 2006-07.

Annex 4 - Overview of Balance Sheet

484. The financial health of the Organization can be appraised in relation to three components of the General and Related Funds as follows:

- the General Fund balance, which reflects the accumulated historical result of all receipts from assessments on Members, all miscellaneous and other income, offset by cumulative expenditures to execute the Programme of Work within the biennial appropriation (including, for example, accelerated TCP delivery in 2004-2005) and other costs incurred such as Conference-authorized spending of arrears allocation up to US\$ 44.6 million on one-time expenditures for approved high priority programmes including IT systems;
- the Working Capital Fund (WCF), which is authorised at a level of US\$ 25.4 million, its primary purpose being to advance monies to the General Fund to finance expenditures pending receipt of assessed contributions to the budget. The WCF can also be used to finance emergency activities not contemplated in the budget; and
- the Special Reserve Account (SRA), which is authorised at a level of 5% of the effective working budget (this would be equivalent to US\$ 38.3 million in the 2006-07 biennium). Established by Conference in 1977 and expanded by Conference Resolutions 13/81 and 17/89, it protects the Programme of Work against the effects of unbudgeted extra costs arising from adverse currency fluctuations and unbudgeted inflationary trends. The SRA can also advance monies on a reimbursement basis to the General Fund.

History of the General Fund deficit

485. The balance of the General and Related Funds provides a snapshot of the Organization's financial health. As at 31 December 2006, the breakdown of the General and Related Funds is summarised as follows:

General and Related Funds equity position as at 31 December 2006 (unaudited)

	US\$ million
General Fund Balance/(Accumulated Deficit)	(95.6)
Working Capital Fund	0.3
Special Reserve Account	12.1
Total Reserves and Fund Balances/(Deficit) at 31 December 2006	(83.2)

486. The following table and text provide an analysis of the decrease of total reserves and fund balances from 31 December 1997 (when last reported with a positive balance, amounting to US\$ 27.4 million) to 31 December 2006.

Analysis of decrease of total reserves and fund balance in the period 1998-2006

	US\$ million Improvement/(Worsening)
Total Reserves and Fund Balances as at 31 December 1997	27.4
Movements in General Fund between 1998 and 2006	
1 Net decrease in provisions for Contributions	43.5
2 Unfunded Amortization of ASMC past service costs	(81.2)
3 Redeployment and separation costs in 1998-99 and 2000-01	(19.0)
4 Terminal Payments charged to General Fund in 2002-03 and 2004-05	(12.3)
5 Cumulative losses on foreign exchange charged to Special Reserve Account	(19.8)
6 Other Expenditure	
1998-2005	(2.6)
2006 (from unaudited accounts)	(19.2)
Net Deterioration of General Fund between 1998 and 2006	(110.6)
Total Reserves and Fund Balances as at 31 December 2006	(83.2)

Provisions for contributions

487. In accordance with United Nations System Accounting Standards, assessed contributions are recognised as a net asset in the Organization's accounts only when Members' contributions are actually received. At 31 December 2006 current contributions and arrears amounting to US\$ 110.5 million were outstanding from Members and are, therefore, not included in the final General Fund balance. However, there has been a net decline in the amount of outstanding contributions of US\$ 43.5 million in the period 31 December 1997 (when they stood at US\$ 154 million) to 31 December 2006 and the improvement is tabulated above.

After-service Medical Coverage (ASMC) Past Service Amortization

488. The ASMC past service liability represents the cost of medical benefits that the Organization is required to pay on behalf of retirees over their expected remaining lifetimes based on their past services with FAO. It should be distinguished from current service cost, which is a standard component of staff costs and is covered in each biennium's Regular Programme budgetary appropriations.

489. In 1997 the governing bodies *inter alia* approved that the ASMC liabilities for past service determined by actuarial valuation be amortized (i.e. recorded in the balance sheet) over 30 years. The ASMC amortization in FAO's official accounts started in 1998, while additional assessments towards funding such charges only began in 2004, after Conference agreed to additional biennial assessments of US\$ 14.1 million towards ASMC for 2004-05 and 2006-07. The net cumulative impact of excess amortization over the funding available on the General Fund deficit since ASMC amortization started in 1998 has been US\$ 81.2 million, as at end-2006³⁹.

Redeployment and separation costs in 1998-99 and 2000-01

490. Conference Resolutions 7/97 and 3/99 authorised the Director-General to meet redeployment and separation costs over and above the net budgetary appropriations approved

³⁹ In addition to the amount reflected within the General Fund deficit at end-2006, US\$ 353.3 million of ASMC past service liabilities are not yet recorded or funded and remain to be amortized. Further information on the ASMC liabilities is submitted to the governing bodies in document FC 118/11.

for 1998-99 and 2000-01 respectively. The related costs of US\$ 10.6 million and US\$ 8.4 million were charged to the General Fund.

Terminal payments in 2002-03 and 2004-05

491. Terminal payments to staff members when they separate from the Organization are a component of staff costs and charged to the Terminal Payments Fund (TPF) account. The budgeted level of the Regular Programme contribution to the TPF account is determined by actuarial valuation. At the end of the past two biennia, payments in excess of the amounts determined by the respective actuarial valuations amounting to US\$ 9.4 million in 2002-03 and US\$ 2.9 million in 2004-05 were charged to the General Fund without matching funding.

Net foreign exchange differences charged to SRA

492. Since 1997 the SRA balance has decreased by a net US\$ 19.8 million due to currency variances, and stood at US\$ 12.1 million at the end of the 2006. Analysis of the exchange gains and losses charged to the SRA has shown that the main cause of the recorded exchange differences is unfavourable exchange rates prevailing at the time of receipt of delayed payment of Members' contributions.

Liquidity shortages

493. As noted above, outstanding contributions due to FAO, amounting to US\$ 110.5 million at end-2006, are not included in arriving at the overall General Fund accumulated deficit at 31 December 2006 of US\$ 95.6 million. Also, delays in receipt of assessed contributions have caused substantial exchange losses which are incurred through the SRA. However, the most critical effect of persistently high levels of outstanding contributions is that they aggravate the cash position of the General Fund.

494. Recourse to external borrowing is preceded by the full utilisation of the Working Capital Fund, plus any available balance of the Special Reserve Account. For many years the level of these FAO reserves proved to be satisfactory safety nets and prevented recourse to borrowing, despite delays in receipt of assessed contributions. However, the deterioration in payments from Members in 2004, 2005 and again in 2006, coupled with the execution of approved programmes and adverse currency fluctuations, required full use of both the Working Capital Fund and the Special Reserve Account as well as sustained periods of external borrowing. In fact, outstanding contributions amounted to US\$ 279 million at end-October 2006 and external borrowing peaked at US\$ 104 million in November 2006, falling by month-end when outstanding contributions fell to US\$ 177.7 million. Finance Committee document FC 119/3 *Financial Highlights* provides a projection of cash levels for the remainder of 2007, largely based on last year's patterns of receipts. External borrowing to support Regular Programme activities is expected to reach US\$ 40 million by October 2007, down from the level of US\$ 130 million reported in the SPWB. This reduction in borrowing needs is due to the recent payment of assessments from some large contributors.

495. External borrowing could be completely avoided if more timely payments of contributions (both current and arrears) are received from Members. Unless significant measures are adopted by the governing bodies to improve the inflow patterns of assessed contributions, augment safety nets such as the Working Capital Fund and the Special Reserve Account, and to address unfunded liabilities, the Organization will be unable to improve the future cash flow situation or adequately address the accumulated deficit under the General Fund.

Annex 5 - Overview of Total Resource Availability (before cost increases)

496. The following table provides an overview of the total resource availability, consisting of the proposed net appropriations, other income, and estimated voluntary contributions. It compares the Revised PWB 2006-07 to the PWB 2008-09 before cost increases are applied.

497. Under the category Other Income credited to General Fund, the decrease in “Other Items” reflects the fact that no resources are available to transfer from the Capital Expenditure Account in 2008-09, compared with the transfer of US\$ 10.1 million in 2006-07.

498. Under the category Other Income not credited to the General Fund, the main change is an increase under project servicing costs charged to emergency projects due to updated estimates based on recent trends and forecasts.

Overview of Total Resource Availability (before 2008-09 cost increases, at the 2006-07 budget rate of exchange of 1 Euro = US\$ 1.19)

	2006-07	2008-09
Member Nations Net Assessed Contributions	759,700	783,400
Total Miscellaneous Income	6,000	1,000
Net Budgetary Appropriations	765,700	784,400
Voluntary Contributions under Financial Regulation 6.7: To Other Income		
Other Income credited to the General Fund in the Financial Accounts		
World Bank	21,400	24,000
Other Financial Institutions	4,285	4,465
Technical Support Services	6,119	6,245
Project Servicing Costs and Administrative and Operational Support Services	37,945	40,739
Government Counterpart Cash Contributions	2,399	5,044
Terminal Reports	1,331	1,231
Other Items (e.g. Reimbursements for Administrative Services to WFP, CODEX, and transfers from the Capital Expenditure Account in 2006-07)	12,519	3,725
Total Other Income credited to the General Fund in the Financial Accounts	85,998	85,449
Other Income not credited to the General Fund in the Financial Accounts		
Co-sponsors to Science Council	4,040	5,440
Project Servicing Costs charged to Emergency Projects	19,756	33,101
Other Items (e.g. Miscellaneous Secondments)	1,379	1,516
Total Other Income not credited to the General Fund in the Financial Accounts	25,175	40,057
Total Other Income	111,173	125,506
Resources Available for the Programme of Work	876,873	909,905
Voluntary Contributions under Financial Regulation 6.7: Trust Funds net of PSC Income		
Other Trust Fund Projects	473,241	523,665
Emergency Projects	305,933	312,900
Total Estimated Trust Fund Income	779,174	836,565
TOTAL ESTIMATED RESOURCES AVAILABLE	1,656,047	1,746,470

ANNEX 6 - SUMMARY TABLES BY CHAPTER AND PROGRAMME

Summary of Programme of Work and Appropriation by Chapter and Programme at 2006-07 Costs (US\$ 000)

Programme and Chapter	Description	2006-07 Budget			Programme Change			2008-09 Proposal		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
1A	Governing bodies	7,794	0	7,794	1,088	0	1,088	8,883	0	8,883
1B	General direction	9,814	214	9,600	31	396	(365)	9,845	610	9,235
1X	Programme Management	714	0	714	(157)	0	(157)	557	0	557
1	Corporate Governance	18,323	214	18,109	962	396	566	19,285	610	18,675
2A	Crop production systems management	20,164	323	19,841	(698)	113	(811)	19,466	436	19,030
2B	Livestock production systems management	8,498	433	8,065	737	(69)	806	9,235	364	8,871
2C	Diseases and pests of animals and plants	23,870	423	23,447	3,092	129	2,963	26,961	552	26,409
2D	Nutrition and consumer protection	23,695	1,428	22,267	474	17	457	24,169	1,445	22,724
2E	Forestry information, statistics, economics, and policy	11,277	253	11,024	(283)	125	(408)	10,995	378	10,617
2F	Forest management, conservation and rehabilitation	8,233	82	8,151	731	37	694	8,963	119	8,844
2G	Forest products and industry	8,899	176	8,723	(71)	13	(84)	8,828	189	8,639
2H	Fisheries and aquaculture information, statistics, economics, and policy	17,857	623	17,234	1,112	222	890	18,969	845	18,124
2I	Fisheries and aquaculture management and conservation	12,912	482	12,430	567	2	565	13,479	484	12,995
2J	Fisheries and aquaculture products and industry	9,248	880	8,368	61	0	61	9,309	880	8,429
2K	Sustainable natural resources management	28,808	989	27,819	5,779	143	5,636	34,587	1,132	33,455
2L	Technology, research and extension	10,012	4,044	5,968	1,423	1,451	(28)	11,435	5,495	5,940
2M	Rural infrastructure and agro-industries	15,721	317	15,404	28	166	(138)	15,749	483	15,266
2X	Programme Management	21,003	160	20,843	(186)	63	(249)	20,817	223	20,594
2	Sustainable Food and Agricultural Systems	220,196	10,613	209,583	12,767	2,412	10,355	232,963	13,025	219,938
3A	Leveraging resources and investment	50,829	26,553	24,276	3,377	2,598	778	54,206	29,152	25,054
3B	Food and agriculture policy	30,295	1,416	28,879	53	(236)	289	30,348	1,180	29,168
3C	Trade and markets	11,899	322	11,577	(686)	18	(704)	11,213	340	10,873
3D	Agriculture information and statistics	10,719	136	10,583	448	(10)	458	11,167	126	11,041
3E	Alliances and advocacy initiatives against hunger and poverty	12,588	941	11,647	492	0	492	13,080	941	12,139
3F	Gender and equity in rural societies	9,400	528	8,872	(472)	(278)	(194)	8,928	250	8,678
3G	Rural livelihoods	4,119	137	3,982	(1,042)	(13)	(1,029)	3,077	124	2,953
3H	Knowledge exchange and capacity building	22,251	58	22,193	1,132	0	1,132	23,383	58	23,325
3I	Information technology systems	28,952	0	28,952	3,332	0	3,332	32,285	0	32,285
3J	Communication and public information	18,069	0	18,069	(450)	0	(450)	17,618	0	17,618
3X	Programme Management	20,312	204	20,108	(1,512)	(4)	(1,508)	18,800	200	18,600
3	Knowledge Exchange, Policy and Advocacy	219,433	30,296	189,137	4,672	2,075	2,597	224,105	32,371	191,734
4A	UN cooperation, integration and monitoring	13,912	1,048	12,864	(112)	(191)	79	13,800	857	12,943
4B	Coordination of decentralized services	20,306	0	20,306	(89)	3	(92)	20,217	3	20,214
4C	Food security, poverty reduction and other development cooperation programmes	86,092	22,933	63,159	(858)	2,522	(3,380)	85,233	25,455	59,779

Programme and Chapter	Description	2006-07 Budget			Programme Change			2008-09 Proposal		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
4D	Emergency and post crisis management	15,838	14,875	963	9,936	9,693	243	25,774	24,568	1,206
4E	Technical Cooperation Programme	103,550	0	103,550	0	0	0	103,550	0	103,550
4X	Programme Management	13,898	2,061	11,837	(3,063)	281	(3,345)	10,835	2,343	8,492
4	Decentralization, UN Cooperation and Programme Delivery	253,596	40,917	212,679	5,813	12,308	(6,495)	259,409	53,225	206,184
5A	Oversight	11,260	454	10,806	1,839	460	1,379	13,099	914	12,185
5B	Programme and budget services	7,013	822	6,191	50	76	(26)	7,063	898	6,165
5C	Financial services	17,880	6,896	10,984	(2,894)	914	(3,808)	14,986	7,810	7,176
5D	Human resources management and staff welfare	16,812	2,426	14,386	(627)	240	(867)	16,185	2,666	13,519
5E	Procurement	8,901	3,240	5,660	(388)	699	(1,087)	8,513	3,940	4,573
5F	Management of premises	33,454	1,159	32,296	2,157	2,654	(497)	35,611	3,812	31,799
5G	Meetings and language services and protocol	7,882	126	7,756	(97)	0	(97)	7,785	126	7,659
5H	Shared services	19,641	5,119	14,522	2,821	950	1,871	22,462	6,069	16,393
5X	Programme Management	7,865	40	7,825	1,121	0	1,121	8,986	40	8,946
5	Management and Supervision Services	130,708	20,282	110,425	3,983	5,993	(2,010)	134,690	26,275	108,415
6	Contingencies	600	0	600	0	0	0	600	0	600
8	Capital Expenditure	13,575	8,851	4,724	4,835	(8,851)	13,686	18,410	0	18,410
9A	Headquarters security	7,989	0	7,989	81	0	81	8,071	0	8,071
9B	Field security	12,455	0	12,455	(82)	0	(82)	12,373	0	12,373
9	Security Expenditure	20,444	0	20,444	0	0	0	20,444	0	20,444
Total		876,873	111,173	765,700	33,032	14,333	18,699	909,905	125,506	784,400

Summary of Programme of Work and Appropriation by Chapter and Programme at 2008-09 Costs (US\$ 000)

Programme and Chapter	Description	2008-09 Proposal before Cost Increases			Cost Increases			2008-09 Proposal after Cost Increases		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
1A	Governing bodies	8,883	0	8,883	826	0	826	9,709	0	9,709
1B	General direction	9,845	610	9,235	1,461	0	1,461	11,306	610	10,696
1X	Programme Management	557	0	557	81	0	81	638	0	638
1	Corporate Governance	19,285	610	18,675	2,368	0	2,368	21,653	610	21,043
2A	Crop production systems management	19,466	436	19,030	2,265	0	2,265	21,731	436	21,295
2B	Livestock production systems management	9,235	364	8,871	1,189	0	1,189	10,424	364	10,060
2C	Diseases and pests of animals and plants	26,961	552	26,409	3,111	0	3,111	30,073	552	29,521
2D	Nutrition and consumer protection	24,169	1,445	22,724	2,729	0	2,729	26,898	1,445	25,453
2E	Forestry information, statistics, economics, and policy	10,995	378	10,617	1,360	0	1,360	12,354	378	11,976
2F	Forest management, conservation and rehabilitation	8,963	119	8,844	1,081	0	1,081	10,044	119	9,925
2G	Forest products and industry	8,828	189	8,639	1,147	0	1,147	9,975	189	9,786
2H	Fisheries and aquaculture information, statistics, economics, and policy	18,969	845	18,124	2,536	0	2,536	21,505	845	20,660
2I	Fisheries and aquaculture management and conservation	13,479	484	12,995	1,759	0	1,759	15,238	484	14,754
2J	Fisheries and aquaculture products and industry	9,309	880	8,429	1,124	0	1,124	10,433	880	9,553
2K	Sustainable natural resources management	34,587	1,132	33,455	4,244	0	4,244	38,831	1,132	37,699
2L	Technology, research and extension	11,435	5,945	5,940	1,030	0	1,030	12,465	5,945	6,970
2M	Rural infrastructure and agro-industries	15,749	483	15,266	1,995	0	1,995	17,744	483	17,261
2X	Programme Management	20,817	223	20,594	2,901	0	2,901	23,718	223	23,495
2	Sustainable Food and Agricultural Systems	232,963	13,025	219,938	28,470	0	28,470	261,433	13,025	248,408
3A	Leveraging resources and investment	54,206	29,152	25,054	5,596	0	5,596	59,802	29,152	30,650
3B	Food and agriculture policy	30,348	1,180	29,168	4,026	0	4,026	34,373	1,180	33,193
3C	Trade and markets	11,213	340	10,873	1,595	0	1,595	12,808	340	12,468
3D	Agriculture information and statistics	11,167	126	11,041	1,670	0	1,670	12,838	126	12,712
3E	Alliances and advocacy initiatives against hunger and poverty	13,080	941	12,139	1,392	0	1,392	14,471	941	13,530
3F	Gender and equity in rural societies	8,928	250	8,678	1,200	0	1,200	10,128	250	9,878
3G	Rural livelihoods	3,077	124	2,953	399	0	399	3,476	124	3,352
3H	Knowledge exchange and capacity building	23,383	58	23,325	3,401	0	3,401	26,784	58	26,726
3I	Information technology systems	32,285	0	32,285	4,169	0	4,169	36,454	0	36,454
3J	Communication and public information	17,618	0	17,618	2,321	0	2,321	19,939	0	19,939
3X	Programme Management	18,800	200	18,600	2,677	0	2,677	21,478	200	21,278
3	Knowledge Exchange, Policy and Advocacy	224,105	32,371	191,734	28,445	0	28,445	252,550	32,371	220,179
4A	UN cooperation, integration and monitoring	13,800	857	12,943	1,679	0	1,679	15,479	857	14,622
4B	Coordination of decentralized services	20,217	3	20,214	2,829	0	2,829	23,046	3	23,043
4C	Food security, poverty reduction and other development cooperation programmes	85,233	25,455	59,779	10,785	0	10,785	96,018	25,455	70,563
4D	Emergency and post crisis management	25,774	24,568	1,206	3,081	2,559	522	28,855	27,127	1,728
4E	Technical Cooperation Programme	103,550	0	103,550	3,866	0	3,866	107,416	0	107,416
4X	Programme Management	10,835	2,343	8,492	1,969	0	1,969	12,803	2,343	10,461

Programme and Chapter	Description	2008-09 Proposal before Cost Increases			Cost Increases			2008-09 Proposal after Cost Increases		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
4	Decentralization, UN Cooperation and Programme Delivery	259,409	53,225	206,184	24,208	2,559	21,649	283,616	55,784	227,832
5A	Oversight	13,099	914	12,185	1,501	0	1,501	14,600	914	13,686
5B	Programme and budget services	7,063	898	6,165	851	0	851	7,914	898	7,016
5C	Financial services	14,986	7,810	7,176	2,179	0	2,179	17,165	7,810	9,355
5D	Human resources management and staff welfare	16,185	2,666	13,519	2,219	0	2,219	18,404	2,666	15,738
5E	Procurement	8,513	3,940	4,573	1,376	0	1,376	9,889	3,940	5,949
5F	Management of premises	35,611	3,812	31,799	3,308	0	3,308	38,919	3,812	35,107
5G	Meetings and language services and protocol	7,785	126	7,659	1,303	0	1,303	9,088	126	8,962
5H	Shared services	22,462	6,069	16,393	4,254	0	4,254	26,717	6,069	20,647
5X	Programme Management	8,986	40	8,946	1,287	0	1,287	10,273	40	10,233
5	Management and Supervision Services	134,690	26,275	108,415	18,280	0	18,280	152,970	26,275	126,695
6	Contingencies	600	0	600	0	0	0	600	0	600
8	Capital Expenditure	18,410	0	18,410	528	0	528	18,938	0	18,938
9A	Headquarters security	8,071	0	8,071	1,236	0	1,236	9,306	0	9,306
9B	Field security	12,373	0	12,373	423	0	423	12,796	0	12,796
9	Security Expenditure	20,444	0	20,444	1,658	0	1,658	22,102	0	22,102
Total		909,905	125,506	784,400	103,957	2,559	101,398	1,013,862	128,065	885,798

ANNEX 7 - ALLOCATIONS BY ORGANIZATIONAL UNIT

Regular Programme Resource Allocations by Organizational Unit at 2006-07 Cost Levels

Org Unit / Dept	Description	Revised PWB 2006-07			Change			PWB 2008-09		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
ODG	Office of the Director-General	7,846	0	7,846	1,302	0	1,302	9,148	0	9,148
SAD	Special Advisers to the Director-General	2,389	0	2,389	(2,389)	0	(2,389)	0	0	0
UNC	Office of UN Coordination and MDG Follow-up	0	0	0	2,855	0	2,855	2,855	0	2,855
OCD	Office for Coordination and Decentralization	7,071	0	7,071	60	0	60	7,131	0	7,131
OFA	Office of the World Food Summit Follow-up and Alliances	4,481	27	4,454	(4,481)	(27)	(4,454)	0	0	0
AUD	Office of the Inspector-General	5,508	105	5,403	636	250	386	6,144	355	5,789
LEG	Legal Office	5,887	503	5,384	169	169	0	6,056	672	5,384
PBE	Office of Programme, Budget and Evaluation	12,966	526	12,440	(954)	253	(1,207)	12,012	779	11,233
ODG	Office of the Director-General	46,149	1,161	44,988	(2,803)	645	(3,448)	43,346	1,806	41,540
AGD	Office of Assistant Director-General	5,479	0	5,479	(1,509)	0	(1,509)	3,970	0	3,970
AGA	Animal Production and Health Division	14,107	401	13,706	64	(13)	77	14,172	388	13,784
AGE	Joint FAO/IAEA Division	5,518	0	5,518	0	0	0	5,518	0	5,518
AGL	Land and Water Development Division	11,877	533	11,344	(11,877)	(533)	(11,344)	0	0	0
AGN	Nutrition and Consumer Protection Division	18,599	1,375	17,224	1	29	(28)	18,601	1,404	17,197
AGP	Plant Production and Protection Division	21,898	390	21,508	3,793	375	3,418	25,691	765	24,926
AGS	Rural Infrastructure and Agro-Industries Division	12,731	205	12,526	95	171	(76)	12,826	376	12,450
AG	Agriculture and Consumer Protection Department	90,209	2,904	87,305	(9,432)	29	(9,461)	80,777	2,933	77,844
ESD	Office of Assistant Director-General	4,977	145	4,832	(3,075)	(145)	(2,930)	1,902	0	1,902
ESA	Agricultural Development Economics Division	9,798	567	9,231	2,983	268	2,715	12,781	835	11,946
ESC	Commodities and Trade	18,577	320	18,257	(18,577)	(320)	(18,257)	0	0	0
ESS	Statistics Division	11,572	60	11,512	(5)	0	(5)	11,567	60	11,507
EST	Trade and Markets Division	0	0	0	18,389	338	18,051	18,389	338	18,051
ESW	Gender, Equity and Rural Employment Division	0	0	0	7,876	0	7,876	7,876	0	7,876
ES	Economic and Social Development Department	44,924	1,092	43,832	7,591	141	7,450	52,515	1,233	51,282
FI	Fisheries and Aquaculture Department	38,444	1,874	36,570	201	221	(20)	38,645	2,095	36,550
FO	Forestry Department	25,179	388	24,791	(199)	113	(312)	24,979	501	24,478
NRD	Office of Assistant Director-General	0	0	0	12,372	5,513	6,859	12,372	5,513	6,859

Org Unit / Dept	Description	Revised PWB 2006-07				Change				PWB 2008-09			
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation			
NRC	Environment, Climate Change and Bioenergy Division	0	0	0	0	8,084	719	7,365	8,084	719	7,365		
NRL	Land and Water Division	0	0	0	0	11,785	467	11,318	11,785	467	11,318		
NRR	Research and Extension Division	0	0	0	0	5,688	188	5,500	5,688	188	5,500		
NRR	Natural Resources Management and Environment Department	0	0	0	0	37,929	6,887	31,042	37,929	6,887	31,042		
SDD	Office of Assistant Director-General	8,827	4,050	4,777	(8,827)	(4,050)	(4,777)	0	0	0	0		
SDA	Rural Development Division	8,177	192	7,985	(8,177)	(192)	(7,985)	0	0	0	0		
SDR	Research, Extension and Training Division	8,349	480	7,869	(8,349)	(480)	(7,869)	0	0	0	0		
SDW	Gender and Population Division	8,234	422	7,812	(8,234)	(422)	(7,812)	0	0	0	0		
SD	Sustainable Development Department	33,587	5,144	28,443	(33,587)	(5,144)	(28,443)	0	0	0	0		
TCD	Office of Assistant Director-General	5,533	32	5,501	(982)	28	(1,010)	4,551	60	4,491	4,491		
TCA	Policy Assistance and Resources Mobilization Division	11,599	75	11,524	(400)	0	(400)	11,199	75	11,124	11,124		
TCE	Emergency Operations and Rehabilitation Division	16,359	15,536	823	9,252	9,252	(0)	25,611	24,788	823	823		
TCI	Investment Centre Division	44,798	25,170	19,628	1,121	2,510	(1,389)	45,919	27,680	18,239	18,239		
TCO	Field Operations Division	21,074	626	20,448	(113)	112	(225)	20,962	738	20,224	20,224		
TCP	Technical Cooperation Programme	98,780	0	98,780	348	0	348	99,128	0	99,128	99,128		
TC	Technical Cooperation Department	198,144	41,439	156,705	9,227	11,902	(2,675)	207,371	53,341	154,030	154,030		
AFD	Office of Assistant Director-General	18,690	622	18,068	(5,981)	0	(5,981)	12,709	622	12,087	12,087		
AFF	Finance Division	19,089	652	18,437	(1,557)	95	(1,652)	17,532	747	16,786	16,786		
AFH	Human Resources Management Division	13,704	1,031	12,673	(430)	200	(630)	13,274	1,231	12,043	12,043		
AFI	Information Systems and Technology Division	29,483	0	29,483	(29,483)	0	(29,483)	0	0	0	0		
AFS	Administrative Services Division	36,621	1,616	35,005	(2,795)	600	(3,395)	33,826	2,216	31,610	31,610		
AF	Department of Human, Financial and Physical Resources	117,588	3,921	113,667	(40,246)	895	(41,141)	77,342	4,816	72,526	72,526		
GID	Office of Assistant Director-General	1,557	0	1,557	(1,557)	0	(1,557)	0	0	0	0		
GIC	Conference, Council and Protocol Affairs Division	15,115	126	14,989	(15,115)	(126)	(14,989)	0	0	0	0		
GII	Information Division	16,405	0	16,405	(16,405)	0	(16,405)	0	0	0	0		
GIL	Library and Documentation Systems Division	14,586	58	14,528	(14,586)	(58)	(14,528)	0	0	0	0		
GI	General Affairs and Information Department	47,663	184	47,479	(47,663)	(184)	(47,479)	0	0	0	0		
KCD	Office of Assistant Director-General	0	0	0	2,242	0	2,242	2,242	0	2,242	2,242		
KCC	Conference, Council and Protocol Affairs Division	0	0	0	16,001	126	15,875	16,001	126	15,875	15,875		
KCE	Knowledge Exchange and Capacity Building Division	0	0	0	15,018	58	14,960	15,018	58	14,960	14,960		

Org Unit / Dept	Description	Revised PWB 2006-07			Change			PWB 2008-09		
		Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation	Programme of Work	Less: Income	Appropriation
KCI	Communication Division	0	0	0	19,325	0	19,325	19,325	0	19,325
KCT	Information Technology Division	0	0	0	31,934	0	31,934	31,934	0	31,934
KC	Knowledge and Communication Department	0	0	0	84,520	184	84,336	84,520	184	84,336
FAOR	FAO Representations	88,236	10,149	78,086	1,089	1,219	(130)	89,325	11,368	77,957
LO	Liaison Offices	12,919	769	12,150	1,398	0	1,398	14,318	769	13,549
RAF	Regional Office for Africa (Accra)	11,279	958	10,321	192	(475)	667	11,471	483	10,988
RAP	Regional Office for Asia and the Pacific (Bangkok)	18,772	1,595	17,177	1,604	(110)	1,714	20,376	1,485	18,891
REU*	Regional Office for Europe and Central Asia (Budapest)	4,522	320	4,202	5,991	76	5,915	10,513	396	10,117
RLC	Regional Office for Latin America and the Caribbean (Santiago)	15,608	1,274	14,334	(2,273)	(50)	(2,223)	13,335	1,224	12,111
RNE	Regional Office for the Near East and North Africa (Cairo)	11,440	731	10,709	113	0	113	11,553	731	10,822
RO	Regional Offices	61,621	4,878	56,743	5,628	(559)	6,187	67,249	4,319	62,930
SEC	Subregional Office for Central Asia	5,856	165	5,691	(507)	610	(1,117)	5,349	775	4,574
SEU	Subregional Office for Central and Eastern Europe	0	0	0	4,953	485	4,468	4,953	485	4,468
SFC	Subregional Office for Central Africa	5,687	165	5,522	(657)	310	(967)	5,030	475	4,555
SFE	Subregional Office for Eastern Africa	6,308	175	6,133	(790)	55	(845)	5,518	230	5,288
SFS	Subregional Office for Southern Africa	6,816	230	6,586	(388)	413	(801)	6,428	643	5,785
SFW	Subregional Office for West Africa	4,965	188	4,777	(229)	362	(591)	4,736	550	4,186
SLA	Subregional Office for the Caribbean	0	0	0	4,889	392	4,497	4,889	392	4,497
SLC	Subregional Office for Central America	0	0	0	5,030	485	4,545	5,030	485	4,545
SLS	Multidisciplinary Team for South America	0	0	0	4,779	78	4,701	4,779	78	4,701
SAPA	Subregional Office for the Pacific Islands	2,779	33	2,746	1	0	1	2,779	33	2,746
SEUR	Subregional Office for Central and Eastern Europe	2,841	0	2,841	(2,841)	0	(2,841)	0	0	0
SLAC	Subregional Office for the Caribbean	4,437	66	4,371	(4,437)	(66)	(4,371)	0	0	0
SNEA	Subregional Office for North Africa	3,536	25	3,511	2	0	2	3,538	25	3,513
SO	Subregional Offices	43,226	1,047	42,179	9,804	3,124	6,680	53,030	4,171	48,859
CONT	Contingencies	600	0	600	0	0	0	600	0	600
MDA	Resources for Multidisciplinary Work	0	0	0	2,807	0	2,807	2,807	0	2,807
PBX	Redeployment Costs	0	0	0	3,300	0	3,300	3,300	0	3,300
AOS	Income	(5,634)	27,372	(33,006)	(1,366)	3,711	(5,077)	(7,000)	31,083	(38,083)
8	Capital Expenditure	13,575	8,851	4,724	4,835	(8,851)	13,686	18,410	0	18,410
9	Security Expenditure	20,444	0	20,444	(0)	0	(0)	20,444	0	20,444
Total		876,873	111,173	765,700	33,032	14,333	18,699	909,905	125,506	784,400

* The resources for the Shared Service Centre (SSC) in Budapest are included under REU

FAO headquarters structure

Office of the Inspector-General, AUD	Office of the Director-General Director-General Deputy Director-General	Legal Office, LEG	
Office of UN Coordination and MDG Follow-up, UNC	Cabinet of the Director-General	Office of Programme, Budget and Evaluation, PBE	
AG Agriculture and Consumer Protection Department <i>Crisis Management Centre</i>	FO Forestry Department	FI Fisheries and Aquaculture Department	NR Natural Resources Management and Environment Department <i>Secretariat of the Science Council to the CGIAR</i>
	ES Economic and Social Development Department	TC Technical Cooperation Department	
	KC Knowledge and Communication Department <i>International Alliance Against Hunger (IAAH)</i>	AF Department of Human, Financial and Physical Resources <i>-Shared Services Centre -Medical Service -Security Service</i>	
Animal Production and Health Division, AGA	Forest Economics and Policy Division, FOE	Fisheries and Aquaculture Economics and Policy Division, FIE	Land and Water Division, NRL
Plant Production and Protection Division, AGP	Forest Management Division, FOM	Fisheries and Aquaculture Management Division, FIM	Environment, Climate Change and Bioenergy Division, NRC
Nutrition and Consumer Protection Division, AGN	Forest Products and Industry Division, FOI	Fish Products and Industry Division, FII	Research and Extension Division, NRR
Rural Infrastructure and Agro-Industries Division, AGS			
Joint FAO/IAEA Division, AGE			

FAO decentralized offices structure

AFRICA		LATIN AMERICA AND THE CARIBBEAN		ASIA AND THE PACIFIC		NEAR EAST AND NORTH AFRICA		EUROPE AND CENTRAL ASIA	
Regional Office for Africa, RAF		Regional Office for Latin America and the Caribbean, RLC		Regional Office for Asia and the Pacific, RAP		Regional Office for the Near East and North Africa, RNE		Regional Office for Europe and Central Asia, REU	
Subregional Office for West Africa, SFW*		Multidisciplinary Team for South America, SLS*						Subregional Office for Central and Eastern Europe, SEU*	
Subregional Office for Eastern Africa, SFE		Subregional Office for Central America, SLC		Subregional Office for the Pacific Islands, SAPA		Subregional Office for North Africa, SNEA		Subregional Office for Central Asia, SEC	
Subregional Office for Central Africa, SFC		Subregional Office for the Caribbean, SLA							
Subregional Office for Southern Africa, SFS									
COUNTRY OFFICES		COUNTRY OFFICES		COUNTRY OFFICES		COUNTRY OFFICES		COUNTRY OFFICES	
* Co-located in Regional Office		<div>Liaison Offices</div> <div>North America, LOWA</div> <div>UN (New York), LONY</div> <div>UN (Geneva), LOGE</div> <div>EU and Belgium, LOBR</div> <div>Japan, LOJA</div> <div>Russia, LORU</div>							

* Co-located in Regional Office

Acronyms

ACP	African, Caribbean and Pacific Group of States
ADG	Assistant Director-General
AFH	Human Resources Management Division
AFS	Administrative Services Division
AGA	Animal Production and Health Division
AGE	Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture
AGROVOC	Multilingual Thesaurus of Agricultural Terminology
ASEAN	Association of Southeast-Asian Nations
ASG	Assistant Secretary-General
ASMC	After-service Medical Coverage
CCA	Common country assessment
CCLM	Committee on Constitutional and Legal Matters
CCP	Committee on Commodity Problems
CCRF	Code of Conduct for Responsible Fisheries
CDM	Clean development mechanism
CEB	United Nations System's Chief Executives Board for Coordination
CFS	Committee on World Food Security
CGIAR	Consultative Group on International Agricultural Research
CGRFA	Commission on Genetic Resources for Food and Agriculture
COAG	Committee on Agriculture
COFO	Committee on Forestry
DAC	Development Assistance Committee
EAF	Ecosystem approach to fisheries
EIFAC	European Inland Fisheries Advisory Commission
EMPRES	Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases
ESW	Gender, Equity and Rural Employment Division
EUFMD	European Commission for the Control of Foot-and-Mouth Disease
FAOSTAT	Corporate Database for Substantive Statistical Data
FAOTERM	FAO Terminology Database
FIRMS	Fisheries Resources Monitoring System

FIVIMS	Food Insecurity and Vulnerability Information and Mapping System
FMD	Foot-and-mouth disease
FPMIS	Field Programme Management Information System
GAIN	Global Alliance for Improved Nutrition
GDP	Gross domestic product
GEF	Global Environment Facility
GFCM	General Fisheries Commission for the Mediterranean
GIEWS	Global Information and Early Warning System on Food and Agriculture
GLCN	Global Land Cover Network
GLiPHA	Global Livestock Production and Health Atlas
GREP	Global Rinderpest Eradication Programme
GRULAC	Group of Latin America and Caribbean Countries
GTOS	Global Terrestrial Observing System
HLCM	High-level Committee on Management
HLCP	High-level Committee on Programmes
HLP	High-level Panel on United Nations System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment
HPAI	Highly pathogenic avian influenza
HRMS	Human Resources Management System
IAAH	International Alliance Against Hunger
IAEA	International Atomic Energy Agency
IASMN	Inter-Agency Security Management Network
ICARRD	International Conference on Agrarian Reform and Rural Development
ICSC	International Civil Service Commission
ICT	Information and communication technology
IDWG	Interdepartmental Working Group
IEE	Independent External Evaluation of FAO
IFAD	International Fund for Agricultural Development
IFI	International financing institution
ILO	International Labour Organization
INFOODS	International Network of Food Data Systems
IPCC	Intergovernmental Panel on Climate Change
IPM	Integrated pest management

IPOA	International Plan of Action
IPPC	International Plant Protection Convention
IPSAS	International Public Sector Accounting Standards
ISPM	International Standards for Phytosanitary Measures
IT	International Treaty
IUU	Illegal, unreported and unregulated (fishing)
KCE	Knowledge Exchange and Capacity Building Division
KCT	Information Technology Division
LDC	Least developed country
LIFDC	Low-income, food-deficit country
LLDC	Land-locked developing countries
LORU	Liaison Office with Russia
MCS	Monitoring, control and surveillance
MDG	Millennium Development Goal
MSU	Management Support Unit
MTP	Medium Term Plan
NGO	Non-governmental organization
NMTPF	National medium-term priority framework
NPFS	National Programme for Food Security
NR	Natural Resources Management and Environment Department
NRC	Environment, Climate Change and Bioenergy Division
NWFP	Non-wood forest product
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
PAAT	Programme Against African Trypanosomiasis
PAIA	Priority Area for Inter-disciplinary Action
PBE	Office of Programme, Budget and Evaluation
PGRFA	Plant Genetic Resources for Food and Agriculture
PIF	Pacific Islands Forum
REIO	Regional Economic Integration Organization
RFB	Regional fishery body
RLC	Regional Office for Latin America and the Caribbean
SARS	Severe acute respiratory syndrome
SFERA	Special Fund for Emergency and Rehabilitation Activities

SIDS	Small island developing states
SOFA	The State of Food and Agriculture
SOFI	The State of Food Insecurity in the World
SPFS	Special Programme for Food Security
SRA	Special reserve account
SSC	Shared Services Centre
SSC	South-South Cooperation
STF	Strategy for Improving Information on Status and Trends of Capture Fisheries
TAD	Transboundary animal diseases
TCA	Policy Assistance Division
TCP	Technical Cooperation Programme
TPF	Terminal Payments Fund
TCPR	Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System
UNC	Office of UN Coordination and MDG Follow-up
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDSS	United Nations Department of Safety and Security
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPF	United Nations Joint Staff Pension Fund
UTF	Unilateral trust fund
VMS	Vessel monitoring system
WAICENT	World Agricultural Information Centre
WCF	Working Capital Fund
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

FAO STRATEGIC FRAMEWORK 2000-15

Global Goals of Members:

- Access of all people at all times to sufficient nutritionally adequate and safe food, ensuring that the number of undernourished people is reduced by half by no later than 2015.
- The continued contribution of sustainable agriculture and rural development, including fisheries and forestry, to economic and social progress and the well-being of all.
- The conservation, improvement and sustainable utilization of natural resources, including land, water, forest, fisheries and genetic resources for food and agriculture.

Strategies to Address Members' Needs

- A. Contributing to the eradication of food insecurity and rural poverty
- B. Promoting, developing and reinforcing policy and regulatory frameworks for food, agriculture, fisheries and forestry
- C. Creating sustainable increases in the supply and availability of food and other products from the crop, livestock, fisheries and forestry sectors
- D. Supporting the conservation, improvement and sustainable use of natural resources for food and agriculture
- E. Improving decision-making through the provision of information and assessments and fostering of knowledge management for food and agriculture

Strategies to Address Cross-Organizational Issues

- Ensuring excellence
- Enhancing interdisciplinarity
- Broadening partnerships and alliances
- Continuing to improve the management process
- Leveraging resources for FAO and its Members
- Communicating FAO's messages

MILLENNIUM DEVELOPMENT GOALS

- Goal 1. Eradicate extreme poverty and hunger
Goal 2. Achieve universal primary education
Goal 3. Promote gender equality and empower women
Goal 4. Reduce child mortality
Goal 5. Improve maternal health
Goal 6. Combat HIV/AIDS, malaria and other diseases
Goal 7. Ensure environmental sustainability
Goal 8. Develop a Global Partnership for Development