



Food and Agriculture  
Organization of the  
United Nations

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The Director-General's  
**Medium Term Plan**  
**2014-17**

and

**Programme of**  
**Work and Budget**  
**2014-15**

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Thirty-eighth Session  
of the Conference  
15 – 22 June 2013

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**Medium Term Plan  
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United Nations

*Rome 2013*

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## Director-General's Foreword

*It has been a priority for me since taking office in January 2012 to refocus FAO's strategic direction against a background of a continuing global economic crisis. This effort has one goal in mind: to improve the impact of the services we offer member countries in supporting their efforts to advance towards hunger-free and sustainable societies.*

*It is therefore gratifying that FAO Members are driving the elevation of the Organization's first Global Goal - from reducing to eliminating hunger - within the review of the Strategic Framework 2010-19.*

*This review was guided by the Strategic Thinking Process launched in 2012 and has led to five new cross-cutting Strategic Objectives for the future work of FAO. A year-long process of analysis and dialogue began with consideration and identification of eleven overarching global, political, and socio-economic trends, which were distilled into seven main challenges expected to be faced by member countries in food and agriculture.*

*In turn, FAO's basic attributes and comparative advantages were analyzed in relation to these challenges within the context of the evolving development cooperation environment, leading to the revision of our core functions, which are our means of action - norms and standard-setting, data and information, policy dialogue, capacity development, knowledge and technologies, partnerships, and advocacy and communication.*

*FAO is unique in having a broad mandate spanning a range of critical technical areas, and an outstanding network of decentralized offices. A series of measures, operational changes and adjustments to internal structure were put in place in 2012 to heighten the emphasis on translating the Organization's normative expertise into enhanced country-level impact, and its global knowledge products into tangible change in policy and practice.*

*Accordingly, I am pleased to submit for consideration by the governing bodies proposals for my first Medium Term Plan and Programme and Work and Budget as*

*Director-General within the context of the reviewed Strategic Framework.*

*The Programme of Work set forth in the PWB 2014-15 embodies the tangible outcome of the efforts to refocus FAO's strategic direction, and in conjunction with the strengthened results framework in the Medium Term Plan 2014-17 it introduces a new programmatic approach and new ways of working for the Organization. It also focuses FAO's resources and efforts on those areas where the Organization's comparative advantages are largest, and it aims to deliver results where impacts are greatest.*

*The trans-sectoral nature of the five Strategic Objectives, along with the sixth objective focused on technical quality, knowledge and services and the two cross-cutting themes of gender and governance, will require a more collaborative and synergetic approach to activities in tackling the action plans related to each Objective. A matrix structure for delivery of the Programme of Work will combine the leadership of Strategic Objective Coordinators with that of Assistant Directors-General and Directors heading departments and divisions.*

*Further to the institutional strengthening measures introduced in 2012, a final set of structural changes will realign the main organizational arms to fully support the delivery of the Programme of Work. The knowledge and operational arms of the Organization will be headed by a triumvirate of senior managers reporting directly to the Director-General, who will be responsible for managing FAO's capacity relating to a) integrated management of natural resources, b) economic and social development, including social protection, and c) technical cooperation and the decentralized office network. Supporting functions relating to partnerships and communications will be strengthened, as will the integrated approach to mobilization and allocation of resources directly aligned to Strategic Objectives, with a focus on South-South cooperation to complement other traditional forms of cooperation.*

*The proposed structural adjustments and enhancements, and the programmatic strengthening needed to deliver the*

*Programme of Work in 2014-15 in pursuing FAO's Strategic Objectives will require an incremental allocation of resources of approximately USD 31.5 million towards three main areas: (i) the enhanced Technical Cooperation Programme, bringing the TCP appropriation closer to the target of 14 percent of the Net Appropriation set by the Conference, (ii) bolstering the Organization's social protection capacity relating to Strategic Objective 3, and (iii) strengthening of the communication and partnerships functions to leverage the work of all concerned parties in achieving our objectives.*

*While a large proportion of these incremental resources have been identified from reallocation of efficiency savings, the Multidisciplinary Fund and one-time IPA resources, delivery of the Programme of Work in 2014-15 will require a small additional amount of USD 10 million, or 1 percent real increase in the Net Appropriation over the 2012-13 budget level.*

*Concurrently, the cost increases for the 2014-15 biennium have been carefully analyzed, and have been calculated to a biennial increase of 5.4 percent. By far the largest component of these cost increases relates to Personnel Services, including USD 21 million for after-service benefits. This translates to an overall staff cost component of 75 percent of the 2014-15 Net Appropriation, up from 2000-01 level of 70 percent.*

*In view of the challenging economic circumstances for many member countries, and the need for a greater proportion of resources to be made available for programmatic activities, I recognize that this increase in staff costs is unsustainable.*

*I am therefore committed to putting in place measures in the forthcoming years to reduce the staff cost component of the Net Appropriation without adversely affecting the capacity of the Organization to respond to Members' needs and priorities. In this connection, the Secretariat is already exploring alternatives, and related options will be presented for consideration by the governing bodies in parallel with the proposed PWB 2014-15.*

*The MTP 2014-17 and the PWB 2014-5 being presented to governing bodies mark a quantum leap in the manner in which the Organization works, breaking down long standing silos, and concentrating resources in pursuit of the objectives set by the Member Nations. The new programmatic approach and ways of working will enable FAO to focus its efforts and activities in achieving the shared goals of the member countries. It is a roadmap to truly transforming FAO into a knowledge organization with its feet planted firmly on the ground. Above all, the proposals contained in this document respond meaningfully to the renewed ambition and purpose of FAO and its Members in tackling hunger, food insecurity and malnutrition.*

**José Graziano da Silva**  
**Director-General**



## Executive Summary

This document presents the Director-General's proposed four-year Medium Term Plan (MTP) and two-year Programme of Work and Budget (PWB) to guide the work of the Organization from the year 2014. It complements the Strategic Framework 2010-19 which was reviewed as part of the established planning, programme and budget system under the auspices of the Strategic Thinking Process launched in 2012.

The MTP/PWB provides for a clear line of sight from the amended Global Goals of the Organization, through its new cross-cutting Strategic Objectives and related Action Plans to the measurable outcomes and outputs which FAO commits to achieving with a proposed small, real increase in the resources at its disposal. It introduces a revised set of Core Functions, as well as a new programmatic approach supported by transformative measures designed to enhance the impact of the technical and operational capacity of the Organization.

### *Global trends and main challenges in food and agriculture*

Major global trends that will frame agricultural development over the medium-term include: rising food demand, lingering food insecurity, malnutrition - including rising obesity levels, rural poverty, increasingly complex agricultural and food systems, more dynamic agricultural trade flows and regulations, climate change, and need for better governance to address increasing agricultural development complexity.

Taking into account these global trends, as well as FAO's broad mandate, seven main developmental challenges will have special significance for member countries and other development actors to increase agricultural production while ensuring sustainable ecosystem and climate change management; eradicate food insecurity, nutrient deficiencies and unsafe food; improve the quality and balance of food consumption and nutrition; improve the livelihoods of populations in rural areas; ensure more inclusive food and agriculture systems; increase resilience of livelihoods to threats and shocks; and strengthen governance mechanisms.

### *FAO's results framework*

To meeting the main developmental challenges, five new Strategic Objectives are defined that set out the impacts needed to meet the challenges in member countries, as well as FAO's means for value-added intervention through seven Core Functions, two cross-cutting themes on gender and governance, a sixth objective on technical quality and knowledge, and four Functional Objectives that provide the enabling environment.

The revised results framework provides for a significantly reduced number of Organizational Outcomes, measured by targets and indicators, that will help to achieve the Strategic Objectives through interventions by FAO and partners: contribute to eradication of hunger, food insecurity and malnutrition; increase and improve the provision of goods and services from agriculture, forestry and fisheries in a sustainable manner; reduce rural poverty; enable more inclusive and efficient agricultural and food systems at local, national and international levels; and increase the resilience of livelihoods to threats and crises.

The Organizational Outcomes will be implemented by FAO in a new programmatic approach with a more robust monitoring framework. The management of the Strategic Objective programmes will be led by empowered Strategic Objective Coordinators. Technical departments and divisions headed by Assistant Directors-General and Directors will ensure technical quality and knowledge and will develop specific areas of normative and standard-setting work. Decentralized offices will focus their work under the Organizational Outcomes on priorities identified in Country Programming Frameworks. FAO's interventions will be implemented through the application of the Core Functions that have been revised in relation to the Organization's basic attributes and comparative advantages within the context of the evolving development cooperation environment. The monitoring framework will include indicators and targets moving from global development outcomes to indicators of change at country level and outputs delivered by FAO.

### *Transformational changes*

FAO has a unique mandate, broad technical and operational capacity, outstanding expertise relating to normative work and production of global knowledge products, as well as a solid decentralized office network worldwide. Building on previous reforms and the review of the Strategic Framework, transformative measures have been introduced in order to enhance and better align the structure and functions of the Organization to deliver effectively from 2014 against the reoriented strategic direction.

The PWB proposes further transformational change adjustments to the organizational structure, as well as outlining the Director-General's commitment to seek continually measures for increased accountability, value-for-money and efficiency. In view of the unprecedented high level of savings identified in 2012 requiring a period of consolidation and internalization, incremental savings and efficiency gains of USD 10 million have been factored into the PWB.

### *Resource Requirements*

The PWB presents an integrated view of total resource requirements to carry out the Programme of Work in order to achieve the two-year targets under the results framework from the *Net Budgetary Appropriation* and *Voluntary Contributions*.

The *Net Budgetary Appropriation* reflects the requirements proposed to be funded from assessed contributions by Members. Starting with the 2012-13 net appropriation budget level of USD 1,005.6 million, an incremental resource allocation of USD 31.5 million for high-priority areas is identified: strengthening the Technical Cooperation Programme (USD 15.8 million); enhancing the communication and partnerships functions (USD 7.0 million); reinforcing social protection capacity relating to Strategic Objective 3 (USD 5 million); increasing the budget of the Office of Evaluation by USD 1.1 million to reach 0.8 percent of the Net Appropriation; other areas, including departmental technical networks, statistics, flagship publications, audit and strategic planning (USD 2.4 million); and a small amount of transitional resources for a Director-General Elect (USD 0.2 million). It is proposed that this incremental requirement is met by reallocation of resources within the PWB base and an additional amount of USD 10 million, representing a 1 percent real increase over 2012-13.

Cost increases are estimated at USD 54.4 million to maintain purchasing power, comprising USD 46.6 million for increases in staff costs and USD 7.8 for increases in cost of goods and services. Accordingly, the total proposed *Net Budgetary Appropriation* to be funded from assessed contributions is USD 1,070.1 million, a 6.4 percent increase over the 2012-13 net budgetary appropriation level.

The *Voluntary Contributions* reflect the estimates for extrabudgetary resources totaling USD 1,437.4 million, comprising: *core voluntary contributions* of USD 164.9 million for estimated project and non-project resources in direct support of the Programme of Work and *other extrabudgetary Voluntary Contributions* of USD 1,272.5 million comprising support to the field programme and assistance to Members Nations estimated at USD 572.5 million, and emergencies at USD 700 million.

Approval of the proposed *Net Budgetary Appropriation* and realisation of the estimated *Voluntary Contributions* would put USD 2,507.4 million at the disposal of the Organization for implementation of the 2014-15 Programme of Work.

# MEDIUM TERM PLAN 2014-17

## A. The vision for transformation of the Organization

1. The review of the existing Strategic Framework of FAO is part of the established planning, programme and budget system introduced by the Conference at its 36<sup>th</sup> session in November 2009.<sup>1</sup> This approach also drives the preparation of related planning documents: the Medium Term Plan 2014-17 and the Programme and Work and Budget 2014-15. It is also the cornerstone of the vision for transformational change of FAO, which builds on reforms of the past several years accelerated by decisions and actions taken in 2012.
2. The transformational change will help to enhance delivery and impact of programmes in support of the Organization's overarching aim of combating hunger, malnutrition and food insecurity globally by effective translation of its normative work into country-level impact, and of its global knowledge products into tangible change in policy and practice.
3. All elements of the transformational change process are predicated on a clear and more focused strategic direction, based on enhanced capacity and functioning of the decentralized office network working in a holistic and mutually supportive way with headquarters. To carry this forward, targeted institutional strengthening is required along with additional measures to obtain greater value-for-money.
4. At its 144<sup>th</sup> session in June 2012, the Council supported the overall vision for transformational change of the Organization. It also considered initiatives for enhancing value-for-money, including identification of further savings of USD 19.3 million, and endorsed proposals for their reallocation within the PWB 2012-13 towards the decentralized office network, strategic planning, interdisciplinary work, and security.
5. An update was presented to the Council in December 2012<sup>2</sup> on the progress of implementation of the transformative measures along with further initiatives for institutional strengthening, which it endorsed. In recognizing that the vision for transformational change also builds upon Members' previous guidance and the benefits arising from FAO reform, the IEE and the IPA, the Council also supported the direction aimed at bringing FAO reform to a close.
6. The future strategic direction and priorities of the Organization within the context of the vision for transformational changes were developed during 2012 by the Strategic Thinking Process, which drove the review of the existing Strategic Framework and preparation of the Medium Term Plan 2014-17 and Programme of Work and Budget 2014-15.
7. The Process enabled identification, through a year-long series of iterative, analytical and consultative steps of: (i) eleven overarching, global, political, and socio-economic trends; (ii) seven main challenges expected to be faced by member countries in food and agriculture; and (iii) a review of FAO's basic attributes, core functions and comparative advantages mapped against the main challenges. Five new proposed Strategic Objectives were thus extrapolated representing the main areas of work for FAO to concentrate its efforts in striving to achieve its Vision and Goals.<sup>3</sup>
8. As a result of Process and as recommended by the Council,<sup>4</sup> the first Global Goal of the Organization has been elevated from "reducing" to "eliminating" hunger. The core functions of FAO have been revised within the context of the evolving global development architecture as instruments for the Organization to organize and develop its work, as well as means of action – norms and standard-setting, data and information, policy dialogue, capacity development, knowledge and technologies, partnerships, and advocacy and communication.
9. The trans-sectoral nature of the Strategic Objectives, the sixth objective dedicated to the provision of technical quality, knowledge and services, the two cross-cutting themes of gender and governance, and the revamped Functional Objectives introduce a new programmatic approach and new ways of working for the Organization in the delivery of the Programme of Work for 2014-15. The Process has also enabled the introduction of a new robust results model and monitoring framework which forms the backbone of the Medium Term Plan 2014-17.

<sup>1</sup> Conference Resolution 10/2009

<sup>2</sup> C 145/3

<sup>3</sup> CL 145/4

<sup>4</sup> CL 145/REP paragraph 15 i)

## B. FAO's results-based framework

### *Context*

10. FAO's vision and Global Goals have been endorsed by the governing bodies as part of the Strategic Framework.

11. At its Thirty-sixth Session in November 2009, the Conference established a renewed results-based programme and budget approach for FAO consistent with actions arising from the Immediate Plan of Action on priorities and programmes for the Organization. The four-year Medium Term Plan applies the principles and major elements of this enhanced results-based approach, which, as set forth in the Strategic Framework, comprise:

- **Strategic Objectives** representing the development outcomes contributing to the achievement of the Global Goals;
- **Functional Objectives** providing the enabling environment for FAO's work;
- **Core Functions** as the critical means of action to be employed by FAO to achieve results; and
- **Organizational Outcomes** (previously called "Organizational Results") defining the outcome of FAO's work as measured by *indicators and targets*, contributing to the objectives.

12. Based on the Strategic Thinking Process initiated in January 2012, as well as experience with the results-based approach during 2010-11, several areas of improvement have been incorporated into the Medium Term Plan 2014-17. These relate to: 1) a reduced number of more cross-cutting and focussed Strategic Objectives and Organizational Outcomes designed with a clear line of sight from global goals through objectives to outcomes and outputs as measured by indicators and targets; 2) the introduction of an Objective to ensure technical knowledge, quality and services by departments; 3) specific attention to two cross-cutting areas of work, on gender and governance, mainstreamed into all the Strategic Objectives; 4) adjustment of the Functional Objectives; and 5) review and more rigorous application of the Core Functions.

### *Strategic Objectives*

13. The Strategic Objectives (SOs) express the development outcomes, in countries, regions and globally, expected to be achieved over a long-term (ten-year) timeframe by Members based on FAO's value-added interventions. The Strategic Objectives defined in the reviewed Strategic Framework have several features that will improve their results focus: they are more directly linked to the Global Goals; they are fewer in number (five compared with 11 in the current Strategic Framework); they will have indicators of achievement; and concrete Action Plans describe the overall approach that FAO will use to tackle the issues and problems identified under the Strategic Objectives. The five Strategic Objectives are:

- 1. Contribute to the eradication of hunger, food insecurity and malnutrition**
- 2. Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner**
- 3. Reduce rural poverty**
- 4. Enable more inclusive and efficient agricultural and food systems at local, national and international levels**
- 5. Increase the resilience of livelihoods to threats and crises**

### *Action Plans*

14. The Action Plans describe the overall strategy that FAO will use to work on the issues and problems identified for each Strategic Objective, as summarized in MTP section E and PWB section D, and provided in full in Web Annex XII. The Action Plans will be implemented as corporate programmes complemented by programmatic regional initiatives. Each Action Plan will be guided by a Strategic Objective Coordinator.

15. The Action Plans will also serve as the *impact focus areas* foreseen in Conference Resolution 10/2009, i.e. priority areas to guide mobilization of extrabudgetary resources, facilitating oversight of extrabudgetary resources in key impact areas and increasing coherence between activities financed by the Regular Programme and extrabudgetary resources.

*Technical knowledge, quality and services*

16. A sixth Objective covers the provision of technical knowledge, quality and services for the work of the Organization, encompassing core normative work.

17. The headquarters departments will contribute under this sixth Objective to specific areas of technical, normative and standard setting work, including servicing the Technical Committees and preparing flagship publications. They will also manage the technical networks that will be organized along main disciplinary lines across all locations as an instrument for human resources capacity development. This will be in addition to staff in the technical departments at headquarters being assigned for a large part of their time to work in direct support of achieving the Strategic Objective under the overall guidance and supervision of the SO Coordinators.

*Cross-cutting themes on Gender and Governance*

18. The Action Plans have been developed and will be implemented with due attention to two cross-cutting themes on gender and governance, so as to ensure that their respective perspectives and approaches are fully integrated into the programmatic work of the Organization. Areas of focus arising from these two cross-cutting themes are being developed specifically for each Strategic Objective, and the related Action Plans address gender- and governance-related aspects with the help of measurable indicators or specific outputs. This will ensure full alignment of gender and governance requirements at various phases: development, implementation, monitoring and reporting.

19. This approach provides greater transparency and assurance for the integration of gender and governance in all the activities of the Organization. It will also be consistent with the decision<sup>5</sup> of the Conference, which in introducing the revised programme and budgeting system for the Organization in 2009, decided that: “Gender will be fully integrated into the Strategic Framework and Medium Term Plan, and will no longer have a separate Gender and Development Plan of Action”

*Functional Objectives*

20. The Functional Objectives (FOs) are an essential part of the enabling environment within FAO to support the achievement of the Strategic Objectives. They provide for effective delivery of services, with due attention to efficiency.

21. The MTP 2010-13 contained two Functional Objectives: FO-Y, aiming at efficient and effective administration and housing the administrative budget of the Organization; and FO-X: “Effective collaboration with Members states and stakeholders”, aiming at honing strategic direction, leveraging and focusing on comparative advantage, and more effectively governing and overseeing the totality of FAO operations.

22. In the MTP 2014-17, the Functional Objective on efficient and effective administration (currently FO-Y) is maintained, clearly identifying the resources devoted to administrative work<sup>6</sup> and providing performance indicators related to efficiency and effectiveness.

23. FO-X has been reformulated with a clearer articulation of the enabling services provided, including the resources allocated to outreach, information technology, and FAO governance, oversight and direction. This will *inter alia* address concerns expressed by Members in the past that information related to FO-X was unclear.<sup>7</sup>

<sup>5</sup> Conference Resolution 10/2009 operative paragraph 1(b) (ii)

<sup>6</sup> Conference Resolution 10/2009 operative paragraph 1(c)

<sup>7</sup> CL 141/8 paragraph 7 and CL 141/9 paragraph 35

### *Core Functions*

24. The Core Functions, as the critical means of action to be employed by FAO to achieve results, represent the types of interventions to which the Organization will give priority in its plan of action. The concepts of comparative advantage and core function have been extensively addressed in a number of institutional documents, such as the Strategic Framework 2000-2015 and the Medium Term Plan 2010-2013. The concept of Core Function, as well as that of comparative advantage, has been revisited through the Strategic Thinking Process. A revised set of proposed seven core functions is described in MTP section D.

### *Organizational Outcomes*

25. Under the Strategic Objectives, more specific Organizational Outcomes are to be measured by indicators with targets expected to be achieved over a four-year period through the use by countries and partners of FAO's products and services. The number of these Organizational Outcomes under the Strategic Objectives is reduced significantly, providing the basis for more focus and prioritization.

26. It is at this level that the priorities expressed by the Regional Conferences and Technical Committee are taken directly into account in formulating areas of emphasis and outputs to be produced. Furthermore, Country Programming Frameworks, which are developed together with the concerned governments to focus FAO's efforts on well-identified national priorities, also inform the development of subregional and regional areas of priority action, including via the Regional Conferences and specialised Regional Commissions. This bottom-up approach informs the Strategic Thinking Process and the formulation of the Strategic Objectives and Organizational Outcomes.

### *Indicators and targets*

27. In reviewing the MTP 2010-13, the Council and Conference requested the Secretariat to continue to improve the formulation of indicators and targets of achievement, so as to provide a sound basis for performance management and reporting. There were several issues to be addressed in this regard: the current Strategic Objectives were not formulated with related indicators; the indicators at Organizational Result level generally were not indicators of "outcome" or change as the result of FAO's actions; more attention was needed to formulate measurable indicators with baselines; and the cost of measuring performance must be balanced with the benefits.

28. These issues are being systematically tackled through a consultative and collaborative process during preparation of the MTP 2014-17, including revision of the corporate results chain model to clarify the impact pathways in which FAO contributes to development outcomes at the Strategic Objective level (see MTP section C). The associated work will continue to progress during 2013.

29. The following table encapsulates the main components of the reviewed Strategic Framework and Medium Term Plan 2014-17:

*FAO's results framework: the main components*

**FAOs vision**

A world free of hunger and malnutrition where food and agriculture contributes to improving the living standards of all, especially the poorest, in an economically, socially and environmentally sustainable manner.

**The three Global Goals of Members:**

- eradication of hunger, food insecurity and malnutrition, progressively ensuring a world in which people at all times have sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life;
- elimination of poverty and the driving forward of economic and social progress for all, with increased food production, enhanced rural development and sustainable livelihoods; and
- sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

**Strategic Objectives**

1. Contribute to the eradication of hunger, food insecurity and malnutrition
2. Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner
3. Reduce rural poverty
4. Enable more inclusive and efficient agricultural and food systems at local, national and international levels
5. Increase the resilience of livelihoods to threats and crises

**Additional objective**

Technical quality, knowledge and services

**Cross-cutting themes**

Gender

Governance

**Core Functions**

1. Facilitate and support countries in the development and implementation of normative and standard-setting instruments, such as international agreements, codes of conduct, technical standards and others
2. Assemble, analyze, monitor and improve access to data and information, in areas related to FAO's mandate
3. Facilitate, promote and support policy dialogue at global, regional and country levels
4. Advise and support capacity development at country and regional level to prepare, implement, monitor and evaluate evidence-based policies, investments and programmes
5. Advise and support activities that assemble, disseminate and improve the uptake of knowledge, technologies and good practices in the areas of FAO's mandate
6. Facilitate partnerships for food security and nutrition, agriculture and rural development, between governments, development partners, civil society and the private sector
7. Advocate and communicate at national, regional and global levels, in areas of FAO's mandate

**Functional Objectives**

Outreach

Information Technology

FAO Governance, oversight and direction

Efficient and effective administration



## C. Approach to monitoring

30. To translate the reviewed Strategic Framework into a meaningful and measurable set of results to be delivered at national, regional and global level, FAO is putting in place institutional measures to complete the transition from formulating results according to a static logframe approach to the more strategic approach of “managing for results”.

31. The change in mindset has prompted a fundamentally new approach: from programming inputs and then analyzing their likely results, to focusing on desired outcomes at country and global levels and then identifying the required action to achieve them. This shift of emphasis necessitates a sound basis for performance management and reporting of results and the use of information to improve decision-making.

32. This section sets out the FAO results model and monitoring framework, which is being further developed during 2013.

### The results-based model

33. The FAO results model is based on commonly applied terminology and builds on the lessons learned during 2010-2012 of implementing results-based management principles in the Organization:

Results chain	Level of result	Definition	Accountability <sup>8</sup>
FAO Global Goals	Impact	Impact	
Strategic Objectives	Development Outcome	The long-term effects (10 years) Change to which the Organizational Outcomes contribute.	Development outcomes are achieved through the combined contributions of governments, FAO and other UN agencies and other stakeholders.
Organizational Outcomes <sup>9</sup>	Intermediate Outcome	The short-term effect (4 years) Change produced from the use of FAO outputs, among others.	Outcomes are achieved in direct partnership with governments and other stakeholders, who are mutually responsible.
Outputs	Output	Set of deliverables that result from FAO's intervention (processes, tangible products and services).	FAO produces and is directly accountable for Outputs.
Activities	The processes that turn inputs into outputs	Set of FAO activities relevant to the achievement of the outputs.	FAO carries out and is directly accountable for Activities.

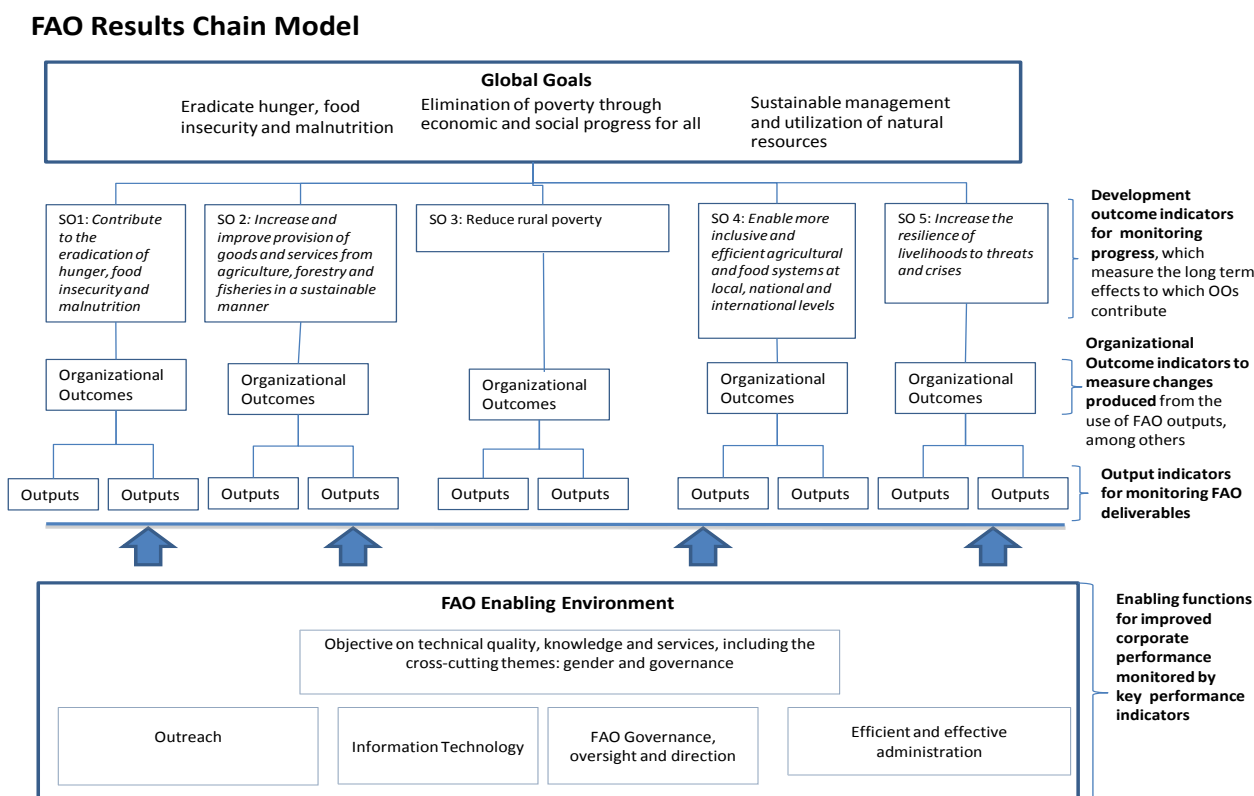
34. The levels of the result model remain largely unchanged. What has changed is the formulation of the development outcomes, at a much higher level, in order to capture change at country and global level, and the associated indicators. It emphasizes FAO's role in contributing benefits in countries by supporting their efforts towards achieving the SOs. The indicators of the development outcomes will provide a clear line of sight for planning the activities, outputs and intermediate outcomes as a pathway of change.

35. The new model has evolved to incorporate the concept of intermediate and development outcomes, and explicitly recognizes that higher-level development results can only be achieved outside of the boundaries of FAO's direct sphere of influence, through a commitment of, and partnership with governments and other stakeholders. An illustration of the new FAO results model application to the Strategic Objectives is below.

<sup>8</sup> Responsibility: zone of influence; Accountability: zone of control.

<sup>9</sup> Organizational Results in MTP 2010-13.

Figure 1: The FAO results chain model



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36. The number of outcomes and outputs is reduced compared with the MTP 2010-13. This makes monitoring more feasible and meaningful. Fewer outcomes also acknowledges that the Strategic Objectives work together to achieve the Outcomes – thus promoting collaboration amongst the technical areas.

37. The Organizational Outcomes (OOs) are the main programmatic areas of work under the Strategic Objectives. SO teams will only programme Outputs and related implementation strategies that are necessary and sufficient towards reaching the Organizational Outcome. As such, all Outputs have to be directly linked and make an important contribution to one or more Organizational Outcome. This approach may require activities and outputs in new areas of work that have not been previously undertaken by FAO, or areas of existing work that need to receive greater emphasis than at present.

### Monitoring framework

38. To ensure better monitoring and reporting of results, indicators are being identified for Strategic Objectives (Development Outcomes), Organizational Outcomes and Outputs.

#### *Strategic Objectives level monitoring, the horizon for results*

39. The Strategic Objectives are the key global development objectives that the international community, countries and FAO have agreed to tackle. FAO is one of many development partners that assist national governments in their progression towards achieving these objectives. Achievements at this level cannot be attributed to any given development partner, but are the result of interventions of an array of stakeholders. FAO contributes to achieving progress in line with its mandate and comparative advantages, but there can be no direct attribution of causality.

40. FAO will start to engage in monitoring SO-level developments through a selected sample of indicators. These will provide a line of sight and horizon for assessing global progress in the areas where FAO has committed to achieve results, and focus for areas of collaboration with partners. A

survey of the pool of globally available development indicators reveals that no single indicator can fully describe the indicative development outcomes of the Strategic Objectives. The prohibitive cost of collecting new development indicators, as well as the time before such indicators become globally accepted, confirm the need for an alternative approach.

41. For these reasons, a set of indicators will be compiled for each Strategic Objective as proxy measures, covering the key dimension of the development phenomenon. Each set comprises single indicators, derived metrics and existing indices, with selection being guided by: indicative of performance at the development outcome level; availability of data at the global level (secondary sources); objectivity and being from authoritative source; sustainability, longevity and timeliness in collection; meaningfulness for aggregation.

42. By formalizing the selection criteria across all Strategic Objectives, a harmonized approach towards measurement of progress will be possible. Such a harmonized approach will allow capturing the multidisciplinary nature of the Strategic Objectives, while ensuring a coherent monitoring and evaluation framework across them.

43. A preliminary list of SO level indicators has been identified (see PWB section D) and is being further elaborated. The selected set of indicators at SO level will be monitored on a yearly basis, and reported every four years at the end of each MTP.

#### *Organizational Outcomes and Outputs level monitoring*

44. Organizational Outcomes assess the changes in the country-level enabling environment needed to foster the achievement of a specific Strategic Objective. The Organizational Outcomes address the question: *what are the main impediments at country level or at international level, in the areas of FAO's mandate and core functions, standing in the way of achieving the expected Strategic Objective?*

45. There are strong similarities among Strategic Objectives in the approach used for designing OO indicators. For each Strategic Objective, the OO indicators are clustered, where meaningful, into the main determinants of success, which generally include aspects related to FAO core functions, such as relevance of: (i) policy and programming frameworks; (ii) level of resources and investments committed; (iii) level and capacity of coordination/partnerships; and (iv) capacity for availability and use of information for decision-making.

46. Organizational Outcome indicators therefore measure progress in terms of commitment and capacities that countries put in place to achieve the Strategic Objectives, in the areas where FAO contributes. Organizational Outcome indicators provide a structured profile by country (and groups of countries) which would also allow communicating with countries and partners on how FAO is addressing the different issues identified as essential for the achievement of the SOs. This approach is particularly relevant in linking the development priorities at country level identified in Country Programming Frameworks (CPFs) with the Strategic Objectives.

47. Progress will be measured in terms of the extent to which countries have established the required capacities to achieve the expected Organizational Outcomes, or the extent to which the international community has made progress on improving the global enabling environment framework (e.g. through the development of needed norms, standards, public goods and agreements). A set of indicators is being defined for each Organizational Outcome within each Strategic Objective. The definition of meaningful and realistic baselines and accompanying targets and sampling are yet to be finalized for most of the new Strategic Objectives and will require additional work in 2013. Data for these indicators are obtained mostly from secondary sources, national statistics and through expert opinion survey at country level.

48. With regards to the Outputs, these are FAO's direct contribution in terms of processes, products and services to the Organizational Outcomes. They represent the results attributable to FAO at the global, regional and national levels and the tangible delivery of FAO's interventions funded through regular and extrabudgetary resources.

*Objective on Technical knowledge, quality and services and Functional Objectives*

49. Work that was not specifically attributable to one of the Strategic Objectives has been formulated under Objective 6 to ensure technical quality, knowledge and services; and four functional objectives providing an enabling environment for the efficient and effective delivery of the Organization's work. A variant of the results model adapted to measure performance of these functions comprises an overall statement of intent, challenges and priorities for the next MTP period, including planned progress in improving performance and clear Organizational Outcome statements. FAO is fully accountable for achieving the Organizational Outcome Statements and the relevant set of key performance indicators. The offices responsible for the services will identify areas for business improvement that ensure reaching the targets.

*Monitoring of the cross-cutting themes and core functions*

50. The cross-cutting themes provide an opportunity to develop innovative transversal monitoring across all Strategic Objectives. The monitoring framework for the cross-cutting themes has two different dimensions:

- a) as part of Objective 6 outcome statement, and outputs and indicators that profile the Organization's responsibility to ensure the technical knowledge, quality and services, and coherent strategy and approaches for the two cross-cutting themes and for those core functions not covered by the Functional Objectives; and
- b) the systematic identification and classification of Organizational Outcome or output indicators within each Strategic Objective, which will allow monitoring across Strategic Objectives.

*Internal monitoring capacity*

51. Effective monitoring and reporting across the entire span of the results framework will be facilitated by enhanced and restructured internal capacity. In particular, the reorganized internal governance structure has been designed to improve managerial decision-making, institutional policy coherence, monitoring of programmatic and management issues, identification of organizational synergies, and information sharing. This structure will consist of the Executive Management Team, comprising of the Director-General, the Deputy Directors-General, the Directeur de Cabinet, the ADG/ES and the Legal Counsel; the present Senior Management Meeting to consider institutional policies; a new Corporate Programme Monitoring Board, comprising of the Director-General, the Deputy Directors-General, the Directeur de Cabinet, Assistant Directors-General, the Strategic Objective Coordinators and the Director, OSP; and the present Programme and Policy Advisory Board for information sharing among all director-and-above managers.

52. In addition, monitoring of results will be supported by the enhanced capacity within the Office of Strategy, Planning and Resources Management (OSP), which was strengthened as part of transformational changes endorsed by the Council in 2012 in order to provide advice and support on creation of a stronger results focus, enhanced budgetary management techniques and development of a more rigorous corporate performance monitoring and reporting framework. The deployment of the Global Resources Management System (GRMS) during 2013 will provide business process support to the Organization's monitoring capacity for administration, while systems will be developed to provide information on results in support of monitoring and management decision-making.

## D. Core functions as means of FAO action

53. Core Functions are defined in the MTP 2010-2013 as “the critical means of action to be employed by FAO to achieve results”. Consequently, they represent the types of interventions to which the Organization will give priority in its plan of action. Core Functions have evolved over the years and in the different planning documents.

54. Taking into consideration the evolving development environment and a clear characterization of FAO’s basic organizational attributes,<sup>10</sup> a revised set of Core Functions is derived. In line with the Independent External Evaluation (IEE) of FAO, these are Core Functions “that no other organization can adequately provide” and therefore warrant FAO’s position to act in the field. They correspond to the areas of FAO’s work identified by the IEE which would need to be reinvented “if FAO were to disappear tomorrow”. In addition, there are also areas in which FAO is expected to play a lead, but not necessarily exclusive, role. In such cases, FAO needs to work with partners and should intensify its efforts to develop and operationalize strategic partnerships. An assessment of the basic attributes identified above led to the following Core Functions:

- 1) **Facilitate and support countries in the development and implementation of normative and standard-setting instruments such as international agreements, codes of conduct, technical standards and others.** This work will be developed at global, regional and national levels through global governance mechanisms, policy dialogue and support and advice, coupled with the development at country level of the necessary policies and institutional capacities for their implementation.
- 2) **Assemble, analyze, monitor and improve access to data and information, in areas related to FAO’s mandate.** This includes the development of global and regional trends, perspectives and projections and the associated responses by governments and other stakeholders (e.g. policies, legislation and actions); also direct support to countries in the development of institutional capacities to respond to the identified challenges and possible options.
- 3) **Facilitate, promote and support policy dialogue at global, regional and country levels.** FAO as an intergovernmental organization is especially well positioned to help countries at national and international levels to organize policy dialogue activities directed to improve the understanding on important issues and to the establishment of agreements between stakeholders and/or countries.
- 4) **Advise and support capacity development at country and regional level to prepare, implement, monitor and evaluate evidence-based policies, investments and programmes.** This includes advice and support for activities directed to institutional strengthening, human resources development and direct advice to programme implementation.
- 5) **Advise and support activities that assemble, disseminate and improve the uptake of knowledge, technologies and good practices in the areas of FAO’s mandate.** FAO as a knowledge organization needs to be at the forefront of knowledge and technology in all the areas of its mandate and be a source and organizational instrument to support countries in the utilization of available knowledge and technologies for development purposes.
- 6) **Facilitate partnerships for food security and nutrition, agriculture and rural development between governments, development partners, civil society and the private sector.** FAO has a broad mandate that includes major development problems that need to be targeted from a broad and comprehensive perspective. However, FAO will focus its work on the areas in which it has special competence and will establish strong partnerships with other organizations to cover other complementary actions required.
- 7) **Advocate and communicate at national, regional and global levels in areas of FAO’s mandate.** FAO has a main responsibility in providing communication and information

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<sup>10</sup> CL 145/4 paragraphs 29-33

services in all areas of its mandate to countries and the development community and to strongly advocate on corporate positions in relation to relevant and urgent development issues.

55. Importantly, these Core Functions are consistent with the IEE's vision that: "the objective of the Organization is to ensure that within the areas of its mandate, countries at all levels of development, particularly the poorest, have access to knowledge, public goods and services they need." This stated objective requires FAO to be a global policy setter, facilitator, partner and coordinator, as well as "doer".

56. To perform these tasks, FAO should: a) focus on its technical expertise and knowledge, and promote good practices available at country level; b) play a leading role when activities are linked to its mandate; and c) draw upon its networking and partnerships capacity. Furthermore, in some cases FAO will need to strengthen its capacities, both organizational and human resources to be able to fully implement the seven Core Functions and in particular to reaffirm its position as the main global player in the provision of public goods and policy advice in the areas of food, agriculture, fisheries and forestry.

57. While the selected Core Functions are the most important instruments on which FAO will organize and develop its work, each of the five Strategic Objectives embodies the development problems where FAO will concentrate its work. Consequently, the organization and focus of FAO's work can be visualized as a matrix of Strategic Objectives and Core Functions so that the work developed under each Strategic Objective will be implemented through the application of the seven Core Functions.

## E. FAO Strategic Objectives

58. The five Strategic Objectives represent the main areas of work in which FAO will focus its efforts during 2014-17 to achieve the Organizational Outcomes as measured by indicators and targets. The context, rationale and main factors underpinning the design of each Strategic Objective leading to the identification of Organizational Outcomes, are provided below. The results frameworks and indicators are provided in PWB section D. The complete Action Plans are provided in Web Annex XII.

### *Strategic Objective 1: Contribute to the eradication of hunger, food insecurity and malnutrition*

#### Context and rationale

59. There is sufficient capacity in the world to produce enough food to feed everyone adequately; nevertheless, in spite of progress made over the last two decades, 870 million people still suffer from chronic hunger. Among children, it is estimated that 171 million under five years of age are chronically malnourished (stunted), almost 104 million are underweight, and about 55 million are acutely malnourished (wasted). Micronutrient deficiencies, or “hidden hunger”, affect over two billion people worldwide, impeding human and socio-economic development and contributing to the vicious cycle of malnutrition and underdevelopment. At the same time, an estimated 1.4 billion people are overweight and 500 million are obese. Beyond the ethical dimensions of this complex problem, the human, social and economic costs to society at large are enormous in terms of lost productivity, health, well-being, decreased learning ability and reduced fulfilment of human potential.

60. The persistence of hunger and malnutrition is all the more hard to accept in the face of major strides made in areas such as economic growth, science and technology, and food availability. What is needed is much stronger commitment, more purposeful and coherent action across sectors and various stakeholder groups, and greater accountability. This also implies that food security and nutrition objectives, and the required actions, are fully factored into development strategies, properly implemented and adequately funded.

61. This endeavour needs to involve a multitude of stakeholders, while taking account of new, and not yet fully understood challenges: e.g. the impact of globalization, rapid urbanization and transformation of food and agricultural systems, and widespread lifestyle changes; climate change and other threats to the environment; technological and scientific advances that change the nature of communication, production and distribution of food and agricultural commodities; and the volatility of food and energy prices.

62. Basic premises for such a framework for action include a common understanding of problems and solutions, the availability of reliable data and information, adequate capacity in the analysis, planning and implementation of policies and programmes, and effective accountability systems with systematic progress monitoring and impact evaluation. It also requires that inclusive, transparent and rights-based institutional mechanisms and governance systems are in place and are sustainable.

#### Main factors underpinning the design of SO1

63. Food insecurity and malnutrition are primarily caused by a lack of physical and economic access to the resources needed to secure enough food and consume a nutritionally adequate diet, both, in terms of quantity (energy) and quality (variety, diversity, nutrient content, and food safety). This includes insufficient income or lack of access to productive assets and other resources that would otherwise allow the poor, vulnerable and marginalized to purchase food or produce it.

64. Economic and other crises further exacerbate hunger, food insecurity and malnutrition. Man-made and natural disasters jeopardize not only economic, but also physical access to food, and weaken overall resilience to future threats and crises. Women in particular, face challenges in accessing assets and earning sufficient income. Even when economic access to food is not a constraint, individuals can suffer from malnutrition, due to diets that are poor in quantity and quality. This is often the result of a poor understanding or lack of knowledge of the potentially serious health implications of consuming a poor quality diet.

65. Addressing the root causes of hunger, food insecurity and malnutrition requires that a number of elements be in place, namely: political commitment; common understanding of problems and solutions; appropriate governance mechanisms and proper coordination; alignment of policies, programmes and investments; leveraging food and agricultural systems for better nutrition; addressing the gender gap. Those elements constitute the pillars of Strategic Objective 1.

#### *Political commitment*

66. Over the past two decades, leaders and decision-makers have made pledges at various high-level events to reduce hunger, food insecurity and malnutrition, while food security has been put on top of the agenda of regional, subregional and global institutions and country groupings (such as the G20 and the G8). The creation of the UN High-Level Task Force (HLTF) on the Global Food Security Crisis and the reform of the Committee on World Food Security (CFS) are two key initiatives which underline the importance of food security in the global and regional development agendas and within the UN system. However, the reality on the ground is complex, while commitment, action and resource allocation for food security and nutrition by the relevant stakeholders and partners is insufficient or too erratic. In this light, the UN Secretary-General called upon leaders gathered at the Rio+20 Summit to take up the “Zero Hunger Challenge”, a call that was endorsed by the UN Rome-based agencies, UNICEF and the World Bank. SO1 should address in the first instance how to generate stronger political commitment and capacity to mobilize resources at all levels, but also effective partnerships within and among countries, and with international organizations, civil society and the private sector.

67. Commitments should include more explicit food security and nutrition objectives, policies and programmes and monitoring and accountability mechanisms in the national development strategies. Firm commitments must also be made to improving diets and raising levels of nutrition, while improving the status of women, children, and poor and vulnerable population groups.

#### *Common understanding of problems and solutions*

68. The economy overall, and the agriculture, forestry, fisheries, social and other sectors can contribute in multiple ways to food security and nutrition. These interactions must be better understood by leaders, decision-makers and other stakeholders. Hunger reduction and food security are often seen as depending almost exclusively on agriculture, particularly food production, while food security is frequently understood as food self-sufficiency. Access to food and nutrition aspects are not receiving appropriate attention. There is often isolated, fragmented or non-existent information regarding food security and nutrition situations, the actions taken in different sectors by a multiplicity of stakeholders, and their impact. SO1 should contribute to generating and disseminating essential data, statistics and information and promoting a solid common understanding of problems and solutions.

69. An integral part of eradicating hunger, food insecurity and malnutrition in a sustained manner is the exchange of knowledge and experiences between countries and among stakeholders at all levels. Lessons learned from successes in fighting hunger and malnutrition could be used by countries where hunger and extreme poverty are still menacing realities. Significant potential exists to further bridge technological and policy gaps, including via South-South cooperation and other forms of knowledge exchange.

#### *Governance mechanisms and coordination*

70. Food security is a multifaceted concept and includes dimensions of food availability, access, stability and utilization. Similarly, good nutrition depends on effective actions across sectors, including improving access to a diverse diet, appropriate care and feeding practices, and adequate health and sanitation. Hence, progress in this broad field depends on effective governance systems which promote multidisciplinary and the involvement of many stakeholders, with participation, transparency, equity and accountability as key principles. Such governance systems will lead to inclusive, transparent, accountable and evidence-based policy processes, supported by appropriate legislation and well-functioning institutions.



71. Current major challenges related to high and volatile food prices, natural resource degradation, globalization, urbanization and climate change are just a few examples of where strengthened governance mechanisms and effective coordination can make a difference. Clear-cut examples of improving food security and nutrition governance at various levels are: initiatives by the G20 and the G8 groups of countries, the HLTF, the UN Standing Committee on Nutrition (UNSCN), most importantly, the Committee on World Food Security, while there are also important regional initiatives such as Comprehensive Africa Agriculture Development Programme (CAADP).

*Alignment of policies, programmes and investments*

72. From the point of view of food security and nutrition, a number of gaps, inconsistencies, fragmentation, and contradictions in the existing portfolio of macroeconomic, sector and cross-sector policies and programmes, as well as underinvestment in key food security and nutrition areas, must be addressed. Development and poverty reduction policies at the global, regional and national levels, but also subnational strategies and programmes need to be designed and coordinated using a food security and nutrition lens to ensure relevance and purposeful action towards desired food security outcomes. Policies and investments should be backed by information systems and adequate mechanisms for monitoring progress and evaluating impact.

73. Policy decisions need to be followed-up by concrete implementation actions, backed up by resource allocation with appropriate incentives for targeted investments. Policy, programme and investment frameworks that apply a 'twin-track approach' to the eradication of hunger, food insecurity and malnutrition must be adopted, paying due attention to the role of social protection measures to address consumption shortfalls in tandem with actions that make the poor and vulnerable more resilient, self-reliant, food secure and well-nourished in the short- and long-term.

74. A coherent and comprehensive approach to policy development for food security and nutrition must take into account the contribution of the natural resource base of food and agricultural systems, including land, water, fish and forests and their sustainable management. Due to lack of knowledge and weak sector coordination (in particular between food and agriculture sectors and forestry, fisheries and aquaculture) the essential roles of these natural resources are not sufficiently considered in policy decisions related to food security and nutrition. Also, policies and institutions for the management of natural resources should be aligned in a way that they contribute to improving food security and nutrition.

75. It is often not understood that forests and trees on farms are both a direct and indirect source of food for close to a billion of the world's poorest people, providing both staple foods and supplemental, nutrient-rich foods such as fruits, edible leaves and nuts. Similarly, fisheries and aquaculture provide the primary source of animal protein for 17 percent of the world's population and for nearly a quarter in low-income, food-deficit countries (LIFDCs) and small island developing states (SIDS).

76. Policy alignment for food security and nutrition must also take into account the contribution of traditional agricultural systems which still provide food for some two billion people and contribute to agricultural biodiversity.

*The contribution of food and agricultural systems to nutrition*

77. Nutrition-specific challenges are worth highlighting, in particular in the context of the new strategy and vision for FAO's work in nutrition. To ensure good nutrition, access to an adequate quantity and quality of food, especially by young children, must be combined with good care and feeding practices (including nutritious food choices for adults), along with access to health services and a healthy environment. Moreover, the negative effects on mental capacities, physical stature, and labour productivity of chronic malnutrition and micronutrient deficiencies are often hidden in the first few years of life and may become fully apparent only years later. Hence, this may reduce political urgency to take action.

78. Governments, the private sector and development agencies may see nutritional status as an indicator, rather than as a major design factor and key outcome of social and economic development policies. Decision-makers may also view malnutrition primarily as a health-related issue, rather than a

challenge that must also be addressed through access to food and balanced diets. This could lead to overemphasis on short-term interventions at the expense of longer-term objectives. Eradicating malnutrition thus requires strengthening political commitment and improving knowledge, policy and programme coordination, and stakeholders' capacity to address the basic causes of poor nutrition. In this context, policies and programmes to strengthen the contribution of food and agriculture systems to improving nutritional outcomes should be considered.

79. Also, the particular benefits of certain foods, such as fish, which is rich in essential amino acids, Omega-3 oils and micronutrients are vital to human health and brain development, especially for children and pregnant women.

80. It is important to bring the full potential of food and agricultural systems to bear on the problem of malnutrition, taking opportunities that exist so systems increase their capacity to produce good nutritional outcomes, joining the contributions of food and agriculture to those made in the areas of health and care. Policies, programmes and investments can ensure action is taken across the entire system, from production to marketing, storage, processing and consumption, and improve the links with other sectors, governance processes, and the policy environment, to shape more effective nutrition-sensitive food and agricultural systems. At the same time, policies and programmes to combat overnutrition which leads to health problems should also be supported.

*The "gender gap" and its implications on food security and nutrition*

81. Women play multiple roles in agricultural households – productive, reproductive and social – and their full involvement is absolutely necessary to effectively translate agricultural development into food security and nutrition at individual and household level. Women, however, continue to face a disproportional disadvantage by virtue of their limited representation in decision-making processes. Those disadvantages are particularly in terms of access to, and control over productive resources, services employment opportunities and income. This "gender gap" imposes high costs on the agriculture sector, and gender-based inequalities all along the food production chain "from farm to plate" impede the achievement of food security and nutrition objectives. A huge body of evidence shows that it is necessary to involve women in policy and planning to enhance their role as agricultural producers, as well as primary care-takers of their families. Appropriate policy actions, based on accurate information and analysis, should therefore be developed to help close the "gender gap" and address the implications of gender inequality on all the dimensions of food security.

*Urban food security and nutrition*

82. Given rapid urbanization around the world, food insecurity and malnutrition concerns in urban areas need to be addressed as much as in rural areas. Policies and investment programmes need to fully address these needs, while also strengthening urban-rural linkages and ensuring a sustainable use of natural resources for both urban and rural populations.

**Action Plan**

83. Three Organizational Outcomes have been formulated to implement SO1:

- a) member countries and their development partners make explicit political commitments and allocate resources to eradicate hunger, food insecurity and malnutrition;
- b) member countries and their development partners adopt and implement evidence-based and inclusive governance mechanisms for eradicating hunger, food insecurity and malnutrition; and
- c) member countries and their development partners formulate, implement, monitor and evaluate policies, programmes, investments and legislation to eradicate food insecurity and malnutrition.

84. These outcomes are predicated on FAO's unique capacity to interact and work with countries and development partners, especially as an independent, intergovernmental entity, but also as a multistakeholder forum for debate and negotiation of all issues related to food, nutrition and agriculture. This includes FAO's role in support of the multipartner CFS, as well as in convening and

supporting technical and policy setting bodies (e.g. COAG, COFI and COFO) and standard-setting programmes. Advocacy and catalytic action for strengthening food security and nutrition is also well served by FAO's presence in countries and regions, as well as by its global public goods, *inter alia* FAOSTAT and the flagship publications (such as the "State of ..." documents), backed by strong communication campaigns.

85. As the UN specialized agency mandated to collect, analyse, interpret and disseminate information and knowledge related to food and agriculture, FAO should also provide the necessary evidence-based analysis leading to political commitments, and advocacy.

86. FAO's capacity to work as an 'honest broker' within a number of technical sectors relevant to food security and nutrition concerns, should facilitate policy harmonization across these sectors, and guide transparent and accountable governance mechanisms (e.g. via the elaboration and negotiation of the Voluntary Guidelines to Support the Progressive Realization of the Right to Food, and on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security).

87. FAO's multidisciplinary expertise related to food security and nutrition, including in agriculture, forestry, fisheries, sustainable rural development, combined with its reputation as a trusted partner of governments and other development partners, is a most important asset in respect of the third Organizational Outcome. Its established capacity to disseminate and share expertise as a global knowledge Organization is a major comparative advantage in developing institutional and individual-level capacities at national, regional and global levels.

***Strategic Objective 2: Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner***

**Context and rationale**

88. The world's population is predicted to increase to 9 billion by 2050, with Africa alone reaching 2 billion by that date. Enormous social, economic and environmental forces will influence this more populous future, with many unknowns. However, a world free of hunger requires substantially increased production to meet rising demand and a transition to more sustainable agricultural sectors<sup>11</sup> in all their forms. The needed growth and improvement in the agricultural sectors implies innovative approaches which benefit people and conserve the natural resource base. Growth in the agricultural sectors is also the most effective means of reducing poverty and achieving food security in most countries. It requires the effective participation of smallholders, women, men, indigenous peoples and disadvantaged or marginalized groups.

89. FAO and its Member Nations face an unprecedented challenge: achieving much needed improvements in the agricultural sectors and in the management of natural resources upon which they depend; feeding a growing population; and providing a springboard for reducing poverty and food insecurity. In the past, strategies for agricultural development have tended to focus on maximizing production, with insufficient regard to post-harvest losses, to damage caused to the natural resource base, to other ecosystem goods and services or to sustainable consumption. These ecosystem services contribute to efficiency and resilience across crop, livestock forest and fishery systems, as well as delivering significant environmental, livelihood and social benefits.

**Main factors underpinning the design of SO2**

90. The design of SO2 is innovative because of its emphasis on: (i) the integration of FAO's work relating to the three "pillars" of sustainable development (environmental, economic and social); and (ii) ways to generate the needed wide-scale transition to more sustainable practices. This scope also reflects the outcome of the RIO+20 conference, and the contribution of the agricultural sectors to the concept of sustainable production and consumption. Other key factors taken into account are summarized below.

*Scarcity and degradation of the natural resource base*

91. Some of the highest population growth is predicted in areas which are highly dependent on the agriculture sectors and already have high rates of food insecurity. At the same time, competition over natural resources is expected to grow, driven by expanding and intensifying agricultural sectors, but also by growing urban and industrial demand for natural resources. Scarcity issues will be further accentuated by climate change, particularly in already disadvantaged areas. In many places this is leading to exclusion of traditional users from access to resources and to markets.

*The importance of ecosystem services and biodiversity*

92. Understanding and applying the concepts of sustainability in the agricultural sectors is critical for increased provision of goods and services. The first FAO report on the State of the World's Land and Water Resources for Food and Agriculture<sup>12</sup> identified major agricultural production systems at risk and advocated for a paradigm shift towards sustainable agriculture. More research needs to be done to better understand the role ecosystem services can play in improving agricultural sector production systems, or where possible "tipping points" of ecosystem functions may occur. In addition, means to assess and capture the value of ecosystem services (e.g. from forests) in agricultural sector production systems, for a range of other livelihood benefits and for long-term environmental sustainability need to be further developed.

<sup>11</sup> The term "agricultural sectors" in the document covers crops, livestock, forestry, capture fisheries and aquaculture.

<sup>12</sup> SOLAW FAO 2011

### *Impacts of climate change and migration*

93. The agricultural sectors are a major contributor to climate change, but are also enormously impacted by it. They directly produce greenhouse gases and use significant amounts of energy derived from fossil fuels. Climate change is likely to affect the resilience of production systems and their dependent communities; it is also a factor in natural resource degradation. Temperature increase, modified precipitation regimes and increased frequencies of extreme events are expected to become more severe in future decades. At the same time, the agricultural sectors, offer significant potential to address climate change challenges.

94. Migration is a further complicating factor. Fundamental social and demographic changes in rural areas are already having an impact on the labour available for production in many countries. Movement of people can be triggered by poverty, food insecurity, inequality, lack of wage-earning opportunities, climate and increased competition for scarce land and water resources.

### *New threats*

95. Besides the consequences of environmental change, including climate change, increasing movement of people and goods, and changes in underlying production practices give rise to new threats from pathogens (such as highly pathogenic avian influenza) or from invasive species (such as tephritid fruit flies). These have an impact on food safety, human health and the productivity of systems, which may be compounded by inadequate policies and technical capacities, putting whole food chains at risk.

### *Weaknesses in governance and policy-making*

96. While international agreements and instruments have the potential to significantly improve natural resource management, experience to date proves that they are rarely implemented fully. The policy agenda and governance instruments for production on the one side, and for resource conservation on the other, are often disjointed. This is compounded by the fact that the limits of ecosystems and/or landscapes rarely coincide with administrative boundaries.

### *Need to deal with a broad variety of local situations*

97. The nature and extent of the above challenges vary according to the particular production systems, which in turn are conditioned by local agro-ecological and socio-economic conditions. This calls for adaptation of effective solutions (there is no “one-size-fits-all” approach). In this connection, it may be useful to recognize three types of systems:

- a) intensive systems and landscapes for the production of goods (small- to large-scale irrigated and rain-fed systems, aquaculture, forest plantations and semi-natural forests, etc.) in both developed and developing countries. Here, the key challenges are natural resource depletion and degradation and associated cost increases, as well as high levels of related pollution:
- b) extensive (lower external input) production systems and landscapes, often the home to producers achieving low and unstable returns to production who are disadvantaged by lack of access to resources for improving production and reducing resource degradation; and
- c) wild systems (such as fisheries) and areas with a focus on the provision of other ecosystem services (not related to food) including amongst others, ecosystems such as natural forests, grasslands, wetlands, some ocean and other aquatic areas and tundras. Competing uses pose a major challenge to these areas.

### *Need for a dynamic process of innovation*

98. Sustainability must be treated as a process of continuous improvement, rather than a singularly defined end point to be achieved. This in turn, requires the development of technical, policy, governance and financing frameworks that support producers across the agricultural sectors and resource managers engaged in a dynamic process of adaptive management, innovation and continuous improvement.

### *Four guiding principles*

99. Four key principles for guiding new approaches to improving agricultural sector production systems may be derived from the above contextual analysis:

- a) increasing resource use efficiency, i.e. in order to achieve higher productivity with reduced levels of inputs, while minimizing negative externalities;
- b) management of ecological, social and economic risks associated with agricultural sector production systems, including pests, diseases and climate change;
- c) identifying and enhancing the role of ecosystem services, particularly in terms of their effects on resource use efficiency and response to risks, as well as their contribution to environmental sustainability; and
- d) facilitating access to needed information, including on technologies.

### **Action Plan**

100. Broadly speaking, achieving intended outcomes under this Strategic Objective will require work primarily in four areas:

- a) supporting the development, sharing and adaptation of locally-relevant technologies and approaches with a range of partners, concentrating on addressing economics, institutional and financing barriers to the adoption at larger scale;
- b) enabling frameworks for economically-, socially- and environmentally-sound production systems that embody resource use efficiency, diversification, climate change adaptation and mitigation, ecosystem services and accessibility;
- c) strengthening international and national governance mechanisms and instruments relevant to sustainable resource use, with particular emphasis on their feasibility and the capacity of developing countries to participate in them; and
- d) capacity building to access and use evidence to support policy and planning decisions.

101. In this respect, four Organizational Outcomes have been formulated:

- a) producers and natural resource managers adopt practices that increase and improve the provision of goods and services in agricultural sector production systems in a sustainable manner;
- b) stakeholders in member countries strengthen governance – the policies, laws, management frameworks and institutions that are needed to support producers and resource managers - in the process towards greater sustainability of agricultural sector production systems;
- c) stakeholders develop, adopt and implement international governance mechanisms and related instruments (standards, guidelines, recommendations etc.) needed to improve and increase provision of goods and services in agricultural sector production systems in a sustainable manner; and
- d) stakeholders make evidence-based decisions in the planning and management of the agricultural sectors and natural resources to support the transition to sustainable agricultural sector production systems through monitoring, statistics, assessment and analyses.

102. These outcomes – though ambitious - will benefit from FAO's privileged access to relevant policy-makers across the agricultural sectors from local to global level. FAO needs to build the capacity to facilitate the necessary large-scale transition to more sustainable approaches with its widespread expertise – across disciplines, and between countries and regions – and to inform the strategic decisions of key policy-makers. FAO also has extensive experience in integrating natural resources management considerations into overall strategies for food security and nutrition, poverty reduction and rural development.

**Box 1: Developing a shared vision of what “more sustainable” looks like**

A prerequisite for success under SO2 is that FAO and its partners must be clear on what is meant by sustainability in the agricultural sectors and how widely agreed strategies for continuous improvement in sustainability can be developed and implemented at different scales. The focus will need to be on accelerated innovation in practices and policies, and creating incentives for increasing investments in sustainability.

Developing and implementing sustainability strategies relies on an inclusive governance process that involves policy-makers, researchers, producers, civil society and development partners. In particular, this shared understanding should address conflicting objectives and trade-offs in the agricultural sectors.

For instance, maximizing production, reducing emissions, improving water quality or restoring ecosystem services at different scales (production unit, watershed, landscape, national, regional, global) need to be reconciled. So a shared definition of sustainability needs to incorporate economic and social dimensions, as well as environmental considerations. This conceptual work must also identify and assess the possible pathways towards a more sustainable future.

Overall, what is needed is a thorough assessment of practices (including technologies and policies) for the three dimensions of sustainability in order, jointly with partners, to develop a vision of sustainability in agricultural sector production systems. This vision will need to be periodically updated and refined as more data and experiences become available.

This will result in the development of methodologies by which decision-makers can define their production and natural resource use priorities, and make multidisciplinary assessments of the sustainability of the various options available to them. The development of these products will be one of the key focus areas of work under SO2 in the 2014-15 biennium, for implementation during 2016-17.

### ***Strategic Objective 3: Reduce rural poverty***

#### **Context and rationale**

103. While there has been a broad decline in poverty worldwide, extreme poverty tends to be concentrated in rural areas and the situation varies greatly between regions and within countries. In 2010, approximately 35 percent of the total rural population of developing countries was classified as extremely poor, down from around 54 percent in 1988. This welcome overall decline is mainly due to a massive reduction in rural poverty in East Asia (where 5 percent of the rural population remains extremely poor). The rural poverty incidence is highest in sub-Saharan Africa (60 percent) followed by South Asia (45 percent). Within each region, some countries have seen more poverty reduction than others. Global trends in terms of climate change, increasing pressure on natural resources (including soils, water, fisheries and forests), demography and migration, are also affecting the distribution of poverty across regions and in both rural and urban areas.

104. Rural poverty is mostly concentrated among households of small-scale subsistence producers and family farmers, fisherfolk, pastoralists, forest-dependent people, the landless poor employed in agriculture and in non-agricultural rural enterprises, and other rural people who are unable to access productive opportunities of any kind (e.g. people with disabilities, seniors). A disproportionately large share of children live in these families. Women are often amongst the most marginalised and need strengthened rights to the natural resources on which they depend.

105. Although the boundaries between them are not clear cut, three broad categories of extreme rural poor can be distinguished:

- a) small producer households and family farmers (including small-scale crop producers, fisherfolk, livestock keepers, forest-dependent people) who have access to some natural resource based activities, but suffer from other constraints affecting their productivity and limiting their incomes;
- b) rural working poor, including wage earners in agriculture, fisheries or forestry and self-employed and wage earners in off-farm activities, who endure precarious employment conditions and low remuneration levels; and
- c) segments of the population who have difficulty accessing both farm and non-farm employment opportunities.

106. Poverty reduction strategies need to recognize the different constraints these categories of workers face in making a decent living.

107. A significant development in recent years is that the share of non-farm income in total rural household income has been increasing in all regions. Most rural households obtain incomes from both farm and off-farm occupations and, depending on the context, also from social transfers and remittances. Beyond having low incomes, the extremely poor in rural areas typically share other disadvantaged characteristics including: social and political marginalization, exclusion and discrimination, low levels of health and education, lack of access to productive assets, and cultural and linguistic barriers, though causes may vary across populations and regions. These inequalities need to be tackled through more inclusive rural development processes promoted through policies that address the income and employment constraints faced by each of the three categories, ensure increased access to infrastructure, energy and basic social services and strengthened social protection mechanisms. Rural poor, and in particular women, need knowledge and skills that enable them to innovate, identify and exploit new economic opportunities and manage risk.

#### **Main factors underpinning the design of SO3**

##### ***Inappropriately targeted policies***

108. The significant reductions in rural poverty in recent periods have taken place in contexts of rapid economic growth, but overall economic growth did not translate into reduced poverty for all. In many contexts, inequalities among social groups and geographic disparities are increasing. Some segments of the population, in particular producers and workers in small-scale farm and non-farm



enterprises, women, youth and indigenous peoples, remain vulnerable to exclusion from productive resources, services, political and social representation, employment, and public support programmes. This is further exacerbated by the widening distance between core economic areas and the periphery (generally rural areas), which is also reflected in the destination of investments. Policies which reduce public spending, excessively tax rural enterprise, favour food aid over investments, fail to secure sound management of natural resources and ecosystems and do not prioritise equality and participation may worsen the problem. Moreover, even policies and programmes intended to improve livelihoods of poor small producers (e.g. input subsidies) may benefit larger-scale producers more than their intended beneficiaries. They may also be counterproductive if management of common resources is not addressed. Hence, explicit policy interventions to address exclusion and inequalities are necessary.

109. Another problem is that national information and indicator systems often pay insufficient attention in bringing out main inequalities, be it by age, gender, ethnicity, type of occupation or locality, thereby hindering understanding of the scale and nature of rural poverty. Capacities to set targets and monitor progress related to rural poverty are also weak, and in practice governments often prioritize the interests of nearby urban constituents over remote and poor rural populations. As a result, policies often suffer from an urban bias.

*Lack of, or inequitable access to productive assets and resources*

110. The rural poor rely heavily on “natural capital” for their livelihoods, including common property resources such as fisheries, pastures, forests and water. Lack of secure access to these resources limits the productivity of small producers and family farmers, a problem that is worsened by demands from other sectors and increasing overall resource scarcity. Weak or absent governance for tenure of land, fisheries, forests and other natural resource results in overfishing, deforestation and forest degradation, depletion of aquifers and loss of soil quality. Poorly designed or inappropriate tenure systems perpetuate inequalities in access, reduce tenure security or exacerbate conflict, further affecting the availability and accessibility of food. Inequitable access and unsustainable management of resources therefore limit participation in a range of socio-economic activities, as well as related decision-making processes.

111. Women, youth and indigenous peoples are more likely to face limited access to productive resources, sometimes forcing them to move out of agriculture or migrate to other regions in search of better opportunities. For example, women continue to make up only 10-20% of all landholders and the land that they do hold tends to be in smallholdings of poorer quality and with more tenuous rights. Access of indigenous peoples<sup>13</sup> to their traditional lands, fisheries, forests and territories, and to other common property resources are often insecure, absent, or under threat.

*Access to services*

112. In many areas, the existing rural service systems for agriculture, forestry, fisheries and domestic consumption and care are subject to the “triple challenge” of market, state and community failure. At best, they are ill adapted to the needs of the rural poor, and at worst may bypass them entirely, undermining not just the delivery of basic social services, but also the capacity and capability of communities to engage in productive activities. Critical inputs include financial, legal, marketing, technological, research, extension, agricultural education, information, energy, food and seed banks services, as well as other services that facilitate engagement in productive activities (e.g. child care).

113. In addition, the rural poor tend to live in areas with poorer basic infrastructure (roads, telecommunications, irrigation, storage capacity, schools, health centres, etc.) and with limited or no access to modern energy, which is further hampering agricultural productivity growth and the development of off-farm economic activities and related employment generation. Furthermore, it is holding back social development through inadequate access to education, health care and water

<sup>13</sup> According to the World Bank, there are an estimated 370 million indigenous individuals in more than 70 countries. Although they constitute only about 5% of the world’s total population, indigenous peoples comprise more than 15% of the world’s poor and their income levels and human development indicators (health, education, etc.) consistently lag behind those of non-indigenous groups.

supplies. Women in particular, need to spend more time on finding energy sources and water for the household or travelling to distant social services, further jeopardizing their income opportunities.

114. These factors are characteristic of the demand<sup>14</sup> and supply<sup>15</sup> side constraints to the provision of services to the food and agriculture sector and rural areas more in general. While the private sector contributes significantly to service delivery, commercial interests typically are less interested to cater for rural poor clienteles, because of low profits and high risks. The development of technologies most relevant to poor men, women, youth and indigenous peoples in rural areas is also not receiving adequate attention. NGOs and community service providers, on the other hand, are often unable to serve the poor effectively because of limited organizational capacities, potential favouritism and limited resources. State institutions, which are often the main providers of services targeted to the rural poor in developing countries, but effective delivery is often hampered by cumbersome bureaucratic procedures and lack of organizational capacity and funding.

*Weak or absent organizations (social capital)*

115. Many poor and small-scale producers and fisherfolk suffer from isolation and remoteness of dwellings and production sites. They typically also lack adequate access to markets, limiting their opportunities for income generation. Although many forms of traditional social organizations are widespread, they often lack voice and opportunities to influence or participate in political and economic decision-making. Indigenous communities in particular usually live in remote rural areas characterized by challenging environmental conditions and difficult access to centres of political power or economic activity. Membership-based organizations in rural areas are growing and providing increasing relevant services to their members. However, the improvement of members' knowledge and understanding of their rights and duties is indispensable to minimize control by local elites and allow a more active participation of women, youth and indigenous peoples in decision-making.

*Low employment opportunities and lack of decent working conditions*

116. Many of the "working poor" (those who earn less than USD 1.25/day), are landless labourers, family workers on farms, as well as workers in off-farm rural activities. Most face precarious job conditions, for example for workers in remote forested areas, forestry is typically their only source of income and employment, but their livelihoods are under continuous threat by deforestation and forest degradation. Globally, nearly eight out of ten of the working poor live in rural areas and spend a high proportion of their disposable income on food. Decent employment is essential to achieving food security. Yet unemployment, underemployment, poor remuneration, poor working conditions, and exposure to occupational hazards continue to prevail in many rural areas. Evidence also shows that there are limited opportunities for productive and decent employment for young people and indigenous peoples in the agricultural sector and in non-farm rural activities. As a result, many youth abandon agriculture and rural areas to migrate to urban centres, nationally or abroad. Worldwide, 60 percent of child labour is found in the agricultural sector with many children doing hazardous and risky work that can compromise their health, development and education.

*Insufficient social protection*

117. Many rural households face vulnerable income situations because they reside in areas with incomplete or missing markets and/or are dependent on unpredictable rainfall-fed agriculture for their livelihoods. Consequently, their jobs, incomes and own production are at continuous risks because of uncertainty and unpredictability stemming from market volatility and vulnerability to covariate and idiosyncratic shocks, which may push them closer to poverty, deprivation, starvation and even premature death. To prevent this from happening, governments seek to provide social protection programmes with combined hunger and poverty reduction objectives, operating on different sources of entitlement: production (e.g. input subsidies), labour (public works programmes), trade (food price

<sup>14</sup> Demand-side constraints include: distance, transaction costs, literacy requirements, low quality, reliability and responsiveness of services on offer, and small producers' lack of knowledge about available services and inability to send market signals about their needs.

<sup>15</sup> Supply-side constraints include: the difficulty in delivering cost effective, profitable and sustainable services to dispersed populations with limited purchasing power, and providers' poor knowledge of the nature and concentration of demands.

subsidies, grain reserve management), and social transfers (school feeding, supplementary feeding, cash transfers).

118. However, the potential contribution of social protection measures to poverty reduction currently is not being fully exploited in rural areas, mostly due to unmet needs and inadequate social protection response. A major hindrance to the full adoption and implementation of social protection is the lack of financial resources amidst competing policy priorities. Furthermore, social protection alone would be insufficient for achieving sustainable and long-term economic development. Hence social protection needs to be complemented, coordinated and/or integrated with agricultural and broader rural development interventions in order to maximize synergies and avoid potential conflicts. Other challenges to adequate and effective social protection response relate to design and implementation issues like targeting, benefit size, implementation modalities, graduation, scalability and accountability.

### Action Plan

119. In seeking to capture an extremely complex field in a few words, enabling environments to reduce rural poverty would need to combine critical elements as follows:

- a) a coherent policy approach to rural poverty reduction embedded in a broader strategy for sustainable rural development;<sup>16</sup>
- b) strengthened rural institutions, producer and local community organizations to ensure more equitable and secure access to productive resources, improve the functioning of labour and product markets, and facilitate knowledge and technology transfer and ensure more effective delivery of basic services, including through strengthened policy and legal frameworks for co-management of natural resources, improved governance of tenure of land, fisheries and forests, innovative approaches to ensure availability of appropriate technologies, facilitate establishment of inclusive producers' organizations, etc.;
- c) ensuring that economic growth translates into increased decent farm and non-farm rural employment opportunities for men, women and youth; and
- d) maximized synergies between social protection and rural development policies ensuring an effective mix of instruments and ultimately leading to positive impacts on rural poverty reduction, food security and sustainable management of natural resources.

120. At the same time, several cross-cutting themes and principles would merit close attention: (i) strengthened gender equality and gender sensitive approaches; (ii) supporting groups with the highest vulnerability risk; (iii) recognizing diversity, in terms of agro-ecological, socio-cultural, economic, political and institutional environments; (iv) recognizing sector differences between agriculture, fisheries, forestry and off-farm activities and their role in reducing rural poverty; (v) building a strong evidence-based store of information, including lessons learned and impact analysis of past policies; (vi) ensuring nutrition security via nutrition-sensitive policies, programmes and investments across sectors; and (vii) improved governance systems at all levels so that poverty reduction efforts can be sustainable and effective.

121. While FAO is clearly one of many actors working to reduce poverty, its comparative advantages lie in: its support to the development and implementation of internationally-agreed codes,

<sup>16</sup>The approach would be tailored to specific contexts considering the relative importance and conditions faced by the three broad categories of rural poor. It would seek improving rural livelihoods by targeting interventions aiming to dynamize and diversify the rural economy at large. Accordingly, support to small farmholders and efforts to raise agricultural productivity in sustainable ways would be strengthened as part of broader economic and social development of defined rural territories, including through improving rural infrastructure (roads, telecommunications, energy provisioning, irrigation and water management, storage capacity, etc.) and support services (education, financial, insurance, trade, social, technological, environmental) and which in turn would provide new opportunities for decent work. Furthermore, the approach would identify options to stimulate the creation of income and employment opportunities further down the agricultural value chain and other farm and off-farm activities. Strengthening economic linkages across activities will be critical to ensure sustained rural poverty reduction. Social protection programmes and other means to enhance income and food security and provide a safety net will also be critical in ensuring a balanced process of rural development, provide ultimate protection to those with no labour market opportunities, encourage investments in human capital, and smooth distress-push diversification.

norms, standards and good practices;<sup>17</sup> its extensive experience in supporting evidence-based policy formulation and identifying lessons learned, including with a wealth of partners; in promoting research and knowledge sharing in cooperating with national authorities to develop capacities; in developing and testing models and options for intervention; and in monitoring and evaluation.

122. FAO will contribute to reducing rural poverty by achieving three Outcomes:

- a) the enabling environment is created or improved so that the rural poor have voice and equitable access to resources, services, institutions and policy processes to move out of poverty;
- b) the enabling environment in member countries is created or improved to increase access by the rural poor to decent farm and non-farm employment;
- c) the enabling environment is created or improved for effective social protection to enhance food security and nutrition, and sustainable management of natural resources for the rural poor.

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<sup>17</sup> For example, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security and conventions on child labour.

***Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems at local, national and international levels***

**Context and rationale**

123. Agriculture and food systems (including fisheries and forestry) are going through revolutionary changes: the primary sector has become the element of increasingly integrated supply chains; the downstream sector, especially processing and retailing, becoming industrialized and more concentrated; very often primary sector enterprises being part of vertically integrated or controlled value chains. Also a more specialized primary sector implies that inputs (such as water, fertilizer, energy, seeds, feeds, machinery and equipment) require new supply and use models. Information technologies and the social media significantly modernize marketing channels, facilitating the involvement even of smallholders into the global markets. These trends dramatically change the lifestyle and employment opportunities in rural areas and may also lead, in some existing agrarian structures, to land tenure concentration.

124. Agriculture and food systems are also becoming more science- and capital-intensive requiring new skills and knowledge from producers, processors, managers and workers along the entire supply chain. This also requires large investment into research and development which in many cases creates competitive barriers for small and medium companies which cannot be compensated by public funds (especially in developing countries). Therefore, technological transfer and protection of intellectual property rights become key issues of agricultural and food industries development.

125. In addition, urbanization results in new food behaviour and consumption patterns for the majority of the world population, making the links between production and consumption more diverse and complex and calling for more sophisticated infrastructure. Global agricultural markets become more integrated and, with the expansion of futures trade, they also become more speculative and therefore risky. An inherent risk is non-compliance with market requirements and standards which results in less efficient markets. Public and private standard setters are important actors making a contribution on the national, regional and global scenes in addition to big private agribusiness corporations and forest industry companies currently active in innovation processes and setting standards on the national, regional and global scenes. It is also important that food and agricultural production, processing and consumption are undertaken in a safe and sustainable manner.

126. Food and agricultural systems must improve inclusiveness<sup>18</sup> by linking smallholder farmers, foresters and fisherfolk and their organizations with agribusiness enterprises and supply chains for their effective and sustainable participation in rapidly changing global, regional and national markets. Therefore, countries and decision-makers face new challenges and opportunities and FAO can provide much needed analytical information and evidence-based policy advice and support.

127. Within this context, governments and other stakeholders are required to make increasingly complex strategic choices in strengthening food and agricultural systems, governing changes in agrarian structures, improving production and post-production activities, institutional mechanisms, the delivery of services, market access, environment, as well as relevant technologies.

**Main factors underpinning the design of SO4**

*Weak enabling environments*

128. Outdated, inefficient and sometimes conflicting policies, laws and regulations, together with uncertain government perceptions of public and private sector roles and responsibilities, difficult access to financial services and weak infrastructure impede the investments necessary to sustainably improve inclusiveness and efficiency in global, regional and national markets.

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<sup>18</sup> Inclusive food and agriculture systems under SO4 are those that enable commercial small- and medium-scale production and processing enterprises to sustainably participate in markets. It also involves developing country and stakeholder (including consumers) inclusion in standard setting and trade negotiations and improved rural-urban linkages.

129. There is also insufficient, dispersed or asymmetric access to: information, knowledge (including intellectual property rights), commercial relationships and infrastructure, frequently reducing the capacity of small farmers<sup>19</sup> and small and medium agricultural enterprises to effectively participate in rapidly changing and globalizing markets. Similar constraints may hamper national efforts to ensure necessary regulatory services for plant and animal health, food safety and quality and the legal and sustainable supply of forest products. These constraints can also limit capacity of countries to participate in global markets and relevant international fora to address adequately national interests and concerns. This asymmetry in accessing information and knowledge is also relevant for consumers and their essential roles in shaping the food and agricultural system. Eventually, the food and agricultural products placed on the market need to better respond and reflect consumers' expectations and choices. But consumers often lack the access to relevant information to operate choices in their interest (e.g. an informed selection according to nutritional content).

130. A persistent serious problem is that roughly one-third of food produced for human consumption is lost or wasted globally, causing unnecessary pressure on natural resources to make up the gap. For decades, the main focus of efforts to reduce food losses and waste was to improve post-harvest operations. Only recently has it been recognized that reduction of food losses requires interventions to improve supply-utilization alignment and efficiency along the whole food supply chains. While modern, aligned supply chains generally do have much lower losses, there is still excessive food waste, particularly at the retail and consumption stages. Urbanization also leads to more complex and overextended and energy intensive distribution and packaging processes, changing food consumption habits and, for low-income families, particularly women, additional time and cost to access food supplies. Governments, working with other stakeholders, need to ensure more performing environments by managing and mitigating the risks and threats associated with the above issues and trends.

#### *Private sector capacity and engagement*

131. Public and private sectors have a shared responsibility to ensure inclusive and efficient food and agricultural systems, including by minimizing outbreaks of diseases and pests which can lead to reduced productivity and losses, and result in adverse effects on human, animal and plant health. The private sector is, increasingly, playing an important role in shaping policies, as well as trade and market structures through value chain development. Food and agricultural companies at all levels are being driven by changing competitive pressures to introduce business practices and technologies to align supply systems and drive down costs. Increasingly stringent procurement requirements and the associated proliferation of private and other voluntary standards, particularly in food safety and quality, animal health, ecolabelling and forest products markets, are helping to improve efficiency, but are also creating avoidable barriers to market entry. Despite growing recognition by agrifood and forestry companies that mainstreaming of responsible practices is becoming a competitiveness factor, few companies have yet succeeded in identifying and scaling inclusive and efficient business models.

132. Because the private sector poses both solutions and risks for enhancing the inclusiveness and efficiency of food and agricultural systems, government institutions need to engage directly with actors at all levels from the highly diverse private sector. Most public sector officials and agencies however have limited capacity and instruments for results-oriented dialogue and collaboration with private sector actors. Consequently, strengthening public-private dialogue and collaboration is essential for enhancing the inclusiveness and efficiency of food and agricultural systems. Equally, FAO must engage more effectively with UN, G8/G20 and other global initiatives to strengthen dialogue and collaborative action with the private sector, particularly multinational corporations, on inclusive technology adoption and fair markets. Implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forestry will play an important role in this regard.

133. Action is needed at global and regional levels to reinforce working relations with private sector organizations and companies that have impacts on inclusiveness, fairness and sustainability in

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<sup>19</sup> A small farmer under SO4 is defined as a commercial farmer, fisherfolk or forester or farmer, fisherfolk or forester family that participates in the day-to-day labour and management of production, and owns or leases his/her productive assets.

many regions and countries. The governance systems for organizations and companies setting private and other voluntary standards must recognize and take into account the public interest. Global companies with global impacts must mainstream principles of corporate social responsibility practices and mechanisms to ensure accountability.

*Inclusive and efficient global market systems*

134. International agreements can facilitate an enabling environment for maintaining existing markets, developing new market opportunities and stimulating investment required to deliver inclusive and efficient trade, particularly for low-income countries. Differences in opportunity for, and actual involvement of countries in developing and implementing such agreements (due for example to asymmetries in their access to, and ability to use evidence in their assessment of the consequences of the agreements to which they are signatories) should be minimized.

135. Governments and other stakeholders need access to appropriate and timely information to enable informed decisions on phytosanitary and sanitary risks associated with trade to address both market access issues and the issues of food safety and plant and animal health. More generally, governments and producer organizations representing the interests of small, family and vulnerable food and agriculture systems participants must have increased awareness of, and capacity to analyse developments in international agricultural markets, trade policies and trade rules and related developments in supply, demand, prices and consumption.

136. At the international level, both importing and exporting countries need specific and different national strategies, policies and measures to benefit from international trade, improve livelihoods and pursue their own food security objectives, while taking account of food security needs elsewhere. The ability of a country to take advantage of regional markets is an important objective in most locations, but is often constrained by poor regional market linkages and the inability of a country and/or producers to comply with increasingly demanding international rules and standards, especially in relation to food safety and plant and animal health, governance and the environment. Environmental costs of production and processing are not yet reflected in trade agreements and could further raise compliance costs.

137. Competitive markets exist only when all goods and services are valued at their opportunity cost for society. This implies that competitiveness has to be assessed through analyses that take into account the full costs and benefits generated by production, trade and consumption activities, including social, gender and environmental positive and negative externalities linked to food and agricultural outputs (e.g. increase or decrease in socio-economic disparities) and input use (e.g. fossil energy, carbon emissions, deforestation). Recognizing that most trade in agricultural commodities takes place under contractual arrangements rather than spot market transactions, action is also required to ensure that trading conditions facing relevant stakeholders are transparent and fair. Countries and regional and global organizations have to ensure actual competitiveness of markets and fair prices to both the producer and consumer.

138. Access to financial services by small and medium producers and food and forestry industries must also be improved. This can be achieved through: efficient and well governed producer organization/marketing association; implementation of risk management strategies such as insurance, savings, and guarantee mechanisms; the strengthening and modernization of the rural financial institutions and investment mechanisms; and working through the Committee on World Food Security, the development of principles for responsible investment.<sup>20</sup> New approaches are needed, such as value chain finance, developing new products less reliant on traditional collateral and applying new technologies to reduce costs and risks. These responses must address the particular needs of women and youth.

139. Lack of or inadequate access to land is an important factor that constrains the opportunities that small farmers have to participate in modern food systems. Dualistic agrarian structures and extreme fragmentation of land holdings affect the capacity of agriprocessors, wholesalers and retailers to source food efficiently for the urban consumers. Rapid changes in food systems stimulate the

<sup>20</sup> The Advisory Committee on Paper and Wood Products can assume a similar role regarding the forest based sector.

restructuring of existing agrarian structures, often in the direction of greater concentration of access to, and ownership of land and in turn that can lead to social exclusion and unrest. The relationship between the transformation of food systems and agrarian structures is an important one and one that will continue to have the attention of FAO.

### **Action Plan**

140. While national authorities and institutions will necessarily need to lead the often arduous change process towards conditions in which efficient, inclusive and collaborative smaller- and medium-scale private agents can thrive, FAO is able to build on expanding UN private sector dialogue and other initiatives including the International Year of Cooperatives (2012) and International Year of Family Farming (2014) to support these efforts. The Organization will also continue to be a privileged partner of: international financial institutions in support of the provision of related public sector goods and services and creating favourable conditions for investment; UNCTAD and WTO on commodity markets and trade related issues; CGIAR centres on policy analysis and strategy development; WHO on food safety and Codex work, UNIDO on value chain development and financial services; UN Collaborative Partnership on Forests on sustainable forest management; and WFP on safe food distribution systems.

141. FAO will contribute to enabling more inclusive and efficient agricultural and food systems at local, national and international levels by achieving three Outcomes:

- a) policies, regulatory frameworks and public good enhance inclusiveness and efficiency of food, agriculture and forestry systems;
- b) enhanced public-private collaboration in addressing the challenges and risks faced by smaller and disadvantaged participants in food and agricultural systems; and
- c) international agreements and mechanisms promote inclusive and efficient markets.



### ***Strategic Objective 5: Increase the resilience of livelihoods to threats and crises***

#### **Context and rationale**

142. Each year, millions of people who depend on the production, marketing and consumption of crops, livestock, fish, forests and other natural resources are confronted by disasters and crises. They can strike suddenly - like an earthquake or a violent coup d'état - or unfold slowly - like drought-flood cycles. They can occur as a single event, one can trigger another,<sup>21</sup> or multiple events can converge and interact simultaneously with cascading and magnified effects.<sup>22</sup> These emergencies threaten the production of, and access to food at local, national and at times regional and global levels.

143. Public and private systems that provide support and protect livelihoods and rights are often inadequate, especially in low-income, disaster-prone and protracted crisis countries. The poor in rural and urban areas are disproportionately affected, with poverty serving as both a driver and a consequence of inadequate livelihoods. Malnutrition may be both a direct impact of crises (and related coping strategies households are compelled to adopt), as well as a driving factor threatening the resilience of livelihoods.

144. The inability of families, communities and institutions to anticipate, absorb, accommodate or recover and adapt from crises and disasters in a timely, efficient and sustainable manner is at the crux of this Strategic Objective. Weakness in resilience triggers a downward spiral - household livelihoods and national development gains that have taken years to build are compromised and sometimes shattered.<sup>23</sup>

#### **Main factors underpinning the design of SO5**

##### *A planet at risk - disasters and crises on the rise*

145. The factors driving disasters and crises and related risk patterns facing populations and national authorities are complex and dynamic. They include: climate change, population growth and poverty, demographic factors such as migration and urbanization, political instability, economic forces, pathogen mutation/adaptation, ecosystem dysfunction and environmental degradation linked to scarcity of land, water and energy, among others. Rising population density in fragile and exposed rural and urban ecosystems (such as coastal, mountain, forest and dryland areas) means that increasing numbers of people are exposed to heightened vulnerability and thus are at the mercy of disasters and crises.

146. A simple categorization of shocks is as follows:

- a) natural disasters (e.g. geo-climatic and extreme weather events originating from natural hazards - droughts, floods, fires, landslides, volcanic eruptions, tsunamis, earthquakes, storms, extreme temperatures, hailstorms, etc.);
- b) food chain emergencies of transboundary or technological threats (e.g. transboundary plant, forest, animal, aquatic and zoonotic pests and diseases, food safety events, radiological and nuclear emergencies, dam failures, industrial pollution, oil spills, etc.);
- c) socio-economic crises (e.g. the 2008 global food price crisis and more recent financial shocks);
- d) violent conflicts (e.g. civil unrest, regime change, interstate conflicts, civil wars, etc.); and

<sup>21</sup> Examples include the rapid spread of Highly Pathogenic Avian Influenza, H5N1 subtype from Vietnam and China in early 2004 to more than 60 countries and territories or the transboundary spread of white spot syndrome virus in shrimp aquaculture.

<sup>22</sup> Examples include the earthquake, tsunami and nuclear disasters in Japan 2011 or the drought, conflict and locust emergencies in the Sahel in 2012.

<sup>23</sup> For FAO, "resilience" is the ability to prevent and to mitigate the impact of disasters and crises and to anticipate, absorb, accommodate or recover from them in a timely, efficient and sustainable manner. This includes protecting, restoring and improving food and agricultural systems in the face of threats that impact agriculture, nutrition, food security, and food safety (and related public health).

- e) protracted crises (i.e. complex, prolonged emergencies that combine two or more aspects of the above-mentioned crises).

147. There is not a region of the world that is not at risk of one or more of these threats. Natural disasters are expected to be amplified by climate change. Already, the effects are clear - globally, related losses in 2011 totalled USD 264 billion, i.e. twice the level of Official Development Assistance. Food chain emergencies that result from transboundary threats of plant pests and animal diseases and food chain contamination and toxicity are also on the rise as a result of modern food production systems and the globalization of trade. Over the past decade, more than 75 percent of emerging diseases affecting humans originated in livestock and wildlife. Threats to human, animal and environmental health from existing and emerging pathogens are triggered by multiple, often inter-related factors associated with global development trends (population growth, urbanization, increasing demand for animal products, intensifying farming systems, land use change, increased human mobility, trade liberalization, etc.).

148. Since the Asian financial crisis of 1997-98, socio-economic shocks have had a manifest impact on the livelihoods, food security and nutrition of the poor in rural and urban areas. The 2008 global financial and economic crisis was estimated to have pushed an additional 100 million people into hunger in 2009.<sup>24</sup> Since 2007, the FAO food price index has pointed to a new era of high prices and unprecedented volatility.<sup>25</sup>

149. Countries that emerge from conflict often relapse. The downward trend in the number of conflicts since the dramatic peak of the early 1990s reversed in 2004. Although food insecurity is usually not a direct cause of violence, it does act as a threat multiplier for violent conflict when combined with other factors such as low development, a “youth bulge”, and high levels of socio-economic inequality.<sup>26</sup> Frequently, the poor and powerless are forcibly stripped of assets - savings, livestock, standing crops and food stocks - and dislocated from their home areas. In 2012, 42 million people were living as refugees or internally displaced persons, principally as a result of disasters and conflicts.

150. Protracted crises and fragile and conflict-affected countries are not necessarily the same, but there is generally a strong overlap. Similarly, the characteristics of protracted crises and fragile states – weak institutional capacity, weak state legitimacy, poor governance, political instability, ongoing violence or the legacy of past violence – strongly converge, especially when also affected by natural hazards, transboundary plant pests and animal diseases, and/or socio-economic shocks. In 2010, more than 166 million undernourished people lived in countries in protracted crises, roughly 20 percent of the world’s undernourished people. A different development model is needed in these countries, as affirmed for example by the G7+ countries in the New Deal for Engagement in Fragile States.<sup>27</sup>

#### *Variable patterns of resilience and vulnerability*

151. At times of disasters and crises, many people have to rely on their own resources to protect their lives and livelihoods, families and communities. They may adopt new (or accelerate reliance on) harmful or risky coping strategies, such as compromising dietary intake and diversity, cutting trees to make charcoal, cultivating poppies for opium, slaughtering core breeding livestock, or sending family members on extended and risky migrations in search of jobs, pastures, firewood or water. These strategies may be effective in the short-term or within a limited area, but they can undermine the resilience of ecosystems and communities.

152. The use of child labour in agriculture makes children and youth particularly vulnerable when households are forced to deepen their dependence on coping strategies. Some survival strategies have sharp negative consequences for the most vulnerable within households: children taken out of school, the elderly deprived of food, women denied access to health care, young men abducted into armed forces, girls forced into prostitution, etc. Many will take on unmanageable debts with no possibility of

<sup>24</sup> FAO: Food Security and the Financial Crisis <http://ftp.fao.org/docrep/fao/meeting/018/k6360e.pdf>

<sup>25</sup> FAO: High and Volatile Food Prices: FAO Support to Country Level Contingency Planning (2012).

<sup>26</sup> (Brinkman/Hendrix).

<sup>27</sup> <http://www.g7plus.org/new-deal-document/>

repayment, ultimately leading to a seizure of assets, such as land, imprisonment of debtors or, as a last resort, the forced marriage of children.

153. The nature, frequency, intensity, combination and duration of disasters and crises influence the nature of impacts on different groups and fragile ecosystems. The impacts of disaster and crises are also strongly shaped by factors such as gender, age, educational and knowledge levels, socio-economic status, culture and other factors that govern access to resources. Countries in protracted crisis require special attention within a resilience agenda, given the exceptional role that agriculture, natural resources and the rural economy play in people's survival, as well as the damage to agriculture, food and nutrition caused by protracted crises.

154. Resilience to different shocks varies across and within households, urban and rural communities, ecosystems, countries and regions. In large part, this is due to countries' strategies and investments over time in disaster risk reduction (such as the successful risk reduction and disaster preparedness efforts in Bangladesh that have dramatically reduced mortality caused by major cyclones).

#### *Unmet needs*

155. The UN 2012 appeal for external humanitarian assistance was the largest ever: USD 7.7 billion to assist 51 million people. Between 2000 and 2010, UN appeals were underfunded on average by one-third annually, with sudden onset natural disasters attracting more donor responses than protracted crises. International appeals for food aid requirements are the most consistently resourced, but appeals for agriculture-based livelihoods are routinely less well funded, receiving on average less than half of the funding requested. Contributions are subject to the uncertainties of an ever-shortening international attention span and shrinking funding basis that moves from one crisis to the next, leaving the last one unresolved and the "forgotten emergencies" unaddressed.

#### *Humanitarian and transition protection and development assistance challenges*

156. Research and field practice have generated innovations to support risk reduction and management for agriculture and food security, but there is a chasm between knowledge and practice. Strategic links among humanitarian, development and investment initiatives are not adequately articulated or supported within a coherent architecture of international assistance. Investments in risk reduction and preparedness are dwarfed by the scale of requirements. For example, for the top 20 recipients of humanitarian assistance over the last decade only USD 0.62 out of every USD 100 spent was invested in preparedness across all sectors, including agriculture.

157. Despite consensus on the need to link humanitarian, recovery and development strategies and assistance, there are significant gaps in funding for transition programmes<sup>28</sup> and insufficient coordination between emergency and development actors. The result in both emergency and transition settings (including protracted crises) is a critical imbalance in the Rome-based agencies "twin-track" approach, whereby short- and longer-term food security, nutrition and livelihood challenges must be addressed complementarily and simultaneously. In addition, there is inadequate concern for the potential impact of supply-driven response on the resilience of producers and markets, and an imbalance in support for the breadth of food security dimensions: availability, access, stability and utilization. While significant investments are made in managing the symptoms of acute malnutrition in crisis situations, too little has been done to address its underlying causes through complementary humanitarian and development interventions.

158. With the growing erosion of resilience or increased vulnerability owing to a combination of shocks and stresses, local, national, regional and international emergency responses are too often inadequate or inappropriate, even though investments in support of agriculture and natural resource-based livelihoods are a cost-effective means of managing risks. There is an urgent need to shift the paradigm from crisis response to risk reduction measures by all concerned actors and to ensure that resilient livelihoods are a central condition for achieving sustainable development.

<sup>28</sup> INCAF 2009, CWGER 2008: studies on funding for transition.

### *The main ingredients of enhanced resilience to shocks*

159. Enhancing resilience to shocks must be the focus of greater political will, investment, coordination, technical expertise and capacities, innovation, knowledge management and shared responsibility for disaster risk reduction and crisis management by countries, local authorities, communities, civil society, the private sector, academia and the international community. Four main components are considered.

160. First, the institutional capacities of countries and other stakeholders for risk management (i.e. prevention, preparedness, mitigation, response, recovery and rehabilitation) need to be strengthened at all levels. This includes capacity for better coordination and articulation of public, private and international assistance before, during and after crisis. Some countries are able to manage crises better than others as a result of sustained investments of financial, technical and political resources to effectively address their multirisk profiles.

161. Second, continued improvements are needed in information management, early warning, risk analysis and surveillance systems of multi-hazards risks for agriculture, nutrition, food security and food safety (and related public health issues) so as to provide more timely, accurate and actionable alerts to the benefit of rural and urban populations. The dynamics of risks and the consequences of crises need to be more sharply monitored and analyzed, as well as links to institutions and processes that consistently trigger early, appropriate and effective actions. Such systems are best underpinned by a proactive focus on traditional knowledge, science, technologies, good practices and approaches.

162. Third, while hazards are unavoidable, they need not become disasters. Disasters, conflicts, animal- and aquatic-related human health threats, food chain crises and socio-economic crises can, and should be prevented and mitigated. Robust risk-specific mitigation efforts to minimize the impact of disasters are imperative, especially when integrated and combined with climate change adaptation.<sup>29</sup> Resilience can, and should be fostered in advance, as well as restored after crises, to better withstand the next, inevitable threat. The resilience of livelihoods must be protected and promoted and even in the midst of protracted crises and disasters, continued food production and safeguarding consumers must be ensured.

163. Fourth, when people's capacities are overwhelmed by crises, they need to be able to count on effective local, national and international emergency responses, including humanitarian assistance and protection, expandable safety nets, crop insurance schemes and other forms of social protection adapted to aid "at-risk" populations. This requires greater coherence and integration of humanitarian, development and investment strategies to support local and national institutions, buoyed by an effective global system of coordinated humanitarian actors.

### *The centrality of strategic partnerships for results*

164. Building resilience of livelihoods in challenging institutional environments requires highly specialized expertise, enhanced partnerships across all stakeholder groups and institutional capacity and commitment. There are vital and complementary roles for research, technology, knowledge management, communication and advocacy in risk reduction and crisis management for agriculture, food and nutrition. Comprehensive capacity development to enhance technical and functional skills on risk management for agriculture, food and nutrition across the individual, organizational and policy levels are central to achieving meaningful and sustainable results.

### **Action Plan**

165. SO5 builds on the multidisciplinary collaborations that have underpinned the FAO Disaster Risk Reduction (DRR) for Food and Nutrition Security Framework Programme. Increasing the resilience of agriculture and natural resource-based livelihood systems remains the overarching goal and driving logic in the humanitarian-development continuum and related support to countries, as has been consistently pursued by the Organization.

<sup>29</sup> The Rio+20 Declaration calls on key stakeholders to "commit to adequate, timely and predictable resources for disaster risk reduction in order to enhance the resilience of cities and communities to disasters".

166. In this spirit, and in line with FAO's comparative advantages and extensive field experience, this Action Plan focuses on developing, protecting and restoring resilient livelihoods so that the integrity of societies that depend on farming, livestock, fish, forests and other natural resources is not threatened by crises. It adheres to the "twin-track" approach of taking immediate steps to support food security and nutrition, while simultaneously addressing the underlying factors driving disasters and crises. It will facilitate mainstreaming of risk reduction and preparedness, prevention, mitigation, response and recovery in the agriculture, food and nutrition sectors through local, national, regional and international strategic programming processes involving humanitarian, development and investment actors before, during and after crisis.

167. FAO will bring to bear its unique relationship to ministries in charge of agriculture, livestock, fisheries, forestry and the environment. It will draw on its proven capacity to lead and contribute to key international platforms and mechanisms for collective engagement in risk management. It will also fully exploit its arsenal of tested risk management measures, including for risk analysis (hazard identification, risk assessment, response options analysis and implementation) and risk communication, and its well-established food security and food safety information and early warning systems. Based on its impartial and accurate assessments of crisis impacts and related requirements for agriculture, food and nutrition, it will actively participate in mechanisms such as the UN appeals, emergency assessments, joint post-disaster and post-conflict assessments, and crop and food security assessments. FAO will continue to promote an expanded "One Health" agenda for collaborative, cross-sectoral and multidisciplinary approaches to address threats of infectious diseases at the livestock/wildlife-human-ecosystem interface.

168. The Organization will contribute to increasing the resilience of livelihoods to threats and crises by achieving four Organizational Outcomes:

- a) countries and regions have legal, policy, institutional systems and regulatory frameworks for disaster and crisis risk management for agriculture, food and nutrition;
- b) countries and regions deliver regular information and trigger timely actions against potential, known and emerging threats to agriculture, food and nutrition;
- c) countries apply prevention and impact mitigation measures that reduce risks for agriculture, food and nutrition; and
- d) countries and regions affected by disasters and crises with impact on agriculture, food and nutrition are prepared for, and manage effective responses



# PROGRAMME OF WORK AND BUDGET 2014-15

## A. Main features of the PWB 2014-15

### Introduction

169. The vision for transformational change has led to a review of the FAO's Strategic Framework by means of the Strategic Thinking Process so as to reorient the Organization's efforts and resources in a focused manner. The reviewed Strategic Framework consists of five new Strategic Objectives, a sixth objective dedicated to provision of technical quality, knowledge and services, and two cross-cutting themes of gender and governance, along with the Technical Cooperation Programme and four Functional Objectives.

170. The objectives and themes, already endorsed by the Council, will drive a goal-oriented mindset within the more rigorous results framework outlined in the Medium Term Plan. Given the cross-sectoral nature of the Strategic Objectives, the Programme of Work in 2014-15 will be underpinned by a new programmatic approach, and new collaborative business practices breaking down past silos. In addition, structural adjustments further to transformative measures introduced in 2012 will support delivery of the PWB 2014-15.

171. A revised budgetary chapter structure has been constructed within the context of the new, more robust results framework to enable the pursuit of the action plans associated with each Strategic Objective, as well as the sixth objective. The budgetary chapter structure also outlines the Functional Objectives, and other areas of activity and operations of the Organization required in support of the delivery of the Programme of Work.

172. Considered analysis was undertaken of the resource requirements for the new programmatic approach and structural adjustments in the delivery against the new objectives, and these are outlined within the context of the revised budgetary chapter structure. This has enabled determination of the overall Net Appropriation level required to deliver the PWB 2014-15. Furthermore, the budgetary chapter components of resources allocated in the PWB 2012-13 were mapped to the resource requirements for 2014-15 at the revised budgetary chapter level.

173. Based on this analysis resources were identified to be allocated to higher priority areas in the PWB 2014-15 totalling USD 31.5 million, as follows:

- a) the Technical Cooperation Programme (USD 15.8 million), which in 2014-15 will be enhanced according to the guidance of the 145<sup>th</sup> session of the Council to ensure greater alignment with the Strategic Objectives and better delivery and impact in response to country level needs. This will also allow for the level of the TCP appropriation in 2014-15 to converge towards the target agreed by the Conference of 14 percent of the Net Appropriation;<sup>30</sup>
- b) strengthening of the communication and partnerships functions (USD 7 million) as Members highlighted the importance of both these functions in the course of discussions on transformational change of FAO, and their strengthening will build upon the transformative measures endorsed by governing bodies in 2012 as important support to the new Strategic Objectives which emerged during the year;
- c) reinforcing Strategic Objective 3 *Reduce rural poverty* (USD 5 million), which will encompass areas of activity requiring establishment of new capacity within the Organization, in particular relating to social protection activities, such as cash transfers;
- d) increasing the budget of the Office of Evaluation by USD 1.1 million to reach 0.8 percent of the Net Appropriation, in line with IPA action 2.78 as confirmed by the Conference in 2011;
- e) other areas, including strengthening technical networks, statistics, flagship publications, internal audit, and strategic planning and monitoring (USD 2.4 million); and
- f) a small amount of transitional resources for a Director-General Elect (USD 0.2 million) as decided by the Council.<sup>31</sup>

<sup>30</sup> Conference Resolution 9/89

<sup>31</sup> CL 145/REP paragraph 36 g)



174. It is proposed that this incremental requirement is met by reallocation of resources within the PWB, and a small real increase in the Net Appropriation before cost increases. Specifically, USD 21.5 million is proposed to be reallocated from efficiency savings, the Multidisciplinary Fund, one-time IPA resources, and abolition of the Office of the ADG/NR. Thus, an additional amount of USD 10 million is required to achieve the Programme of Work in 2014-15, representing a 1 percent real increase on the 2012-13 budget level.

175. This section presents an overview of the revised budgetary structure, the resource requirements for the PWB 2014-15 including the overall Net Appropriation, as well as a comparison with the PWB 2012-13 allocations.

### **Integrated presentation of resources**

176. The PWB proposes a biennial Programme of Work funded from the assessed budget and an estimate of extrabudgetary voluntary funding, as mandated by Conference in the reform of programming and budgeting under the Immediate Plan of Action for FAO Renewal. The Programme of Work is based on the requirements to achieve the two-year targets under the results frameworks for FAO's Objectives, along with associated requirements for the Technical Cooperation Programme, Contingencies, and Capital and Security Expenditures.

177. This integrated view of total resource requirements to carry out the Programme of Work comprises two distinct sources of funding. One source of funding is the assessed contributions by Members (based on the agreed scale of contributions) financing the *Net Appropriation* (adjusted for estimated miscellaneous income) voted by the Conference in the *Budgetary Appropriations Resolution*. The other main source stems from extrabudgetary contributions provided by Members and other partners on a voluntary basis through direct support to the Organization, or through technical and emergency assistance to governments for clearly defined purposes linked to the MTP.

178. Through the results-based approach, these resources are subject to the same planning and oversight arrangements as a unified work programme. The Council recommends the results frameworks and the level of assessed budget and provides an estimate of extrabudgetary funding to the Conference. The Conference votes the *Net Appropriation* to be financed by assessed contributions, and in addition should encourage Members to provide the estimated extrabudgetary voluntary contributions to facilitate implementation of the unified programme of work.

### **Budgetary chapter structure overview**

179. The new results framework stemming from the review of the Strategic Framework<sup>32</sup> and the transformational measures put in place during 2012-13 will allow the Organization to focus its work on its Strategic Objectives in the most efficient and effective manner and with clear lines of accountability.

180. One important element of the results framework is the budgetary chapter structure, through which the Conference approves the biennial budget and provides the basis for planning, monitoring and reporting. The new budgetary chapter structure reflected in the PWB 2014-15 provides a framework for the delivery and impact of the five Strategic Objectives, a sixth objective relating to the provision of technical quality, knowledge and services and four Functional Objectives.

181. The Functional Objective on efficient and effective administration is maintained, clearly identifying the resources devoted to administrative work<sup>33</sup> and providing performance indicators related to efficiency and effectiveness. Functional Objective X (FO-X) is replaced by three separate functional objectives, which will more clearly distinguish the enabling services provided, including the resources allocated, and set out clear measures of performance, addressing some concerns that information related to FO-X in the PWB 2012-13 was unclear.<sup>34</sup>

<sup>32</sup> C 2013/7

<sup>33</sup> Conference Resolution 10/2009 operative paragraph 1(c)

<sup>34</sup> CL 141/8 paragraph 7 and CL 141/9 paragraph 35

182. Regarding resources for the FAO country office network (FAOR), the standing approach is maintained,<sup>35</sup> with all FAOR resources reflected across the five Strategic Objectives based on regional distributions. With the completion and analysis of Country Programming Frameworks, country offices will develop results-based work plans for 2014-15 in the latter part of 2013, which could result in some adjustment to the FAOR resource allocations among chapters during implementation.

183. In summary, the PWB 2014-15 contains 14 budgetary chapters (down from 17 in PWB 2012-13) as follows:

- *Chapters 1 – 5: Strategic Objectives* – specific chapters housing the resources for implementation of the Action Plans under the five Strategic Objectives.
- *Chapter 6: Technical quality, knowledge and services* – covering core technical leadership, normative activities and quality assurance, as represented by the resources related to the work of the Assistant Directors-General of technical departments, the Technical Committees, flagship publications, the Chief Statistician, and core resources for the cross-cutting areas of gender and governance.
- *Chapter 7: Technical Cooperation Programme* – providing for TCP resources, which contribute to the achievement of the Strategic Objectives.
- Chapters 8 to 11: Functional Objectives

*Chapter 8: Outreach* - encompassing resources for advocacy and communication, partnerships, resource mobilization, and liaison offices.

*Chapter 9: Information Technology* – supporting the work of the CIO Division and the IT staff in decentralized offices.

*Chapter 10: FAO Governance, oversight and direction* - covering the cost of servicing the main FAO governing bodies (including Regional Conferences); the Offices of Evaluation and of the Inspector-General; the External Auditor; FAO's contribution to the Joint Inspection Unit; and the Offices of the Director-General; Deputy Directors-General; Regional Representatives; Legal Counsel; Strategy, Planning and Resources Management; and Support to Decentralization.

*Chapter 11: Administration* – housing the resources devoted to administrative work.

- *Chapters 12 to 14:* represent the existing special chapters Contingency, Capital Expenditure and Security Expenditure, respectively, managed as per the Financial Regulations.

### **Transition from 2012-13 Conference Resolution to 2014-15 proposal**

184. Since Conference approval of the 2012-13 Budgetary Appropriations Resolution,<sup>36</sup> a series of adjustments and transformational changes have taken place during the 2012-13 biennium, as approved by Council. Then, in moving to the 2014-15 biennium under the reviewed Strategic Framework, the foundations for planning have fundamentally changed, with focus on identifying priorities among the five new Strategic Objectives outlined above (comprising 17 Organizational Outcomes) rather than the 11 Strategic Objectives (with 49 Organizational Results) for the 2010-11 and 2012-13 biennia, as well as the Functional Objectives and special chapters.

185. Table 1 reflects the adjustments from the 2012-13 Conference Resolution to the Transformational Changes in the 2012-13 biennium (CL 145/3). It is recalled that the 2012-13 adjustments and transformational changes were introduced in a series of documents presented to, and approved by Council in 2011 and 2012.<sup>37</sup>

<sup>35</sup> C 2011/3, paragraphs 55 and 56

<sup>36</sup> C 2011/REP, Resolution 5/2011

<sup>37</sup> Adjustments to the Programme of Work and Budget 2012-13 (CL 143/3), Further Adjustments to the Programme of Work and Budget 2012-13 (CL 144/3), Transformational Changes in the 2012-13 biennium (CL 145/3).

**Table 1: Resource transition from 2012-13 Conference Resolution (CR 5/2011) to Transformational Changes (CL 145/3)**

Strategic/Functional Objectives 2012-13 (Budgetary chapters)		(in USD thousands)		
		2012-13 Conference Resolution 5/2011	Change	Transformational Changes (CL 145/3)
A.	Sustainable intensification of crop production	60,076	115	60,191
B.	Increased sustainable livestock production	39,102	(1,957)	37,145
C.	Sustainable management and use of fisheries and aquaculture resources	68,279	(665)	67,614
D.	Improved quality and safety of foods at all stages of the food chain	32,040	982	33,022
E.	Sustainable management of forests and trees	51,833	(423)	51,410
F.	Sustainable management of land, water and genetic resources and improved responses to global environmental challenges affecting food and agriculture	70,521	1,729	72,250
G.	Enabling environment for markets to improve livelihoods and rural development	46,598	1,625	48,223
H.	Improved food security and better nutrition	90,620	4,576	95,196
I.	Improved preparedness for, and effective response to, food and agricultural threats and emergencies	8,940	(763)	8,177
K.	Gender equity in access to resources, goods, services and decision-making in the rural areas	16,254	5,502	21,756
L.	Increased and more effective public and private investment in agriculture and rural development	39,876	9	39,885
X.	Effective collaboration with Member States and stakeholders	233,824	(26,040)	207,784
Y.	Efficient and effective administration	114,303	(19,192)	95,111
	TCP	116,027	0	116,027
	Contingencies	600	0	600
	Capital Expenditure	26,439	0	26,439
	Security Expenditure	24,809	0	24,809
	Efficiency gains, one-time savings, use of unspent 2010-11 balance	(34,502)	34,502	0
<b>Total Appropriation (Net)</b>		<b>1,005,639</b>	<b>0</b>	<b>1,005,639</b>

186. While the Objectives and Outcomes for 2014 and beyond were identified and formulated without reference to the existing results structure, a programmatic comparison of the *Net Appropriation* for the 2012-13 biennium through to the proposed budget for the 2014-15 biennium has been derived. To enable a comparison of the 2012-13 biennial resources with the new proposal, an *ex post* mapping of old Organizational Result resources to the new Strategic and Functional Objectives has been undertaken, based on the area of work supported. Table 2 provides a resource comparison based on the mapping for the *Net Appropriation* between the PWB 2012-13 (Transformational Changes) and the proposed PWB 2014-15, at the Strategic/Functional Objective (budgetary chapter) level. The resulting comparison should be interpreted as indicative at best, due to the inherent imprecision of associating the old and new planning frameworks, which have different approaches and assumptions.

187. The changes to reach the 2014-15 proposal are described in various sections of the document. The section on *Summary budgetary requirements* summarizes all changes and describes the impact on Members' assessed contributions.

**Table 2: Comparison of Net Appropriation between the 2012-13 biennium and the proposed PWB 2014-15 (before cost increases)**

Budget chapter	Strategic/ Functional Objectives	(USD thousands)		
		2012-13 - Transformational Changes (mapped to new structure)	Change	2014-15 Proposal
1	Contribute to the eradication of hunger, food insecurity and malnutrition	94,841	(2,165)	92,675
2	Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	197,119	(4,090)	193,030
3	Reduce rural poverty	61,259	3,612	64,870
4	Enable more inclusive and efficient agricultural and food systems at local, national and international levels	114,270	(2,254)	112,017
5	Increase the resilience of livelihoods to threats and crises	37,467	(850)	36,617
6	Technical Quality, Knowledge and Services	51,403	184	51,587
7	Technical Cooperation Programme	116,027	15,826	131,853
8	Outreach	58,299	8,097	66,396
9	Information Technology	46,215	(2,106)	44,108
10	FAO Governance, Oversight and Direction	85,542	706	86,249
11	Efficient and Effective Administration	91,348	(2,753)	88,596
12	Contingencies	600	0	600
13	Capital Expenditure	26,439	(4,207)	22,232
14	Security Expenditure	24,809	0	24,809
	<b>Total Appropriation (Net)</b>	<b>1,005,639</b>	<b>10,000</b>	<b>1,015,639</b>

**Overview of resources planned and sources of funding**

188. Table 3 provides a summary of 2014-15 resource requirements by Strategic/Functional Objective (budgetary chapter) and source of funding, i.e. net appropriation and extrabudgetary contributions.

189. The net appropriation reflects the requirements, before cost increases, proposed to be funded from assessed contributions by Members, starting from the nominal level of the 2012-13 budget (USD 1,005.6 million). The proposed net appropriation of USD 1,015.6 million (before cost increases) represents 41.4 percent of overall resource requirements. The purchasing power of the assessed contributions would be preserved by updating unit costs through the estimation of cost increases (USD 54.4 million, see PWB section C), resulting in a net appropriation of USD 1,070.1 million with cost increases.

190. The extrabudgetary resources reflect the estimates for voluntary contributions, comprising 58.6 percent (USD 1,437.4 million) of overall resource requirements. Voluntary contributions include a variety of established funding mechanisms that fall into two main categories, as shown in Annexes IV and V and elaborated below.

191. Core voluntary contributions are the estimated extrabudgetary resource requirements planned in the programme of work under the results frameworks and managed closely with the net appropriation. They represent 6.7 percent (USD 164.9 million) of the overall resource requirements (and 11.5 percent of all extrabudgetary contributions) and include: Trust Fund projects that support core activities at global and regional levels; and non-project contributions from partners (e.g. World Bank Cooperative Programme, WHO contribution to Codex).

**Table 3: 2014-15 Budget proposal by Strategic/Functional Objective and funding sources**

Budget chapter	Strategic/ Functional Objectives	(in USD thousands at 2012-13 rates)			
		Net Appropriation	Core Voluntary	Other Extrabudgetary	Total
1	Contribute to the eradication of hunger, food insecurity and malnutrition	92,675	19,944	132,815	245,435
2	Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	193,030	75,262	195,898	464,190
3	Reduce rural poverty	64,870	5,498	48,952	119,320
4	Enable more inclusive and efficient agricultural and food systems at local, national and international levels	112,017	47,943	82,902	242,863
5	Increase the resilience of livelihoods to threats and crises	36,617	7,426	787,861	831,904
6	Technical Quality, Knowledge and Services	51,587	58	34	51,679
7	Technical Cooperation Programme	131,853	0	0	131,853
8	Outreach	66,396	159	1,286	67,841
9	Information Technology	44,108	4	0	44,112
10	FAO Governance, Oversight and Direction	86,249	1,170	22,691	110,110
11	Efficient and Effective Administration	88,596	7,210	68	95,873
12	Contingencies	600	0	0	600
13	Capital Expenditure	22,232	0	0	22,232
14	Security Expenditure	24,809	181	0	24,990
<b>Total Appropriation (Net)</b>		<b>1,015,639</b>	<b>164,856</b>	<b>1,272,507</b>	<b>2,453,002</b>

192. Other extrabudgetary contributions are estimates of voluntary contributions (USD 1,272.5 million) for programmes and projects contributing to the results frameworks in the Medium Term Plan and providing support to the field programme, technical assistance to countries (i.e. technical cooperation) and emergency and rehabilitation assistance.

*Voluntary contributions - level of assurance*

193. While the level of assessed contributions will be known at the beginning of the biennium based on the Budgetary Appropriations Resolution adopted by Conference, the amount, timing and earmarking of extrabudgetary voluntary resources will be subject to some risk. In the planning process for 2014-15, this risk has been mitigated by deriving estimates of extrabudgetary resources based on status of extrabudgetary projects, with two levels of assurance:

- Higher level of assurance: a) currently operational projects that have budgeted resources in 2014-15; and b) project proposals in the pipeline that are under negotiation and are likely to be approved, with budgets in 2014-15, being essentially assured funding;
- Lower level of assurance: prospects based on project ideas and positive contacts with donors.

194. Annex IV demonstrates that this methodology for estimating extrabudgetary resources results in a reasonable level of overall assurance, with differences among the subcategories of voluntary contributions. It provides the percentage of voluntary resources planned against each Strategic and Functional Objective that are in the highly-assured category of operational or pipeline projects. Overall, 31.6 percent of estimated extrabudgetary voluntary contributions can be classified as highly assured, ranging from 5 percent for emergencies to 46.3 percent for support to the field programme and technical assistance to 93.9 percent for core voluntary.

195. Other resource views can be found in the Annexes, where Annexes I and III provide a breakdown of resources by region, and Annex II provides a breakdown of resources to the Organizational Outcome level.

## Implementation arrangements

196. FAO will adopt a matrix structure for the delivery of the Programme of Work and Budget from 2014. This matrix structure will comprise two distinct sets of roles, involving respectively the management of the Strategic Objective Action Plans and the management of organizational units. The matrix roles will be developed during 2013 for implementation from 2014.

### *The management of the Strategic Objective Action Plans*

197. The management of the Strategic Objective Action Plans is led by Strategic Objective Coordinators, who will: (i) identify opportunities for FAO to deliver high-impact results (Organizational Outcomes) in the area of its mandate, and secure agreements to these opportunities from key stakeholders; (ii) establish specifications for the work (Outputs) needed to deliver those results, negotiate and agree necessary staff inputs with heads of departments, assign budgets and monitor progress and approve adjustments, as required; (iii) explain and publicize achievements; (iv) look ahead to identify requirements to meet future needs; and (v) participate in the process of securing extrabudgetary resources.

### *The management of the organizational units*

198. The Organizational units are based on departments and divisions, headed respectively by Assistant Directors-General and Directors. Their principal functions will be to: (i) maintain and enhance technical strengths and capacity to deliver in their areas of mandate; (ii) develop and implement specific areas of normative work that are the direct responsibility of the department or division; (iii) negotiate and agree with the Strategic Objective Coordinators the staff inputs for implementation of the Action Plans; (iv) represent FAO in international events and other representational activities; and (v) participate in the process of securing extrabudgetary resources.

### *The management of resources*

199. Under the five Strategic Objectives, the staff and non-staff resources at headquarters will be under the control of the SO Coordinators, while the Regional Representatives will be responsible for planning, implementing and monitoring the regions' resources, including the FAORs, contributing to the five SOs in consultation with the SO Coordinators. During the more detailed work planning that will take place in the latter part of 2013, the SO Coordinators will review the allocation of resources, adjusting as necessary Organizational Outputs and will negotiate staffing requirements with the technical departments, including key deliverables and timeline for delivery.

200. The resources under Chapter 6 *Technical quality, knowledge and services* will be managed by the responsible ADGs. Resources for the Technical Cooperation Programme are managed by the regions, while resources under the Functional Objectives are assigned to, and managed by the relevant departments/offices.

### *The management of resources for Conventions and Treaty Bodies*

201. FAO's funding commitments for various conventions and treaty bodies will be managed by the head of the relevant department or office in conjunction with the concerned Secretariat. The resources for these commitments are budgeted under the relevant Strategic Objective, as follows:

- Codex Alimentarius Commission: USD 7.1 million (SO4)
- International Plant Protection Convention: USD 5.9 million (SO2)
- Rotterdam Convention: USD 1.5 million (SO2)
- International Treaty on Plant Genetic Resources for Food and Agriculture: USD 2.0 million (SO2)
- General Fisheries Commission for the Mediterranean: USD 125,000 (SO2)

## **B. Transformational changes**

202. Transformational changes introduced in 2012-13 build on reforms of the past several years, including the FAO Reform and the IEE. A number of interlinked changes will enhance delivery and impact of programmes in support of the Organization's overarching aim of combating hunger, malnutrition and food insecurity by effective translation of its normative work into country-level impact, and of its global knowledge products into tangible change in policy and practice.

203. All of the elements of the transformational change process are predicated on a clear and more focused strategic direction based on critical analysis, and on enhanced capacity and functioning of the decentralized office network working in a holistic and mutually supportive way with headquarters. They are underpinned by targeted institutional strengthening, along with the pursuit of value-for-money measures.

204. During the course of 2012, the governing bodies of FAO supported the vision for transformational change of the Organization, and approved measures relating to the strategic direction, decentralization, efficiency, and structural changes.

205. In this context, initiatives to enhance value-for-money were presented to the 144<sup>th</sup> session of the Council which appreciated the identification of further savings of USD 19.3 million, primarily from efficiencies in administrative areas. The Council endorsed the reallocation of these savings within the PWB 2012-13 towards the decentralized office network, strategic planning, interdisciplinary work, and security. The multidisciplinary initiatives in 2013 are consistent with the new Strategic Objectives and designed to ensure a smooth transition to the reviewed Strategic Framework, in particular the programmatic regional initiatives.

206. The vision for transformational change also served in 2012-13 as the driver for initiatives aimed at enhancing the functioning and structure of the decentralized office network, in particular in relation to improved planning and priority setting, a more flexible decentralized office network, an integrated model for programme delivery, and a more robust monitoring and oversight framework.

207. In addition, measures for institutional strengthening in support of the transformational change process were introduced in 2012, specifically with regard to: (i) human resources management function; (ii) communication and partnerships capacity; (iii) security service; (iv) the Technical Cooperation Department and its impact on other departments and offices, including policy assistance capacity, external resource mobilization, South-South cooperation, emergency and rehabilitation activities; (v) nutrition, food safety and standard-setting expertise; (vi) the Economic and Social Development Department; (vii) knowledge exchange, research and extension capacity; and (viii) Secretariat support to FAO governance and its liaison with Members and their representatives.

208. The transformational changes introduced in the 2012-13 biennium will lead in 2014-15 to a new cross-sectoral manner of working within the Organization. The reviewed Strategic Framework consisting of fewer and more cross-cutting Strategic Objectives will drive a goal-oriented mindset within a more rigorous results framework outlined in the Medium Term Plan. The successful delivery of the Programme of Work in 2014-15 will therefore require a fundamental shift in business practice based on the breaking down of silos, supported by requisite structural adjustments.

## Organizational structure

209. The guiding principle for the institutional strengthening measures enacted in 2012-13, as well as for further adjustments to the structure of the Organization from 2014 is the need to leverage technical and operational capacity in order to best support the new strategic direction. Specifically, it is necessary for FAO's expertise to be organized so as to achieve the cross-cutting Strategic Objectives, and to maintain and enhance technical quality, knowledge and services.

### Areas of main competence

210. The 2009 Conference approved the introduction of a revised headquarters structure so that the management of the areas of main competence of the Organization was arranged into two distinctive arms covering the knowledge base of the Organization on the one hand and operational aspects of its work on the other. The responsibility for managing these two areas of main competence was assigned to the Deputy Director-General (Knowledge) and Deputy Director-General (Operations) respectively.

211. This revised headquarters structure was approved in the PWB 2010-11 under the auspices of the IPA, which also provided that the organizational structure would be refined in 2012 (IPA action 3.103). Building on the reform instituted under the IPA, the Strategic Thinking Process guided the introduction of transformative structural changes in 2012, and informed the key elements of the reviewed Strategic Framework endorsed by the 145<sup>th</sup> session of the Council.

212. Two major themes emerged in 2012 during the review of the Strategic Framework which called for adjustments to the organizational structure relating to the knowledge arm: (i) the need to enhance and strengthen capacity and expertise connected to economic and social development where the Economic and Social Development Department was bolstered with respect to policy assistance, nutrition, social protection and governance capacities in 2012-13; and (ii) the imperative for better coordination and consistency of activities in agriculture, fisheries and forestry within an overarching natural resources' context, as confirmed by Council.<sup>38</sup>

213. Changes to the organizational set-up of the knowledge arm thus requires transformation of the natural resources aspect, as well as appropriate, separate prominence to the economic and social development component already strengthened in 2012. No new structural adjustments are proposed for the operational arm.

214. Accordingly, and in order to translate the guiding principle into an effective and efficient structure, a triumvirate immediately under the guidance of the Director-General from 2014 will lead three main areas of competence: (a) economic and social development; (b) the sustainable management of natural resources; and (c) operational aspects covering technical cooperation and the decentralized office network. The functioning of these three areas will be supported by enhanced outreach through communication and partnerships expertise, more efficient corporate and IT services, and improved internal evaluation and oversight capacity.

#### *(a) Assistant Director-General, Coordinator for Economic and Social Development*

215. The function of the ADG/ES will be renamed *Assistant Director-General, Coordinator for Economic and Social Development*, and the incumbent will report directly to the Director-General to reflect the unique importance of the position and the department in the provision of norms, statistics and information, as well as in delivery of the Strategic Objectives of the Organization. The separation of ES department in the reporting line from natural resources' capacity is consistent with the themes which emerged during the review of the Strategic Framework.

216. Within the ES department, the Gender, Equity and Rural Employment Division (ESW) will be renamed the Social Protection Division (ESP) to better reflect its broader range of responsibilities to advance social development in line with the new Strategic Objectives.

<sup>38</sup> CL 144/REP paragraphs 31-32; CL 145/REP paragraph 16



*(b) Deputy Director-General, Coordinator for Natural Resources*

217. In reviewing the Strategic Framework of the Organization, the governing bodies emphasized the importance of the sustainable management of natural resources in the fields of agriculture, fisheries, forests, agricultural heritage and genetic resources. Therefore, in recognizing the need for coherent use of FAO's diverse technical expertise in these areas, the Land and Water Division, the Climate, Energy and Tenure Division, and the research and extension capacity of the existing Natural Resources Management and Environment Department (NR) will be relocated to the overarching position of the existing Office of the Deputy Director-General, Knowledge (DDK), which will be renamed *Deputy Director-General, Coordinator for Natural Resources* (DDN).

218. This elevation will enable the Organization to leverage and better coordinate the technical expertise and activities in the Agriculture and Consumer Protection (AG), Fisheries and Aquaculture (FI) and Forestry (FO) departments within a broader natural resources management context. The heads of these three departments will report to the DDN. The existing position and office of the ADG/NR will be abolished and the Land and Water Division, as well as the Climate, Energy and Tenure Division will report to the DDN.

219. Furthermore, building on the review undertaken as part of the transformational changes in the 2012-13 biennium,<sup>39</sup> the functions and resources of the Office of Knowledge Exchange (OEK) will be integrated into the communication and partnership functions of the Organization (see below).

220. As part of the drive to improve the functioning of FAO's expertise for management of natural resources, the secretariats of a number of statutory bodies established under Article XIV of the Constitution will be placed directly in the offices of the relevant Assistant Directors-General of AG, FI and FO departments. Such relocation will only be undertaken for those bodies whose supporting capacity does not have intrinsic interdependency with the functions of a specific division.

*(c) Deputy Director-General, Operations*

221. The role, remit and reporting line of the Deputy Director-General, Operations (DDO) will remain unchanged from that previously approved by governing bodies. There will be no structural changes, or alterations to reporting lines, further to those endorsed by the Members in 2012 to the decentralized office network and the Technical Cooperation Department.

**Supporting functions**

222. In addition to structural adjustments to the main areas of competence described above, four functions serving in support of the core activities of the Organization are strengthened in the PWB 2014-15: communications, partnerships, finance and cabinet. Further measures for institutional strengthening will be pursued during the course of the 2014-15 biennium aimed at improved support to the implementation of the Programme of Work *inter alia* the institution of a capacity for internal evaluation, and the rationalization of IT governance and support to corporate management information, control and monitoring systems.

**Communication, partnerships and advocacy**

223. The communication and partnerships functions of the Organization were enhanced in an iterative manner as part of further adjustments to the PWB and transformational changes in the 2012-13 biennium. Further institutional strengthening of these two areas, centred around the separation of the corporate communication function from the current Office for Communication, Partnerships and Advocacy (OCP), will be implemented in 2014-15 as a natural evolution of the transformational changes approved by the Members in 2012. Both corporate communication and partnerships functions will benefit *inter alia* from the integration of OEK, which will therefore cease to exist as a separate office.

224. While this separation will result in increasing by one the direct reporting lines to the Director-General, it will provide formally for the *de facto* need for separate, substantive reporting in

<sup>39</sup> CL 145/3 paragraphs 60-69

relation to communication and partnership functions respectively. The overall direct managerial charge of the Director-General would thus be unaltered, and remain consistent with best practice.

#### *Office for Corporate Communication (OCC)*

225. In supporting the need for FAO to be recognized by its stakeholders as a centre of excellence in its areas of competence, the governing bodies endorsed in 2012 the transformation of the Organization's corporate communication function in an iterative manner by consolidating relevant and requisite resources and eliminating duplications.

226. In 2014-15, the principle of institutional strengthening will be applied further so as to transform the Communication Branch of OCP into a separate office reporting to the Director-General. The new office will also integrate capacity transferred from OEK that contributes to the corporate communication function of the Organization, specifically in relation to archive and management of information resources. In addition, the establishment of a D2 level post to head OCC will be facilitated by the abolition of OEK and its D2 level Director position.

227. Accordingly, the new *Office for Corporate Communication (OCC)* will be singularly responsible for all corporate and internal communication activities of the Organization. It will ensure coherence and consistency in FAO's corporate messaging and communications' outputs, as well as enabling cost-effectiveness in use of communication-related resources across the Organization.

#### *Office for Partnerships, Advocacy and Capacity Development (OPC)*

228. FAO's Members have recognized the need for the Organization to embrace meaningful and strategic partnerships in order to achieve its goals and objectives. Accordingly, the governing bodies endorsed in 2012 the strengthening and consolidation of the partnerships and advocacy capacity within OCP. This will be bolstered in 2014-15 with the transfer of relevant expertise from OEK of support to capacity development conducted by fostering e-learning activities with internal and external partners.

229. As a result of the separation of the communications function, and integration of capacity development expertise, the transformed *Office for Partnerships, Advocacy and Capacity Development (OPC)* will contain enhanced capacity in relation to: (i) developing and strengthening external partnerships to facilitate delivery on FAO's mandate; (ii) advocacy of gender empowerment and equity, the Alliance Against Hunger and Malnutrition, and the Right to Food; (iii) UN relations, including with the other Rome-based agencies; and (iv) knowledge and capacity for development.

#### *Finance Division*

230. In line with the continued pursuit of value-for-money, the Finance Division (CSF) will be reorganized internally in 2014-15 to better support the transformational changes endorsed by the governing bodies. Internal control of financial and accounting processes will be strengthened at headquarters and in decentralized locations and CSF will improve its main functions of integrated accounting, reporting and operations. The transformation of CSF will lower the division's overall grade structure mix by the net abolition of three professional posts and one director level position at headquarters, and the location of a dedicated, outposted Finance Officer at each Regional Office to support FAO's decentralization efforts.

#### *Cabinet*

231. The primary role of the Cabinet of supporting the Director-General in ensuring corporate level consistency and coalescence in the management of the Organization will be enhanced, and the position of Directeur de Cabinet will be elevated to that of Assistant Director-General. This will be facilitated by the abolition of the ADG/NR post, and there will be no net change in the overall number of posts in the Cabinet.

232. Annexes VI and VII provide organizational views of the budget and Annex IX presents the Organigramme.

## Decentralization

233. The main purpose of FAO's decentralization policy in 2014-15 will be to ensure that FAO's efforts at country, sub(regional) and global level make the greatest possible contribution to the achievement of FAO's Strategic Objectives. Therefore, in-country interventions will focus, where FAO has a clear comparative advantage, on the intersection between national development objectives, UNDAF priorities and FAO's Strategic Objectives.

234. The new Strategic Framework will require multidisciplinary inputs and an integrated approach across the entire Organization, regardless of the location of the staff involved. FAO technical staff working in an interdisciplinary manner must continue to have day-to-day contact, knowledge exchange and collaborative work opportunities with their peers. They will need to maintain up-to-date knowledge in their subject area, and to foster continuous innovation. Technical networks will be further developed to strengthen the technical and disciplinary capacities of the Organization.

235. The effectiveness of FAO's decentralization process is the result of a number of targeted measures that include improved information systems, staff mobility, better technical networking, changes in delegation patterns, clear accountability, staff capacity, etc. The Office of Support to Decentralization together with heads of decentralized offices, under the guidance of the Deputy Director-General (Operations), will give due attention to establishing the enabling conditions that allow decentralized offices to effectively pursue the Strategic Objectives in alignment with national development objectives. This will also imply a corporate capacity development effort to improve performance, including training of staff in decentralized offices on strategic country planning, resource mobilization and project management.

236. In conflict-affected countries, FAO will support the "New Deal for Engagement in Fragile States". FAO emphasizes the centrality of food security and nutrition and agricultural development in countries' efforts to emerge from conflict and fragility and will support them with mainstreaming food security into peacebuilding and statebuilding priorities.

237. The outcome of the Evaluations of FAO's Regional and Subregional Offices for Europe and Central Asia and for Africa may also have an impact on FAO's decentralization agenda during 2014-15 as the Organization will build on the Evaluations' recommendations.

### *Regional offices*

238. During 2014-15, regional offices will be further strengthened to play their roles of technical, operational and managerial hubs, and country offices will be at the forefront in delivering greater impact by: transforming FAO's knowledge into concrete results; developing a more strategic and integrated programme, covering both development and emergency interventions; and successfully applying innovative ways to mobilize resources.

239. As indicated in the structure and functioning of the decentralized offices network supported by the 144<sup>th</sup> session of the Council in June 2012, the Subregional Office for West Africa (SFW) is merged with the Regional Office for Africa (RAF) in Accra, Ghana. Following the merger, all staff previously working in SFW will be under RAF's responsibility. This brings the Africa Regional Office structure in line with those of the other regions.

240. A new Memorandum of Understanding will intensify FAO's collaboration with the UN Economic Commissions and regional economic integration organizations both at strategic and technical levels. FAO will also pro-actively participate in regional coordination mechanisms, led by the UN Regional Commissions, in order to contribute to the joint review of key regional/subregional policy issues and enhance system-wide coherence.

241. In 2014-15, regional offices will be responsible for all resources available to the region - assessed contributions and extrabudgetary funding, including those for emergency response and rehabilitation activities, and correlated enhanced oversight role. Regional offices are progressively putting in place integrated operational support units that deal with planning, prioritization, monitoring and assessment of results and resources of integrated programmes allowing Regional Representatives to have greater fungibility in allocating resources to areas of greatest needs.

242. The skills mix and grouping of subregional offices will be kept under review and, where necessary after consultation with Regional Conferences, be transformed into technical hubs.

#### *Country offices*

243. In line with the decisions taken at the June 2012 session of the Council, the 2014-15 biennium will see a modest expansion of FAO's field presence in line with the reallocation of savings in 2012-13 and enhanced contributions from middle-income countries.

244. Negotiations have started with a number of middle-income countries to establish new Partnership and Liaison Offices (PLOs) or change the status of existing offices. On a case-by-case basis, the tasks of PLOs would include: i) represent FAO and provide technical assistance to the country, mainly through unilateral trust fund arrangements; ii) liaise with regional or subregional economic integration organizations on matters related to FAO's mandate; iii) liaise with the UN system, including with UN regional/subregional hubs; iv) negotiate, establish and manage Trust Funds to provide technical assistance to countries in the subregion or in other priority areas; v) identify opportunities for South-South cooperation; and vi) consolidate cooperation with national cooperation agencies.

245. Competency testing, training, and a revised mobility policy will facilitate the transfer of staff within headquarters, regional, subregional offices to country offices, thus making an appointment as FAO country representative a regular part of an FAO career. The Organization will continue with regular employee surveys so as to monitor the evolution of culture changes and management.

246. The transfer of responsibilities from headquarters to decentralized offices with regard to the operational management of emergency projects has required the introduction of a new model for the distribution of the project servicing costs (PSC). FAORs will now be allocated 40 percent of the PSC from emergency projects based on the functions they deliver in the area of operations. The FAOR share under the previous model was approximately 15 percent, part of which was directly budgeted in the FAOR net appropriation (USD 4 million) and which has been removed with the introduction of the new model.

#### *Planning, priority setting and resource mobilization*

247. Due attention will be given to assuring countries' ownership of FAO's interventions at country and (sub)regional level. Participative planning and prioritization processes will be pursued through the Country Programming Frameworks (CPFs) at country level. At subregional level there will be close collaboration with (sub)regional economic integration organizations in reviewing, consolidating and addressing the common country priorities identified *inter alia* through the CPF process. At the regional level, the preparatory process of the Regional Conferences will allow the collective review of common regional priorities. Continued strong support to the Regional Conferences will further improve regional inputs into the corporate prioritization process.

248. In line with the implementation of the corporate Resource Mobilization and Management Strategy (RMMS), and as part of the effective country programming support provided to decentralized offices, training will continue to be delivered to link resource mobilization to CPFs and regional results frameworks, and to enable effective resource mobilization and management at decentralized level. Particular focus will be placed on resource mobilization for South-South cooperation. This will be facilitated by a network of resource mobilization focal points in decentralized offices.

#### *Systems and procedures*

249. After the completion of the Global Resource Management System (GRMS) roll out, in the first half of 2013 and a settling down period for the remainder of that year, 2014-15 should see an effort into developing an integrated Web-based information system for strategic and operational planning, budgeting, monitoring and reporting for all headquarters and decentralized locations. FAO will develop further the benchmarking system through which it measures the performance of key business processes at country level (e.g. resource mobilization, security and project management).

250. During 2014-15 FAO's project cycle management procedures will assure the strategic focus and quality of FAO's projects. While the Project Cycle Guide will be adjusted and fine-tuned to meet

evolving business requirements, it will continue to build on the following principles: (i) all national projects must support priorities retained in the CPF; (ii) regional offices will approve national and subregional projects; (iii) project monitoring must measure its contributions to agreed CPF outcomes; (iv) external support must be provided from the competent location closest to the project; (v) integration of emergency and development projects in one programme; (vi) alignment to UN reform processes; and (vii) adherence to the fiduciary standards of resource partners.

251. FAO will further standardize and improve the legal framework under which it operates at country level. The proposed revised host country agreements will also cover the modalities for implementation of the programme at country level funded by voluntary contributions, thus allowing a more dynamic and timely execution of related activities and simplified negotiation processes. Furthermore, the rationalization of the contribution level due by each host country, based on the World Bank country classification, will facilitate timely settlement of assessments and improved predictability of resources for country offices.

252. With the completion of the "Delivering as One" Independent Evaluation and the 2012 Quadrennial Comprehensive Policy Review resolution by the UN General Assembly, the Delivering as One initiative will be adopted as one of the main models for UN coordination at the country level. FAO has been fully involved in the pilot exercise and is now working with other UN system agencies, funds and programmes to develop standard operating procedures for UN Country Teams. In 2014-15 it is foreseen that an increasing number of UNCTs will adopt the Delivering as One with full involvement of FAO country and regional offices.

253. The 2014-15 biennium will also see a review of the procedure for the assignment of responsibility for, and the reimbursement of technical support to FAO's projects so as to better integrate these procedures with the functioning of technical networks.

## Post changes

254. The PWB 2014-15 staffing proposals reflect the full impact of the transformational changes introduced in the 2012-13 biennium, along with the additional proposals put forth in the 2014-15 biennium, as described above.

255. Table 4 provides an overview of the evolution of budgeted posts by location and category in two stages: (i) from the original PWB 2012-13 document to the final 2012-13 structure as presented in the document Transformational Changes in the 2012-13 biennium and endorsed by Council in December 2012; and (ii) the additional changes proposed in the PWB 2014-15. Annex VIII shows the resulting post counts by grade and organizational unit.

**Table 4: Evolution of budgeted posts by location and category**

Grade Category	PWB 2012-13 (C2011/3)	Changes 2012-13	Final 2012-13 (CL 145/3)	Changes 2014-15	PWB 2014-15
<b>Headquarters</b>					
Professional and above	927	(15)	912	(1)	911
General Service	776	(84)	692	(5)	687
<b>Total Headquarters</b>	<b>1,703</b>	<b>(99)</b>	<b>1,604</b>	<b>(6)</b>	<b>1,598</b>
<b>Decentralized</b>					
Professional and above	529	44	573	4	577
General Service	885	(13)	872	0	872
<b>Total Decentralized</b>	<b>1,414</b>	<b>31</b>	<b>1,445</b>	<b>4</b>	<b>1,449</b>
<b>All Locations</b>					
Professional and above	1,456	29	1,485	3	1,488
General Service	1,661	(97)	1,564	(5)	1,559
<b>Total</b>	<b>3,117</b>	<b>(68)</b>	<b>3,049</b>	<b>(2)</b>	<b>3,047</b>

*Note: professional post counts in the decentralized offices in 2014-15 include 32 outposted officers: 1 liaison officer, 4 internal auditors, 5 finance officers, 14 investment officers, 7 CIO officers, and 1 animal health officer. The 25 junior professional posts are included in the headquarters count.*

256. The proposals presented in 2014-15 have introduced limited change to the overall post counts and locations pending detailed work planning during 2013. The additional professional posts in the decentralized locations are a result of the outposting of five Finance Officer posts to the regional offices and the return to headquarters of an Information Officer post. The decrease in posts at headquarters is mainly a result of efficiencies resulting from the abolition of the immediate office of the ADG/NR, and from efficiencies in the Administrative Services Division related to the architectural services and switchboard functions. Three posts were added for the strengthening of OPC.

## Savings and efficiency gains

257. The pursuit of efficiency gains and savings remains a high priority for the Organization. The Director-General's transformational change for FAO included as a prime element the need to institute a mindset of value-for-money within the Organization and accordingly to continuously seek greater efficiency and effectiveness in the manner in which it operates. This focus is clearly reflected when reviewing the unprecedented level of efficiencies which have been identified since January 2012, estimated at a biennial impact of USD 67.6 million, as further detailed in the table below.<sup>40</sup>

**Table 5: Efficiency gains and savings as of 2012**

Efficiency gains and savings identified in the PWB 2012-13 (C 2011/3)	Biennial Amount (USD thousands)
<b>IPA efficiency gains and savings</b>	
Streamlined HR procedures	1,120
Records and archives modernization	2,460
Common Procurement Team and new procurement model and contracts	3,610
Lower cost travel	2,000
Printing and distribution facility	600
Improved IT Governance	760
<i>Subtotal IPA</i>	10,550
<b>Other efficiency gains and savings</b>	
Honoraria freeze and recruitment of retirees	4,300
Compensatory leave policy enforcement for overtime	1,600
Lower cost travel and miscellaneous	1,500
Improved Cost Recovery	4,000
<i>Subtotal Other</i>	11,400
<b>Total Estimated biennial efficiency measures</b>	<b>21,950</b>
<b>Efficiency gains and savings contributing to the target of USD 34.5 million set by Conference</b>	
<i>Savings identified in Adjustments to the PWB (CL 143/3)</i>	
Adjustment to the proposed post establishment	5,000
Reduction of planned volume of travel	3,000
Better planning of publications	2,000
Improved cost recovery for administrative and operational services (AOS)	6,000
Improved cost recovery for technical support services (TSS)	6,000
<i>Savings identified in Further Adjustments to the PWB (CL 144/3)</i>	
Reduction of mobile phones	1,000
Decentralization of procurement activities	1,400
Off-shoring and outsourcing initiatives (UNDP and TCP budget/payment, mailroom and verbatim records) and integration of language services	1,050
Extension of vehicle, desktop and laptop replacement cycles	850
<b>Subtotal</b>	<b>26,300</b>
<b>Additional 2012-13 savings arising from critical review of posts</b>	
Critical review of posts	11,800
Post savings in OCE	2,100
Further savings from posts abolished in CL 143/3	5,400
<b>Subtotal</b>	<b>19,300</b>
<b>Grand total</b>	<b>67,550</b>

258. In the PWB 2012-13, efficiency measures of USD 26.5 were originally identified, including recurrent biennial savings of USD 10.6 million through IPA (Immediate Plan of Action for FAO Renewal) actions.<sup>41</sup> This figure has subsequently been adjusted to USD 21.95 million as shown in the table above, to reflect savings which did not materialize due to: (i) maintaining the status quo of the

<sup>40</sup> Significant efficiency gains and savings were also achieved in the period from 1994 to 2011, with cumulative estimated savings totalling USD 111.9 million per annum.

<sup>41</sup> C 2011/3, paragraphs 199-218

Shared Services Centre (USD 1.9 million); as decided by Conference;<sup>42</sup> and (ii) reinstatement of the previous remuneration ceilings applicable to UN pensioners to attract qualified individuals (USD 2.6 million).

259. In approving the Budgetary Appropriations 2012-13, the Conference in July 2011 called for further efficiency gains, one-time savings, and use of unspent 2010-11 balance totalling USD 34.5 million.<sup>43</sup> Further efficiency gains identified were not to come at the expense of the programme delivery and were to be found primarily in Functional Objectives X and Y. The total amount found through further efficiency gains and savings was USD 26.3 million (see Table 5). The remainder of the target was achieved through the carryover of the unspent 2010-11 balance of USD 8.2 million, which was directed to one-time IPA expenditures in 2012-13.

260. Furthermore, as part of the Director-General's drive for value-for-money, and following Members' guidance on identifying further savings, a critical review of the post establishment was initiated in 2012, focussing in particular on vacant posts that could be abolished as a result of streamlining and further efficiency savings, mainly in administrative areas. This resulted in a further 76 posts abolished, mostly under Functional Objectives X and Y. Savings were also generated through the adjustment to the structure of the former Office of Corporate Communications and External Relations (OCE) and through the removal of budgeted non-staff resources associated with those posts abolished in the Adjustments to the PWB 2012-13<sup>44</sup> (total savings USD 19.3 million).

261. These total additional savings of USD 19.3 million were reallocated in the further adjustments to the PWB 2012-13 towards: (i) enhancing the structure and functioning of decentralized offices to improve delivery of results at country level; (ii) establishing a strategic planning capacity; (iii) addressing incremental resource requirements for interdisciplinary work through the Multidisciplinary Funding; and (iv) maintaining the funding level of the Security Expenditure Facility.<sup>45</sup>

### Efficiency savings 2014-15

262. As in the past, the scope of work for improving efficiency will be all-inclusive in 2014-15, covering the entire Organization, as there are no areas which *a priori* lend themselves to being exempted from value adding or streamlining process reviews.

263. Initially, a period of consolidation will be necessary to ensure that the required changes to the way FAO delivers its programmes is put in place so as to fully internalize the very high level of efficiencies identified since 2012. In 2014-15, for example, there will be continued focus on the reduction of the planned volume of travel, through improved management of travel proposals by departments and offices, and the use of teleconferencing and videoconferencing whenever feasible, without affecting the programme of work. When issuing allotments for 2014, specific travel cost targets will be provided and monitored as part of the functions of OSP.

264. Similarly, the contracting of consultants and other non-staff human resources will also be carefully monitored at a corporate level in order to enable optimal use of these resources. The use of non-staff human resources provides the flexibility required in undertaking programmatic activities, and therefore it is important that adequate overall funding be available in this regard. The improved monitoring and control in this area will ensure more strategic use of non-staff human resources supporting the implementation of the Strategic Objective action plans.

265. In view of the singular nature of the exercise which enabled identification of unprecedented high level of efficiencies in 2012, and given the need for the related period of consolidation described above, realistic incremental efficiency savings measures are being identified for 2014-15 with a forecasted biennial savings of USD 10.0 million. Department/office budgets have been adjusted for

<sup>42</sup> C 2011/REP paragraph 96 d)

<sup>43</sup> Resolution 5/2011, paragraph 3

<sup>44</sup> CL 143/3 paragraphs 34-39

<sup>45</sup> CL 144/3 paragraphs 52-67



the anticipated savings and the freed up resources have been reallocated as further outlined in PWB section C under *Summary requirements*.

*Outsourcing and offshoring of financial and administrative services*

266. Several financial and administrative functions will be reviewed for possible outsourcing and offshoring. Following the practice of the other Rome-based agencies, switchboard services will be handled by the Security Service and thus relieve the need for dedicated administrative capacity.

267. Over the past ten years, FAO has increasingly moved away from a large, permanent internal capacity for building, architectural and engineering services to retaining a small core team. Further savings will continue to be sought in these areas.

268. Headquarters procurement staff numbers have decreased in the 2012-13 biennium. Decentralization of procurement and empowerment of country offices will require the procurement function at headquarters to focus more on backstopping and monitoring. Further streamlining of the process, as well as building local capacity and increasing the number of international procurement officers at country level will afford opportunities for decreasing transactional-based activities at headquarters.

*Rome-based UN agencies collaboration on administrative and processing work*

269. Progress is also being made in the collaboration of administrative and business processes among the three Rome-based UN agencies. For example, any new salary scales for general service staff will be jointly implemented; the Joint Advisory Working Group will continue to examine the current general service separation scheme to align with the national scheme; and a working group has been set-up to review the current rental subsidy for Rome to align with the UN common system.

*Director-level positions*

270. In pursuing measures for value-for-money, and improving the balance of managerial functions within the Organization, the function of D1 level positions will be critically reviewed in 2014-15. The review will build on the principles of the past delayering initiative which led to the abolition of 40 director-level positions, and on implementation of IPA action 3.71 aimed at establishing a consistent system of dual grading for P5/D1 and D1/D2 level posts. In addition, opportunities for expanding the band of professional level grades will also be explored.

*Additional savings from IPA actions and other savings*

271. Additional savings are also expected to be derived from IPA actions initiated during the biennium 2012-13, in the areas of procurement, registry management and human resources processing.

## Performance monitoring and evaluation

272. The results-based model and monitoring framework being put in place (see MTP section C) provide the basis for designing an organizational performance monitoring and support system, which will be developed by the Office of Strategy, Planning and Resources Management during 2013. The system will build on experience and refinement of the matrix management approach and the ongoing assessment of the evaluation function.

273. Furthermore in 2012 the governing bodies noted the launch of a rapid assessment of the evaluation function at FAO designed to address the: (i) lack of internal evaluation coverage focused on learning for use by management, and (ii) the problems of overlap, inconsistency and efficiency of all oversight functions of the Organization.

274. Evaluation fulfils an important role in FAO by building a shared understanding of strengths and weaknesses, and acts as a catalyst for continual organizational improvement. As a key element of the Organization's oversight functions, it provides accountability to Members and to the Director-General, and contributes to corporate learning by supplying lessons into a robust feedback loop.

275. The functional responsibility for evaluation at FAO rests with the Office of Evaluation (OED), which was established in its current dual-reporting line format in 2010 as part of reform emanating from the IEE. OED focuses on strategic and thematic evaluations for governing bodies and evaluations at country level and those funded by voluntary contributions. In line with IPA action 2.78 and as confirmed by the Conference in 2011, the resources for the Office of Evaluation are brought to the level of 0.8 percent of the Net Appropriation in 2014-15.

## Resource mobilization and allocation

276. The vision for transformational change has led to a review of the FAO's Strategic Framework by means of the Strategic Thinking Process so as to reorient the Organization's efforts and resources in a focused manner. The identification of a smaller number of cross-cutting Strategic Objectives embedded in a more robust results framework requires the institution of a new *modus operandi* based on a more collaborative and synergetic approach to activities supported by streamlined business processes and structural adjustments, and underpinned by greater integration in planning, programming and use of resources.

277. Accordingly, aligning the mobilization and allocation of resources to the reviewed Strategic Framework will be fundamental in 2014-15. To achieve meaningful alignment, the Organization will build on the existing Resource Mobilization and Management Strategy, leverage the primacy of the Strategic Objectives, organize appropriate internal capacity and governance for the optimal mobilization and allocation of resources, and continue to pursue a consolidated and expanded base of FAO resource partnerships, with a focus on increasing the share of pooled and softly earmarked funding.

278. The *Impact Focus Areas* will be driven by FAO's new Strategic Objectives in critical areas of work. This will enable coherence and clarity in outreach with the strengthened communications facilitating support functions. A more strategic use of all resources at the country level foresees the enhancement of the Technical Cooperation Programme as a more strategic instrument, better integrated with Country Programming Frameworks which will catalyze resource mobilization.

279. In addition to the enhanced communications and partnerships capacity, the strengthening of the roles and responsibilities for resource mobilization and South-South cooperation introduced in the transformational change of the Technical Cooperation Department in 2012-13 to improve mobilization efforts, including at the decentralized level.

280. The measures outlined above will enable FAO to seek and capitalize on an wider span of sources for voluntary contributions and achieve in a meaningful manner a more strategic and integrated use of resources, coalescence of efforts, and consistency in activities in support of the Organization's goals and objectives.

## Other changes

### *Language services*

281. The Council at its 140<sup>th</sup> session in December 2010, approved a new operational model for the improvement of language services which had been endorsed by the 135<sup>th</sup> session of the Finance Committee held in October 2010. The MTP 2010-13 and PWB 2012-13 foresaw the implementation of initial measures in 2010-11, leading to the full implementation of the model in subsequent years. The PWB 2014-15 proposes the reduction of the administrative costs associated with the pools, by providing funds for the positions of chiefs of language groups, thus reducing the backcharging rates.

### *Improved Cost Recovery Uplift*

282. The Improved Cost Recovery Uplift (ICRU) as endorsed by Council at its 143<sup>rd</sup> session in December 2011<sup>46</sup> has been programmed in the 2014-15 budget. It is recalled that the ICRU was developed in response to the FAO Conference, which in July 2011 urged the Organization to vigorously pursue improving administrative and operational support cost recovery from extrabudgetary activities, including in areas such as country-level costs, security, and information systems and technology. It also requested FAO to develop new mechanisms, building on the experience of other UN Agencies, notably an uplift on project employee costs to recover those costs most closely associated with the level of staffing of programmes and projects.

283. ICRU for 2014-15 is estimated at USD 12.5 million. Of this amount, USD 6 million is allocated towards the target for improved cost recovery for AOS services<sup>47</sup> and additional recoveries are redistributed in support of the relevant units (mainly CIO and CS<sup>48</sup>).

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<sup>46</sup> CL 143/REP, paragraph 27

<sup>47</sup> CL 143/3, paragraph 42

<sup>48</sup> Information Technology Division (CIO); Corporate Services, Human Resources and Finance Department (CS)

## C. Key financial and budgetary dimensions

284. This section computes the requirements to fully fund the Programme of Work through assessed contributions by preserving the purchasing power of the proposed Net Appropriation. It describes the estimation of cost increases and other incremental changes in moving from the 2012-13 to the 2014-15 biennium.

### Anticipated cost increases

#### Methodology and context

285. The methodology for calculating cost increases in the PWB 2014-15 follows the approach previously approved by the Finance Committee, Council and Conference. The cost increase estimates cover the recosting of Regular Programme inputs from 2012-13 to 2014-15 levels to deliver the Programme of Work, namely for Personnel Services and Goods and Services. The cost increase estimates are developed on a biennial basis from: actual cost adjustments that are occurring in the current biennium (biennialization); projected adjustments to unit costs that will take effect in the next biennium (inflation); and the lapse factor on established posts.

286. *Biennialization* is the incremental financial effect in 2014-15 of staff cost adjustments that are occurring in the 2012-13 biennium. Biennialization is the consequence of two factors:

- under- or over-budgeted costs in the current biennium (2012-13), that is, where actual staff costs per work month are at variance from the budgetary estimates prepared two years earlier;
- current (2012-13) cost adjustments that took or will take effect at some point during the 2012-13 biennium (whether budgeted or not) that have to be applied to a full 24-month period in the 2014-15 biennium.

287. As such, biennialization objectively reflects the financial impact of events that have already taken place or are expected to take place before the implementation of the 2014-15 budget. Most changes in staff costs implemented during the biennium are the result of recommendations by the International Civil Service Commission (ICSC) approved by the General Assembly of the United Nations. The movements of the US dollar against local currencies in decentralized offices also contribute to biennialization to the extent that they differ from the previous biennium exchange rates. Accordingly, the financial implications of biennialization are essentially a matter of fact and arithmetic, not conjecture or long-range planning. The estimates for the current service cost of after-service staff benefits are based on the latest results of the actuarial valuation for the staff-related liabilities schemes (After-service Medical Coverage, Terminal Payments Fund, Separation Payment Scheme, and Compensation Fund). An actuarial valuation is carried out by each Rome-based agency every year.

288. *Inflation* represents the cost impact in 2014-15 of those adjustments that are expected to take effect at various points in the next biennium. Inflation estimates for salaries, pension fund contributions and allowances are derived from the recent external forecasts (Consumer Price Index (CPI), nominal wage indexes, exchange rate by location) by the Economist Intelligence Unit (EIU), published data of authoritative bodies such as the ICSC, and independent verification.

#### Overview of cost increase estimates

289. The cost increases for the proposed 2014-15 Net Appropriation have been calculated at USD 54.4 million, which corresponds to a biennial cost increase of 5.4 percent, equivalent to a 3.5 percent annual increase.

290. Total cost increases are in line with cost increases of previous biennia, as shown in Table 6.

**Table 6: Cost increases time series \***

Biennium	(USD millions)		
	Total Approved Budget	Of which Total Cost Increases	Percent of Budget net of Cost Increases
2012-13	1,005.6	37.8	3.9%
2010-11	1,000.5	47.9	5.0%
2008-09	929.8	101.4	12.2%
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:

2012-13: Conference Resolution 5/2011

2010-11: Conference Resolution 3/2009

2008-09: C2007/3 Table 5 in paragraph 225 and Conference Resolution 3/2007

2006-07: C 2005/3 footnote 29

2004-05: Calculated from Revised PWB table in paragraph 10 (PC91/3 – FC 107/14 – JM04.1/2)

2002-03: Derived from C 2001/3 tables in paragraphs 162 and 197

2000-01: C 99/3 table in paragraph 141

291. The estimated cost increases for 2014-15 are summarised by input category in Table 7. Personnel Services account for the vast majority (USD 46.6 million or 6.1 percent) of the total cost increases. Details of the cost increases are explained below by category.

**Table 7: Summary of cost increases under the Net Appropriation in 2014-15 at 2012-13 budget rate of exchange\***

	(USD millions)					
	PWB 2014-15 Proposed Net Appropriation at 2012-13 costs (a)	Biennialization (b)	Inflation (c)	Cost increases for 2014-15 (d = b+c)	Percent cost increase (biennial) (e = d/b)	Percent of cost increase attributable to each cost component
<b>Personnel Services</b>						
Salaries, Pension Fund Contributions and Allowances	715.5	5.0	21.0	26.0	3.6%	48%
After-service Benefits	52.6	20.6	-	20.6	39.2%	38%
<b>Total Personnel Services</b>	<b>768.1</b>	<b>25.6</b>	<b>21.0</b>	<b>46.6</b>	<b>6.1%</b>	<b>86%</b>
<b>Total Goods and Services</b>	<b>247.5</b>	<b>-</b>	<b>7.8</b>	<b>7.8</b>	<b>3.2%</b>	<b>14%</b>
<b>Budget level for Net Appropriation and additional requirements</b>	<b>1,015.6</b>	<b>25.6</b>	<b>28.8</b>	<b>54.4</b>	<b>5.4%</b>	<b>100%</b>

\* The breakdown of the budget by input category as shown in the column entitled “PWB 2014-15 Proposed Net Appropriation at 2012-13 costs” reflects the input mix of the 2014-15 proposal at 2012-13 costs. Figures are rounded to the nearest tenth.

### Personnel services

292. 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 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. This last element is particularly relevant for staff costs in decentralized offices where local currencies strengthen against the US dollar. The ICSC increases apply by location and staff category when they occur.

293. Personnel services are estimated to increase by 6.1 percent compared to the previous biennium (or 4.0 percent per year) and account for USD 46.6 million (or 86 percent of the total) of cost increases summarized in Table 7. Biennialization accounts for USD 25.6 million (i.e. the incremental financial effect in 2014-15 of staff cost adjustments that are occurring in the current biennium), while inflation is estimated at USD 21.0 million (i.e. the cost impact of adjustments that are expected to take effect from January 2014).

294. Biennialization of USD 25.6 million arose from the combination of the following various factors:

- a) USD 20.6 million for the higher than budgeted overall increase in the current service costs of the after-service staff benefits based on the actuarial valuations as at 31 December 2011 and an increase estimated for After-service Medical Coverage (ASMC) in the valuation as at 31 December 2012;<sup>49</sup>
- b) an average of factors such as exchange rate effects in decentralized offices affecting the net salary costs for all locations;
- c) a significantly higher than budgeted increase for headquarters professional staff costs in 2012 compared to the budgeted increase of 2.5 percent due to application of the 12-month rule, i.e. the comparison of the movement in the cost-of-living indices of Rome and New York during the year 2011. An increase of 2.0 percent is forecasted for 2013 which is slightly lower than budgeted and in line with the EIU CPI forecast;
- d) unchanged current salary scale for the general service staff at headquarters effective 1 November 2010 taking into account the outcome of the 2012 salary survey. The budgeted increase for 2013 was 2.5 percent;<sup>50</sup>
- e) lower than budgeted increase for the pensionable remuneration of the professional category for 2013 based on the EIU CPI forecast for the USA (2.4 percent compared to 3.6 percent budgeted). The scale of the pensionable remuneration is revised when the net remuneration of professional staff in New York is updated for the change in the cost-of-living;
- f) lower than budgeted increase for the basic medical insurance plan cost for professional and general service categories mainly attributable to savings arising from various cost containment measures introduced by the Secretariat (no increase in 2012 and 5.0 percent in 2013 as budgeted); and
- g) lower than budgeted entitlement travel costs partly due to the new policy introduced in 2012 to discontinue a separate entitlement to a shipment of unaccompanied baggage for the lump sum payment of home leave or family visit.

295. Inflationary cost increase of USD 21.0 million is foreseen in 2014-15 for personnel services based on estimates for the various components, including:

- a) an increase of 2.0 percent foreseen for professional staff salaries at headquarters in both 2014 and 2015, in line with the CPI for Italy (1.9 and 2.1 percent respectively);
- b) various level of inflationary increases projected for professional and general service salaries in decentralized locations, taking into account factors such as inflation, exchange rate fluctuation and recent past patterns of increases. EIU CPIs and Average Nominal Indexes forecast increases ranging from 2.0 to 8.0 percent per annum for 2014-15 for various regions and

<sup>49</sup> FC 148/5

<sup>50</sup> FC 147/12 Recommendations and Decisions of the International Civil Service Commission and UN Joint Staff Pension Board to the General Assembly (including Changes in Salary Scales and Allowances)

locations where FAO has a significant presence. For example, inflation rates in Ghana, where FAO has a regional office, are forecasted at up to 7.8 percent for 2014 and 8.0 percent for 2015;

- c) increases of 2.5 and 2.2 percent were applied to pensionable remuneration of professional staff in 2014 and 2015 respectively, in line with the EIU CPI forecasts for the USA;
- d) annual increases for the medical costs as per the medical inflation for 2014-15 in the 31 December 2011 actuarial valuation (4.0 and 5.0 percent);
- e) a 2.0 percent annual increase projected for entitlement travel costs, taking into account as an average the increase in the Consumer Price Index for some duty stations and the exchange rate fluctuation. There is no significant change forecasted by the travel industry or the policy of the Organization;
- f) an increase of 3.0 percent for the education grant costs based on the past trend and the revision in the level of education grant and boarding cost recommended by ICSC to the UN General Assembly; and
- g) no further increase for the current service cost of after-service staff benefits in the future actuarial valuations. Estimates in the subsequent reports as at 31 December 2013 and 2014 will be the base for 2014-15 expenditures. This will be one of the high-risk areas which would need to be managed during implementation.

296. The FAO governing bodies have been advised that staff costs are difficult to predict despite the refined information systems used to analyse current cost patterns and quantify trends<sup>51</sup> and this leads to variances from the budgetary estimates prepared in advance of the budget implementation. For example, as noted above in point g), the actuarial variations at end-2013 and end-2014 could introduce significant variances from the current assumptions. Similarly, exchange rate fluctuations for non-headquarters locations are difficult to predict. Any variance must be managed within the budgetary appropriation for the biennium, requiring programme adjustments during the implementation cycle to manage these unbudgeted costs, and adjustments are reflected under biennialization for the following biennium.

### **Goods and services**

297. Total Goods and Services include other human resources, travel, general operating expenses, furniture, equipment, and present an estimated inflation of USD 7.8 million, equivalent to a 3.2 percent increase in the biennium (or 2.1 percent increase per year). Increases significantly lower than the EIU's forecasted CPI for Italy (1.9 and 2.1 percent for 2014 and 2015 respectively) and the world (3.5 and 3.4 percent for 2014 and 2015, respectively) are applied to the costs of all locations.

298. The PWB 2014-15 includes estimated requirements for goods and services generally based on the expected contribution to achieving the Organizational Outcomes. In developing the cost increase estimates for goods and services, an analysis was undertaken of likely expenditure patterns by cost category based on the past expenditures. The expenditure pattern in 2014-15 for goods and services is assumed to be similar.

299. Trends and decisions that could impact the estimated cost increases will continue to be monitored and any significant changes to the cost increase assumptions and estimates will be reported to the governing bodies prior to the Conference in June 2013.

### **Lapse factor**

300. The lapse factor is a reduction of 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, is based on three aspects: (i) staff turnover rates, as measured through separations; (ii) standard recruitment times;

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<sup>51</sup> FC 113/10 Treatment of Staff Cost Variance

and (iii) the extent to which separations are foreseen, so that recruitment action can be anticipated and the effective lead time thus reduced.

301. In accordance with the established methodology, a five-year moving average (i.e. 2008 through 2012 inclusive) has been applied to calculate staff turnover rates. This results in an average turnover rate of 6.25 percent for professional staff and 5.97 percent for general service staff. Compared to the five-year moving average used in the PWB 2012-13, the turnover rate has decreased for professionals and general service by 0.48 and 0.24 percent, respectively. The standard recruitment lead times applied are as follows: professional -42 weeks or 0.81 years; and general service -25 weeks or 0.48 years. The extent of separations which can be foreseen is derived from a review of the reasons for separation, the results of which are summarised in Table 8.

**Table 8: Extent to which recruitment action can be foreseen**

Category of Separations	Professional		General Service	
	Percentage of Population	No. of weeks foreseen	Percentage of Population	No. of weeks foreseen
Foreseen separations (e.g. mandatory retirements)	48%	42 weeks or more	26%	25 weeks
Foreseen separations for a limited period (e.g. resignations with notice)	41%	12 weeks	51%	8 weeks
Unforeseen separations	11%	0 weeks	22%	0 weeks

302. These results have been applied to calculate the 2014-15 lapse factor of 2.05 percent for professional and 1.64 percent for general service costs respectively. Compared to the percentages used in 2012-13, the lapse factor decreased for the professional category (from 2.09 percent) and increased for the general service category (from 1.55 percent). Given the minimal change in the percentages from 2012-13 to 2014-15, the new lapse factor has no impact on staff costs when applied to all locations except country and liaison offices.<sup>52</sup>

303. Annex X provides an overview of the proposal by Organizational Outcome before and after cost increases.

<sup>52</sup> For country and liaison offices, the Conference approved in 2009 the removal of the lapse factor adjustment.



## Elements for improving FAO's financial health, liquidity and reserves

### Overview of balances on General and Related Funds

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

- a) the **General Fund** which reflects the accumulated historical result of all assessments on Members, miscellaneous and other income, offset by cumulative expenditures to execute the Programme of Work;
- b) the **Working Capital Fund (WCF)** which is authorized at a level of USD 25.7 million. In accordance with Financial Regulation 6.2, the primary purpose of the WCF is 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;
- c) the **Special Reserve Account (SRA)** was established by Conference Resolution 27/77 in 1977 and expanded by Conference Resolutions 13/81 and 17/89 and further guidance from Conference in 2005.<sup>53</sup> The SRA 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. From 2010 only foreign exchange differences on cash transactions are recorded in the SRA.<sup>54</sup> Although authorized at a level of 5 percent of the effective working budget (this would be equivalent to USD 50.3 million in the 2012-13 biennium), the SRA has not been replenished since 1991.

305. The balances on General and Related Funds as at 31 December 2011<sup>55</sup> are summarized in Table 9.

**Table 9: Balances on General and Related Funds as at 31 December 2011**

	USD millions
General Fund (deficit)	(641.3)
Working Capital Fund	25.7
Special Reserve Account	20.0
<b>Total General and Related Funds (deficit) at 31 December 2011</b>	<b>(595.6)</b>

306. The balance on the General and Related Fund at 31 December 2011 represents a decrease of USD 623.1 million when compared to the General Fund surplus of USD 27.4 million at 31 December 1997, the date when the Organization last reported a surplus. The main factors which have contributed to this decrease are summarized in Table 10.

<sup>53</sup> C2005/REP paragraph 101

<sup>54</sup> CL 140/21 paragraph 11

<sup>55</sup> C 2013/5 A

**Table 10: General and Related Fund Deficit as at 31 December 2011**

	USD millions
Total General and Related Fund Surplus as at 31 December 1997 <sup>56</sup>	27.4
Decrease in provisions for contributions	135.1
Unfunded past service costs for ASMC and TPF	(737.8)
Unbudgeted expenditures	(59.3)
Other net surpluses/deficits 1998-2011	39.0
<b>Total General and Related Fund Deficit as at 31 December 2011</b>	<b>(595.6)</b>

***Decrease in provisions for contributions***

307. Prior to 2006-07, the Organization's policy was to record a provision against 100 percent of the outstanding amount of Contributions Receivable from Member Nations until such time as they were collected. From 2006-07 the Organization revised its policy so that a provision is recorded against these assessments only under exceptional circumstances when the assessment is not considered collectible. The decrease in this provision from the end of December 1997 to the end of 2011 resulted in an improvement in the General Fund balance of USD 135.1 million.

***Unfunded past service costs for ASMC and TPF***

308. Since 1997 the Organization has progressively recorded an increased value of the past service liability associated with the After-service Medical Coverage (ASMC) plan and the Terminal Payment Fund (TPF) as determined by the external actuarial valuation. The net cumulative impact on the General Fund deficit for past service liability in excess of the additional assessments made for funding these liabilities during this period has been USD 737.8 million<sup>57</sup> as at end 2011.

309. As of 1 January 2008, the Organization adopted the policy of utilizing the "corridor" method to recognize actuarial gains and losses. Under this method, actuarial gains and losses that exceed 10 percent of the value of the actuarial liability are deferred and recognized over the expected average remaining working lives of the employees participating in the plan, which is currently estimated from 9.4 to 11.4 years. Of the total amount of USD 246.0 million deferred at 31 December 2011, USD 203.1 million relates to ASMC; USD 41.4 million relates to TPF; and USD 1.5 million relates to Separation Payment Scheme. With the introduction of IPSAS, it is expected that the corridor method will be discontinued with the immediate recognition of all gains and losses. Should the amounts deferred at 31 December 2011 be recorded in the financial statements, the General Fund deficit would increase by the equivalent amount of USD 246.0 million.

***Unbudgeted expenditures***

310. In the period since 1998, unbudgeted expenditures totalling USD 59.3 million have not been matched with funding and have contributed to a deterioration of the total General and Related Fund deficit:

- a) Conference Resolutions 7/97 and 3/99 authorized the Director-General to meet redeployment and separation costs over and above the net budgetary appropriations approved for 1998-99 and 2000-01 respectively. The related costs of USD 10.6 million<sup>58</sup> and USD 8.4 million<sup>59</sup> were charged to the General Fund;
- b) payments in excess of the amounts determined by the actuarial valuation for the Terminal Payments Fund (TPF) amounting to USD 9.4 million<sup>60</sup> in 2002-03; USD 2.9 million in

<sup>56</sup> C99/5 page 5

<sup>57</sup> The total unfunded liabilities reported at 31 December 2012 amounted to USD 817.7 million of which USD 750.4 million related to ASMC and USD 67.3 million related to TPF.

<sup>58</sup> C2001/5, page 14, note 11

<sup>59</sup> C2003/5, page 10, note 10

<sup>60</sup> C2005/5A, page 12, note 10

2004-05;<sup>61</sup> and USD 8.2 million in 2006-07<sup>62</sup> were charged to the General Fund without matching funding;

- c) unbudgeted current service costs of USD 13.4 million<sup>7</sup> for ASMC were charged to the General Fund without matching funding in 2006-07; and
- d) a charge of USD 6.4 million<sup>7</sup> was made against the Special Reserve Account in 2006-07 for a portion of the unforeseen headquarters general service salary increase.

### Requirements to stabilize the General Fund deficit

311. As reported in previous biennia, unless significant measures are adopted by the governing bodies to address unfunded liabilities, the accumulated deficit under the General Fund will continue to deteriorate. This section quantifies the requirements to at least stabilise the General Fund deficit by addressing recurring unfunded liabilities (past service liability of ASMC and TPF) as reflected in the Organization's accounts.

312. As summarized in Table 11, the incremental funding required in 2014-15 for stabilizing the General Fund deficit amounts to USD 46.8 million. Governing bodies have already provided positive guidance that the ASMC past service liability of USD 35.1 million should be funded, however the actual mechanisms for such funding have yet to be determined in the context of the PWB 2014-15. Explanations are provided below for both of the elements listed in the table.

**Table 11: Incremental requirements to stabilize the General Fund deficit**

Elements for improving FAO's accumulated General Fund deficit	Incremental funding in 2014-15 (USD millions)
<i>Recurring requirements for staff related liabilities:</i>	
Funding ASMC past service liability	35.1
Funding TPF past service liability	11.7
<b>Total recurring incremental funding requirements for staff related liabilities</b>	<b>46.8</b>

### *Funding After-service Medical Coverage past service liability*

313. The ASMC past service liability represents the Organization's share of the cost of medical insurance claims that it 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,<sup>63</sup> which is a standard component of staff costs and is covered in each biennium's Regular Programme budgetary appropriations.

314. FAO's ASMC past service liability has never been met from the budgetary appropriations or the Programme of Work. Whilst the PWB provides funding for the current service costs (i.e. the amounts which will be earned by staff members during the current biennium), there is only a partial funding mechanism to fund that part of the liability earned by staff members in prior periods (i.e. the past service liability). Beginning with the 2004-05 biennium, the Conference approved separate additional assessments on Members towards funding the ASMC past service liability. The Finance Committee has recognized that biennial assessments of USD 14.1 million towards ASMC past service funding, as first approved by Conference in November 2003, remain far short of the biennial funding required to fully fund the liability by 2040 using the 30-year amortization period starting from 2010.

315. At its 126<sup>th</sup> session in May 2009 the Finance Committee recalled Council's advice to address these obligations in the longer term by pursuing strategies to ensure that significant liabilities of the Organization are fully funded. Furthermore, at its 143<sup>rd</sup> session in May 2012 the Committee acknowledged that additional funding towards the ASMC liability was required and agreed to make its

<sup>61</sup> C2007/5A, page 12, note 9

<sup>62</sup> C2009/5A, page 7, footnote 6

<sup>63</sup> The current service cost arises each year as active staff members provide their services in exchange for these benefits to be paid in the future.

recommendation to Council for increased biennial assessments within the context of the PWB 2014-15 recognizing the contribution of active staff participants over time.

316. Based on the 2011 actuarial valuation, the unfunded ASMC liability at 31 December 2011 totalled USD 750.4 million. As detailed in Table 12, the incremental biennial funding required is USD 35.1 million in accordance 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”*.

**Table 12: Funding options for ASMC past service liability**

	Per 2011 Actuarial Valuation
Amortization Period	30 years
Target Year	2040
	USD millions
Funding required for 2014-2015 <sup>64</sup>	49.2
Current biennial funding	(14.1)
<b>Incremental funding required</b>	<b>35.1</b>

317. As with any long-term actuarial projection, there is inherent uncertainty relating to the ultimate cost of the plan. Deviations from the valuation assumptions could result in changes to the final liability and future required contributions.<sup>65</sup>

***Funding Terminal Payments Fund past service liability***

318. Termination payments are the end of service payments, including accrued annual leave, repatriation grant, termination indemnities and cost of repatriation travel that will arise when staff members separate from the Organization. The liability at any point of time reflects an actuarial estimate of amounts earned by existing staff members.

319. Whilst the PWB provides funding for the current service costs (i.e. the amounts which will be earned by staff members during the current biennium), there is no funding mechanism to fund that part of the liability earned by staff members in prior periods (i.e. the past service liability). This unfunded past service liability has never been met from the budgetary appropriations or the Programme of Work. The past service liability would, therefore, need to be addressed in the same manner as ASMC past service liability.

320. Based on the 2011 actuarial valuation, the unfunded TPF liability totalled USD 67.3 million. As detailed in Table 13, the incremental funding required is USD 11.7 million. Presently there is no funding mechanism for the TPF and the governing bodies have not yet provided positive guidance on this issue. Cash outflows in excess of the funding provided in the PWB for TPF current service costs presently generate a structural cash deficit in the General Fund, pending establishment of a funding approach for this liability.

**Table 13: Funding options for TPF past service liability**

	Per 2011 Actuarial Valuation
Amortization Period	15 years
Target Year	2025
	USD million
Funding required for 2014-2015	11.7
Current biennial funding	0
<b>Incremental funding required</b>	<b>11.7</b>

<sup>64</sup> Funding requirements recognizes the cross-subsidy of retiree medical claims costs by active staff member contributions (FC 132/3 paragraphs 17-19) and the Organization's matching payments for these active staff.

<sup>65</sup> An external firm performs an actuarial valuation of the plan on an annual basis to update the estimate of the overall liability and funding requirement.

## Requirements to address liquidity shortages

321. FAO continues to remain vulnerable to the timing of payments of major contributions. The WCF and SRA were established to provide safety nets for the Regular Programme budget against cash shortages and unbudgeted extra costs respectively. The current level of both reserves is insufficient to cover even one month of spending of the Organization. This section quantifies the amounts to be considered for a one-time replenishment of the WCF and SRA reserves.

322. As summarized in Table 14, the incremental funding required to address liquidity shortages amounts to USD 104.6 million. The governing bodies have already provided positive guidance<sup>66</sup> regarding the replenishment of the SRA in the amount of USD 6.4 million. Explanations are provided below for each of the elements listed in the table.

**Table 14: Incremental requirements to address liquidity shortages**

Elements for improving FAO's liquidity	Incremental funding in 2014-15 USD millions
<i>One-time requirements for replenishment of reserves:</i>	
Working Capital Fund	74.3
<i>Special Reserve Account:</i>	
2006 General Service salary increase	6.4
5% of the total effective working budget of the Organization	23.9
<b>Total one-time requirements for building up reserves</b>	<b>104.6</b>

### *Replenishment of Working Capital Fund*

323. The Organization's recourse to external commercial borrowing to cover liquidity shortfalls during 2005, 2006 and 2007 was preceded by the full utilization of the Working Capital Fund plus any available balance of the Special Reserve Account. For many years the level of these reserves has provided an insufficient safety net to prevent recourse to borrowing.

324. The current authorized level of the Working Capital Fund was established in 1991 when it represented approximately one month of Regular Programme cash outflow. This level of USD 25.7 million is insufficient to cover even one month of current cash outflow (approximately USD 50 million). Preservation of the WCF at its authorized level means there is a risk of external commercial borrowing to deliver the approved programme of work.

325. The Finance Committee has been previously advised that to cope with operating cash requirements in the face of delays in Members' contributions, the WCF would need to be increased to an amount equivalent to at least two months of Regular Programme cash outflow (currently USD 90 million) through a one-time assessment on Members. Given the continued vulnerability that the Organization experiences with respect to delays in the payments of Member Nations, it is recommended in this PWB that there be a one-time assessment on Members of USD 74.3 million to bring the WCF to USD 100 million, as it would provide a superior safety net prior to recourse to borrowing.

### *Replenishment of Special Reserve Account*

326. Incremental funding required to replenish the SRA amounts to USD 30.3 million. Explanations are provided below for both of the elements, namely the 2006 general service salary increase paid from the SRA and the 5 percent of the total effective working budget of the Organization that make up this amount.

### *2006 general service salary increase paid from the SRA*

327. The 2009 Conference<sup>67</sup> recalled that, following endorsement of proposals submitted by the Director-General to the Finance Committee and Council, the Special Reserve Account had been drawn down by USD 6.4 million in 2006 in order to charge a portion of an unforeseen and unbudgeted

<sup>66</sup> 115<sup>th</sup> session of the Finance Committee and 131<sup>st</sup> session of the Council.

<sup>67</sup> C 2009/REP paragraph 125

general service salary increase at headquarters on the understanding that the SRA would be replenished by the same amount. Recent Conference Resolutions, including the 37<sup>th</sup> session in 2011,<sup>68</sup> have deferred the replenishment of the SRA to future biennia. The replenishment of the SRA is requested in the amount of USD 6.4 million in order to restore the cash used to cover the charge for the general service salary increase in 2006.

***5% of the total effective working budget of the Organization***

328. Conference Resolution 13/81 specifies that the SRA should be maintained at a level equivalent to 5 percent of the total effective working budget of the Organization. The previous replenishment of the SRA by special assessment on Member Nations was authorized by Conference in 1991 (Resolution 16/91), for an amount of USD 28 million. It is desirable to replenish the reserve to its authorized level through a one-time special assessment with the level of the assessment dependent on the latest balance of the SRA and on the approved budget level. Given the balance of USD 20.0 million on the SRA at 31 December 2011, this would result in an assessment in the order of USD 23.9 million (net of the 2006 general service salary charge of USD 6.4 million as above) to fully replenish the SRA up to 5 percent of the working budget (USD 1,005.6 million based on 2012-13 approved budget figures).

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<sup>68</sup> C 2011/REP paragraph 101

## Summary requirements

329. This section provides an overall view of the funding requirements to execute the 2014-15 Programme of Work under all sources of funds; the funding requirements to tackle the financial health, liquidity situation and reserves; and how these cumulative funding requirements would impact on future financial commitment of Members.

330. This PWB presents an integrated view of total resource requirements to carry out the Programme of Work directly linked to the MTP, in the form of assessed contributions and voluntary contributions totalling USD 2,507.4 million, as summarized in Table 15.

### *Net Budgetary Appropriation – assessed contributions*

331. The starting point is the 2012-13 net appropriation budget level of USD 1,005.6 million. As explained in PWB section A, resources were identified to be allocated to higher priority areas which require a 1 percent real increase of USD 10.0 million. Cost increases are estimated at USD 54.4 million to maintain purchasing power (USD 46.6 million for staff costs, USD 7.8 million for non-staff costs). Therefore, the total proposed net Budgetary Appropriation level to be funded from assessed contributions would be USD 1,070.1 million, a 6.4 percent increase over the 2012-13 net Budgetary Appropriation.

### *Voluntary contributions*

332. In line with the integrated budget approach, the results-based Programme of Work includes estimated requirements for two types of voluntary contributions totalling USD 1,437.4 million.

- a) *Core voluntary contributions* of USD 164.9 million, for estimated project and non-project core voluntary contributions in direct support of the Programme of Work;
- b) *Other voluntary extrabudgetary contributions* of USD 1,272.5 million comprising support to the field programme and assistance to Member Nations estimated at USD 568.6 million and emergencies at USD 703.9 million.

**Table 15: Cumulative funding requirements in 2014-15 for the Programme of Work (in USD millions at the 2012-13 budget rate of exchange of 1 Euro = USD 1.36)**

Programme of Work	Amount
<b>Requirements under the net appropriation work programme</b>	
Budgetary requirements at 2012-13 cost levels	1,005.6
1% real increase	10.0
<i>Net budgetary appropriation for 2014-15 at 2012-13 cost levels</i>	<i>1,015.6</i>
Incremental requirements - Cost Increases	54.4
<i>Net budgetary appropriation for 2014-15</i>	<i>1,070.1</i>
Percent change in net appropriation	6.4%
<b>Requirements under the extrabudgetary work programme</b>	
Core voluntary	164.9
Support to field programme/assistance to Member Nations	568.6
Emergencies	703.9
<i>Total requirement under Voluntary Contributions</i>	<i>1,437.4</i>
<b>Total integrated Programme of Work in 2014-15</b>	<b>2,507.4</b>

*Improving financial health, liquidity and reserves*

333. As requested by the Finance Committee and in line with past PWBs, two sets of measures are considered desirable to stabilise the General Fund deficit and avoid liquidity shortages, which would need to be funded from assessed contributions, as follows:

- a) recurring incremental requirements to address staff-related liabilities:
  - After-service Medical Coverage (ASMC) of USD 49.2 million, which represents an incremental amount of USD 35.1 million over the funding level approved in the PWB 2012-13; and
  - a first-time provision for the Terminal Payments Fund (TPF) past-service liability of USD 11.7 million;
- b) one-time replenishment of:
  - the Working Capital Fund of USD 74.3 million; and
  - the Special Reserve Account in the range of USD 6.4 million (replenishment only for the general service salary increase paid in 2006-07) to USD 30.3 million (full replenishment).

334. The total incremental funding level to expeditiously improve FAO's financial health in 2014-15 as outlined above ranges from USD 127.5 million to USD 151.4 million.

*Impact on assessments of cumulative funding requirements under the programme of work*

335. As in past biennia, the assessed contributions in 2014-15 will be based on the biennial net appropriation plus any other agreed funding to restore the financial health of the Organization. The impact on assessments of the net appropriation funding requirements is outlined below.

336. 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. The Miscellaneous Income estimate for 2014-15 is set at the same level as in 2012-13, USD 5.0 million.

337. The overall 2014-15 funding requirement for the budget funded from assessed contributions after deduction of miscellaneous income amounts to USD 1,065.1 million, representing a 6.4 percent increase in the level of net appropriation assessments compared with the present biennium.

338. Under the split assessment methodology adopted by Conference Resolution 11/2003,<sup>69</sup> assessments are due in US dollars and Euros, in accordance with the estimated expenditures in each of these currencies.

339. Table 16 reflects the overall impact on assessments of the proposed 2014-15 budget, compared with the approved US dollar and Euro contributions for 2012-13. It demonstrates that the increase in assessments of 6.4 percent comprises a 8.8 percent increase in US dollar assessments and a 4.2 percent increase in Euro assessments.

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<sup>69</sup> Financial Regulation 5.6 refers.



**Table 16: Assessed contributions from Members in 2012-13 and 2014-15**

Biennium	Funding Level for	USD million at 1 Euro = USD 1.36	USD millions	Euro millions
2012-13	Implementation of Programme of Work funded from assessed contributions	1,005.6	496.4	374.4
	- Less Miscellaneous Income	(5.0)	(5.0)	0.0
<b>Total Assessments paid by Members in 2012-13</b>		<b>1,000.6</b>	<b>491.4</b>	<b>374.4</b>
2014-15	Implementation of Programme of Work funded from assessed contributions	1,070.1	539.7	390.0
	- Less Miscellaneous Income	(5.0)	(5.0)	0.0
<b>Total Assessments proposed to Members in 2014-15</b>		<b>1,065.1</b>	<b>534.7</b>	<b>390.0</b>
<i>Percent difference from 2012-13</i>		<i>6.4%</i>	<i>8.8%</i>	<i>4.2%</i>

340. The above budget figures have been calculated at the budget rate of exchange of the 2012-13 biennium, i.e. Euro 1 = USD 1.36.

341. As per established practice, the budget rate of exchange for the 2014-15 biennium was set according to the rate at the time this document was prepared of Euro 1 = USD 1.30. This results in a decline in the proposed net appropriation for implementing the programme of work, from USD 1,070.1 million to USD 1,046.7 million, when expressed in the Organization's functional currency, the US dollar.

342. 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 17 by applying the funding requirements of the programme of work for 2014-15 tabulated above at the revised Euro/USD exchange rate of Euro 1 = USD 1.30. The estimated US dollar portion of the expenditures for implementing the programme of work under the new budget rate of 1.30 is established at 52 percent with the remaining 48 percent in Euro.

**Table 17: Impact of the change in the budget rate of exchange under split assessment (USD/Euro million)\***

	<b>Euro 1 = USD 1.36</b>	<b>Euro 1 = USD 1.30</b>
Assessments due in US dollars for 2014-15 programme of work	539.7	539.7
Assessments due in Euro for 2014-15 programme of work	390.0	390.0
Assessed contributions due in US dollars	539.7	539.7
Assessed contributions due in Euro and expressed in US dollars at two distinct budget rates of exchange	530.4	507.0
<b>Total expressed in US dollars</b>	<b>USD 1,070.1</b>	<b>USD 1,046.7</b>

\*Before miscellaneous income deduction of USD 5 million which is estimated 100% in US dollars

## DRAFT RESOLUTION FOR ADOPTION BY THE CONFERENCE

### RESOLUTION \_\_/2013 *Draft Budgetary Appropriations 2014-15*

#### THE CONFERENCE,

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

**Having considered** the proposed total net appropriation of USD 1,070,063,000 for the financial period 2014-15 at the 2012-13 rate of Euro 1 = USD 1.36 which assumes US dollar and Euro expenditure equal to USD 539,666,000 and Euros 389,999,000;

**Having considered** that the above net appropriation is equivalent to USD 1,046,664,000 at the budget rate of Euro 1 = USD 1.30 established for 2014-15 after translation of the Euro portion;

1. **Approves** the Programme of Work proposed by the Director-General for 2014-15 as follows:

a) Appropriations are voted at a rate of Euro 1 = USD 1.30 for the following purposes:

	<b>USD</b>
Chapter 1: Contribute to the eradication of hunger, food insecurity and malnutrition	97,028,000
Chapter 2: Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	201,722,000
Chapter 3: Reduce rural poverty	67,322,000
Chapter 4: Enable more inclusive and efficient agricultural and food systems at local, national and international levels	115,863,000
Chapter 5: Increase the resilience of livelihoods to threats and crises	38,032,000
Chapter 6: Technical Quality, Knowledge and Services	51,959,000
Chapter 7: Technical Cooperation Programme	135,307,000
Chapter 8: Outreach	67,978,000
Chapter 9: Information Technology	44,801,000
Chapter 10: FAO Governance, Oversight and Direction	87,897,000
Chapter 11: Efficient and Effective Administration	91,395,000
Chapter 12: Contingencies	600,000
Chapter 13: Capital Expenditure	21,886,000
Chapter 14: Security Expenditure	24,874,000
<b>Total Appropriation (Net)</b>	<b>1,046,664,000</b>
Chapter 15: Transfer to Tax Equalization Fund	104,400,000
<b>Total Appropriation (Gross)</b>	<b>1,151,064,000</b>

- b) The appropriations (net) voted in paragraph (a) above minus estimated Miscellaneous Income in the amount of USD 5,000,000 shall be financed by assessed contributions from Member Nations of USD 1,041,664,000 to implement the Programme of Work. Such contributions shall be established in US dollars and Euro and shall consist of USD 534,666,000 and Euro 389,999,000. This takes into account a split of 52% US dollars and 48% Euro for the appropriations (net) and of 100% US dollars for Miscellaneous Income.
- c) An additional amount of USD xxx shall also be financed by assessed contributions from Member Nations to fund the After-service Medical Coverage (ASMC) past service liability. The contributions shall be established in US dollars and Euro, taking into account

a split of 33% US dollars and 67% Euro, and shall therefore amount to USD xxx and Euro yyy.

- d) The total contributions due from Member Nations to implement the approved Programme of Work and to fund the amortization of ASMC shall amount to USD xxx and Euro yyy. Such contributions due from Member Nations in 2014 and 2015 shall be paid in accordance with the scale of contributions adopted by the Conference at its Thirty-eighth session.
- e) 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 USD 9,200,000 has been foreseen for this purpose.

2. **Encourages** Members to provide voluntary contributions to facilitate achievement of the Strategic Objectives and implementation of the integrated Programme of Work under the results framework.

(Adopted on \_\_\_\_\_ 2013)

## D. Results frameworks and 2014-15 resource allocations

### Areas of programmatic emphasis and de-emphasis – an overview

343. Recasting the programme of work of the Organization around a more limited number of Strategic Objectives (five from the previous eleven) entailed sharpening of focus in terms of more favoured programmatic emphases (and inevitably less emphasis being put on some substantive areas or modalities of action). An overview of the consequences in this redesign effort is provided below.

#### *Strategic Objective 1: Contribute to the eradication of hunger, food insecurity and malnutrition*

344. SO1 proposes a common, coherent and comprehensive results and accountability framework for action on hunger, food insecurity and malnutrition through the food and agriculture sector, including forestry, fisheries and livestock, and in conjunction with complementary actions regarding social protection, education, employment and gender. As such, it addresses problems with horizontal and vertical fragmentation of the Strategic Objective H (Improved food security and better nutrition) under the previous MTP/PWB.

345. The SO1 framework not only brings units within FAO together around a common goal and strategy, but also governments and their development partners at national, regional and international level. Food security issues are inherently multidimensional and multidisciplinary. In order to avoid duplication of work covered under the other SOs, SO1 adds value by using a common framework to ensure that actions under other SOs result in positive food security and nutrition results besides their SO-specific results.

346. SO1 is also different from the previously SO-H in that it places much greater emphasis on the achievement of results and impact at country level, both in terms of changes in nutrition and food security status, as well as in terms of improved government and development partner commitment and capacities.

347. SO1 emphasizes an integrated approach towards capacity development with explicit linkages between the enabling environment (in the form of a coherent and comprehensive set of policies, programmes, investments and legislation to promote food security and nutrition) and the financial, institutional, organizational and human resource capacities needed for turning commitment into action and results. Also in terms of the methods of capacity development, SO1 incorporates South-South cooperation and the important role of partnerships with other organizations with complementary capacities.

348. SO1 places greater importance on the development of comprehensive “food security and nutrition governance systems” that are inclusive of all stakeholders and sectors. SO1 is innovative in that it extends the principles underpinning the governance model of the renewed CFS to the regional and national levels. In this way it emphasizes multistakeholder participation, consultation and policy coherence and promotes evidence-based decision-making. Governance systems proposed under SO1 integrate governance at the political, technical and grassroots levels.

349. Impact assessment has been incorporated within the design of SO1, in particular in the form of regular assessments and the promotion of policy dialogue at all levels regarding the state of stakeholder commitment and capacity to act on food insecurity and malnutrition. The previous SO-H was biased towards after-action monitoring of progress, especially in terms of lower level results.

350. Work that will be de-emphasized in SO1 in comparison to SO-H is support to the development of free-standing policies, programmes and projects that are not embedded in a larger comprehensive food security and nutrition strategy. Similarly, work on food security and nutrition information that is not embedded in a comprehensive and harmonized food security and nutrition information systems approach will be discontinued.

#### *Strategic Objective 2: Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner*

351. SO2 spans a broad spectrum of activities previously covered under several distinct Strategic Objectives. In this consolidation, high priority was given to two guiding themes: (i) taking full account

of all three dimensions of sustainability (environmental, social and economic); and (ii) the imperative need to achieve an orderly transition to more sustainable practices, hence facilitating their adoption by very large numbers of producers and resource managers.

352. As a general rule, the implementation of SO2 will seek to put in place more robust arrangements for monitoring the uptake and use of FAO products and services in countries and regions, while also ensuring close links to advocacy and capacity development work on the use of these products and services.

353. In formulating SO2, the importance of interdisciplinarity in sustainable production, in particular the need for production objectives to be reconciled with natural resource management objectives, was recognized. This implies greater emphasis on building the links between agriculture subsectors (crops, livestock, aquaculture, capture fisheries, forestry) and somewhat reduced emphasis on stand-alone work on single technologies, or very specific subjects.

354. Greater emphasis will be placed on strengthening partnerships with external public and private institutions and on closer cooperation within the FAO structure. More proactive relationships with donors, stakeholders, and the concerned governmental authorities in countries will also be key to the allocation of adequate financial resources for field activities.

### *Strategic Objective 3: Reduce rural poverty*

355. The main focus of the programmatic work under SO3 will be to provide a holistic approach to rural development and poverty reduction within given territorial settings. While building on specialized technical FAO expertise, it will de-emphasize vertical and merely sectoral approaches, but focus on opportunities to strengthen linkages between agricultural and non-agricultural economic activities for more dynamic economic and social development, sustainable use of natural resources and accelerated decent work creation and poverty reduction in rural areas.

356. In its support to national and local stakeholders, the programme will provide policy tools to identify the critical conditioning factors that would enable sustainable rural development and poverty reduction, but focusing in particular on: (i) community mobilisation through strengthened rural institutions and organizations, such as producer organizations and cooperatives; (ii) basic rural infrastructure and rural services, in particular inclusive financial and environmental services (building on expertise and experience from SO4); (iii) equality in access to land and other productive resources; (iv) decent work opportunities, including through processing for value addition and development of non-farm activities, as well as education and vocational training; and (v) improved access to social services and social protection in ways not only to directly improve well-being of the rural population, but also to unleash resources to catalyze rural development and foster food security. Ensuring coherence and synergies across all of these areas will be critical.

357. The programmatic approach will have a strong gender component in all five areas. In fostering decent work creation, there will be a special emphasis on opportunities for youth and in preventing child labour that interferes with education or damages health and personal development.

358. In the implementation of the programme, special attention will further be paid to fostering public-private partnerships in the implementation of rural development and poverty reduction programmes.

359. A further emphasis will be on improving governance for rural development, in particular by providing capacity development to stakeholders at all levels (national and decentralized governments and community organizations) in defining coherent inclusive rural development strategies and their effective implementation.

*Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems at local, national and international levels*

360. In continuing its basic roles of lead adviser and knowledge centre on concepts and strategies for agricultural, forestry and food systems, the Organization should give prime emphasis on the sustainability of such systems and putting in place efficient and inclusive value chains. SO4 entails strong advocacy for, and dissemination of best practices and due attention to providing small and medium enterprises in agriculture, forestry and food industries better access to resources and markets (with implied requirement for efficient trade and market information systems and analyses).

361. Areas of increased emphasis under SO4 include: awareness of and programmes to reduce food losses and waste (with accompanying investment programmes targeted at mitigation food losses and waste); support to public-private partnership towards economically-viable and inclusive business models; implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forestry; assessment of impact of private standards in food and forestry industry, ecolabelling (sustainable fisheries) and aquaculture certification on inclusiveness of value chains; and support to inclusive international trade agreements and accession to WTO.

362. Significantly lower levels of activity are foreseen on specific post-harvest technologies and general rural finance. Work on improved rural-urban linkages will shift mainly towards development of procurement schemes through institutional buyers, wholesale markets and supermarkets. Work on farming systems, farm management and market-led extension is to be phased out.

*Strategic Objective 5: Increase the resilience of livelihoods to threats and crises*

363. FAO's resilience agenda encompasses action in four mutually reinforcing areas at local, national, regional and global levels: (i) countries and regions have legal, policy, institutional and regulatory frameworks for disaster risk reduction and crisis risk management for food and agriculture systems; (ii) countries and regions deliver regular information and trigger timely actions against potential, known and emerging threats to agriculture, food and nutrition; (iii) countries apply prevention and impact mitigation measures that reduce risks for agriculture, food and nutrition; and (iv) countries and regions affected by disasters and crises with impact on agriculture, food and nutrition are prepared for, and manage effective responses.

364. There are no completely new areas of work *per se* under SO5, as implementation will continue to build on past and ongoing proven work (both normative and field) regarding the risk prevention/mitigation and crisis management conundrum.

365. However, systematic attention will be given to the following dimensions: (i) ensuring better cooperation between sectors and actors; (ii) pursuing holistic and multidisciplinary approaches (including in the continuum of support from emergency to development); (iii) delivering as one team across various levels in a more decentralized Organization (including integrated teams at country and regional levels handling all humanitarian, development, investment and policy interventions); (iv) applying common results shared by all levels (from local to global and vice versa) and promoting same understanding and language; (v) knowledge management (and lessons learning), policy dialogue and advocacy and communication; and (vi) stressing cross-cutting themes such as governance, gender and nutrition.

366. Areas which should receive particular emphasis include: (i) proactive risk reduction (rather than reactive crisis management); (ii) mainstreaming of disaster risk reduction measures and developing risk reduction capacities and policies, e.g. in support of commitment of countries to the Hyogo Framework for Action, especially in development interventions; (iii) multi-year programmes in disaster prone countries and in those in protracted crisis for risk reduction measures, risk management institutional capacities and policies, and information management/systems and early warning, in addition to preparedness and effective responses; (iv) capacity development for risk management benefiting local, national and regional actors; and (v) strategic partnerships at global, regional and national levels to scale up disaster risk reduction and resilience.

## Strategic Objective Action Plans with performance indicators, baselines and targets

### *Strategic Objective 1: Contribute to the eradication of hunger, food insecurity and malnutrition*

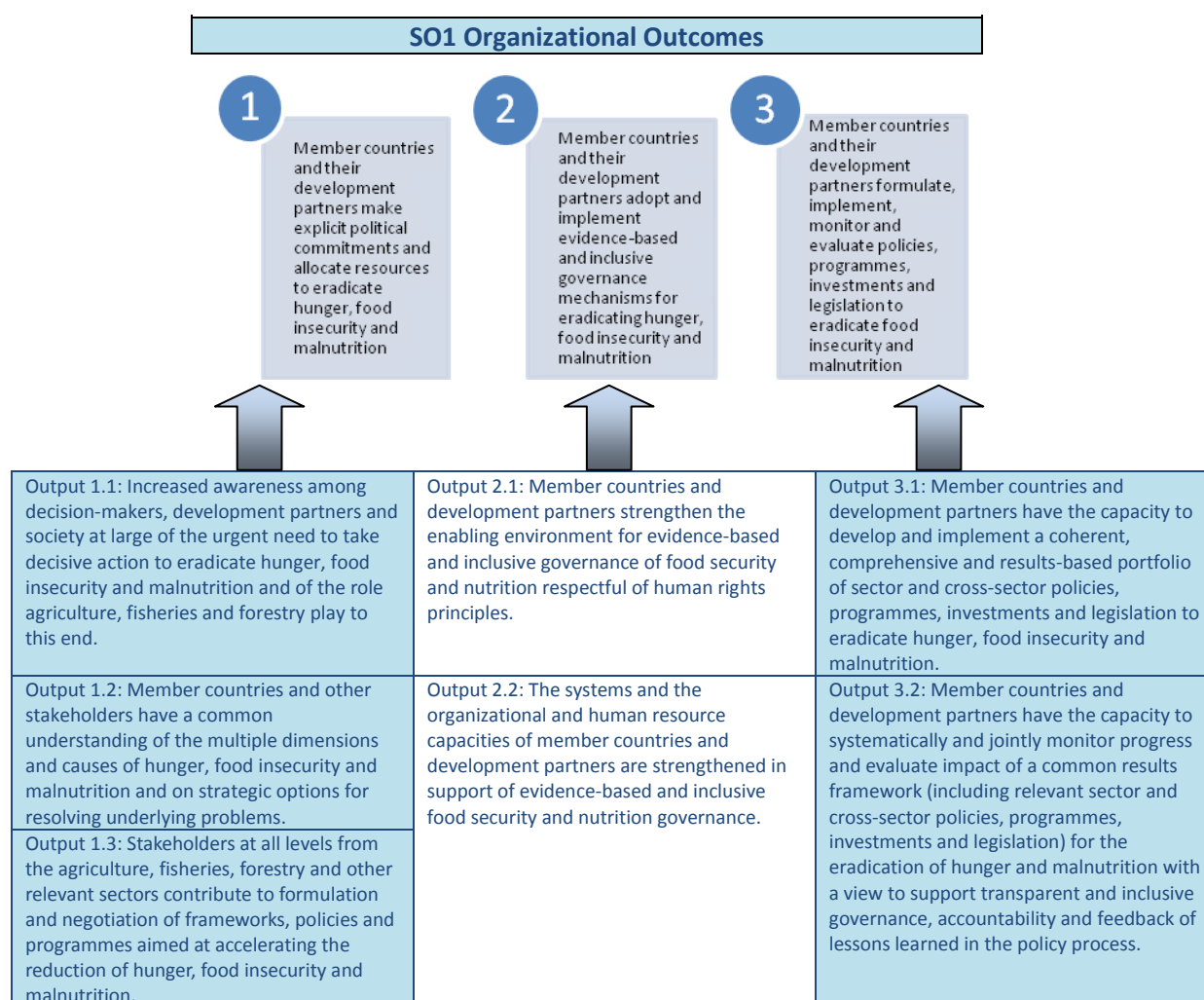
(USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
1.01	54,751	15,632	89,642	105,274	160,026
1.02	28,973	2,300	32,753	35,054	64,027
1.03	8,951	2,011	10,420	12,431	21,382
<b>Total</b>	<b>92,675</b>	<b>19,944</b>	<b>132,815</b>	<b>152,759</b>	<b>245,435</b>

#### *Action Plan*

367. The Organization will support its members in contributing to the eradication of hunger, food insecurity and malnutrition through three Organizational Outcomes and seven outputs, which are predicated on FAO's unique capacity to interact and work with countries and development partners. This includes FAO's role in support of the multipartner CFS, as well as in convening and supporting technical and policy setting bodies and standard-setting programmes. Advocacy and catalytic action for strengthening food security and nutrition is also well served by FAO's presence in countries and regions, as well as by its global public goods and the flagship publications, backed by strong communication campaigns.

368. FAO will provide the necessary evidence-based analysis to strengthen political commitments to, and advocacy for food security and nutrition. FAO's capacity to work as an 'honest broker' within a number of technical sectors relevant to food security and nutrition concerns should facilitate policy harmonization across these sectors and guide transparent and accountable governance mechanisms at all levels. Examples of such mechanisms are at global level, the Voluntary Guidelines to Support the Progressive Realization of the Right to Food, and on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security; at regional level, support to the CAADP or the Hunger Free Latin America and Caribbean initiative; and at country level, support to countries in implementing the Zero Hunger Challenge.



### *Indicators and targets*

369. The purpose of the SO1 monitoring framework is to assess how the food security and nutrition situation of people and households has changed as a result of increased commitment and improved capacities of government and development partners to eradicate hunger, food insecurity and malnutrition.

370. The contribution that FAO will make together with its partners to raise levels of commitment and improve capacities will be assessed through a set of indicators. The indicators will be aggregated into four main indexes designed in such a manner so as to succinctly capture: (i) the adequacy of the existing policy, programme and legal framework for food security and nutrition; (ii) the extent to which allocation of resources is commensurate with needs; (iii) the adequacy of food security and nutrition governance, including through inclusive stakeholder coordination mechanisms and partnerships; and (iv) the degree to which decision-making is evidence based. Gender and governance specific indicators and criteria have been mainstreamed into each of the four indexes.

371. Data for the selected indicators will be obtained from existing secondary data sources and through country surveys, whereby the baseline will be established in 2013. Targets will be set at the level of the indexes and will refer to desired changes in a sample of countries which are high priority in terms of the depth and extent of the existing problems and the role that FAO is expected to play together with its partners in view of its specific comparative advantages and core functions. The baselines and targets included at this point in time are tentative and only cover countries in the Africa region. During 2013 the baselines and targets for Asia and Latin America regions will be determined.



<b>Strategic Objective 1: Contribute to the eradication of hunger, food insecurity and malnutrition</b>				
<b>SO level provisional indicators (and source)</b>				
1.1. Prevalence of stunting ( <i>WHO</i> )				
1.2. Prevalence of under-nourishment ( <i>SOFI 2012</i> )				
1.3. Experience of food insecurity score ( <i>Voices of the Hunger survey</i> )				
<b>OO1: Member countries and their development partners make explicit political commitments and allocate resources to eradicate hunger, food insecurity and malnutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>1.1</b>	Percent of target countries with medium-high/high stunting prevalence (16 in Africa) that have improved their commitment in the form of sound policies, programmes and legislation	0	50%	100%
<b>1.2</b>	Percent of target countries with low/medium-low stunting prevalence (5 in Africa) that have improved their commitment in the form of sound policies, programmes and legislation	0	50%	100%
<b>1.3</b>	Percent of target countries with medium high/high stunting prevalence (16 in Africa) that have improved their commitment in the form of resource allocation towards food security and nutrition	0	50%	100%
<b>1.4</b>	Percent of target countries with low/medium-low stunting prevalence (5 in Africa) that have improved their commitment in the form of resource allocation towards food security and nutrition	0	50%	100%
<b>OO2: Member countries and their development partners adopt and implement evidence-based and inclusive governance mechanisms for eradicating hunger, food insecurity and malnutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>2.1</b>	Percent of target countries with medium-high/high stunting prevalence (16 in Africa) that have improved their governance mechanisms for eradicating hunger, food insecurity and malnutrition	0	50%	100%
<b>2.2</b>	Percent of target countries with low/medium-low stunting prevalence (5 in Africa) that have improved their governance mechanisms for eradicating hunger, food insecurity and malnutrition	0	50%	100%
<b>OO3: Member countries and their development partners formulate, implement, monitor and evaluate policies, programmes, investments and legislation to eradicate food insecurity and malnutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>3.1</b>	Percent of target countries with medium-high/high stunting prevalence (16 in Africa) that have improved their evidence-based processes to formulate, implement, monitor and evaluate policies and programmes	0	50%	100%
<b>3.2</b>	Percent of target countries with medium-low/low stunting prevalence (5 in Africa) that have improved their evidence-based processes to formulate, implement, monitor and evaluate policies and programmes	0	50%	100%

*Programmatic Regional Initiative (SO1): The 2025 Hunger Free Latin America and the Caribbean Initiative*

372. Under this initiative, the common goal of the countries in the region was reaffirmed at the FAO Regional Conference (2012), i.e. to eradicate hunger by 2025. The Regional Office for Latin America and the Caribbean provides the technical secretariat to the initiative. The Regional Outcomes and Outputs are:

- a) member countries reaffirm their political commitment to eradicate hunger, food insecurity and malnutrition through: Parliamentary Fronts Against Hunger formed, strengthened and articulated with governments and civil society to develop legal frameworks in favour of food security and nutrition, and the Parliamentary Front Against Hunger of Latin America and the Caribbean consolidated within the framework of supranational parliamentary structures like PARLATINO (Latin American Parliament);
- b) governments in the region, parliamentarians and civil society have strengthened dialogue and technical capacities to develop governance and coordination mechanisms on issues related to food security and nutrition through food security and nutrition initiatives from regional integration bodies (SICA, CARICOM, UNASUR, CAN) coordinated under the Community of Latin American and Caribbean States, and Latin American and Caribbean participation reinforced in the Committee on World Food Security; and
- c) member countries in the region have institutions, strategies and programmes that are better prepared to address the intersectoral nature of food security and nutrition through alliances and partnerships in priority countries strengthened around focalized actions in existing national policy frameworks, and a regional information platform on public policies for food security and nutrition for the use of countries in the region to facilitate South-South cooperation and to improve technical assistance.

***Strategic Objective 2: Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner***

(USD 000 at 2012-13 rates)

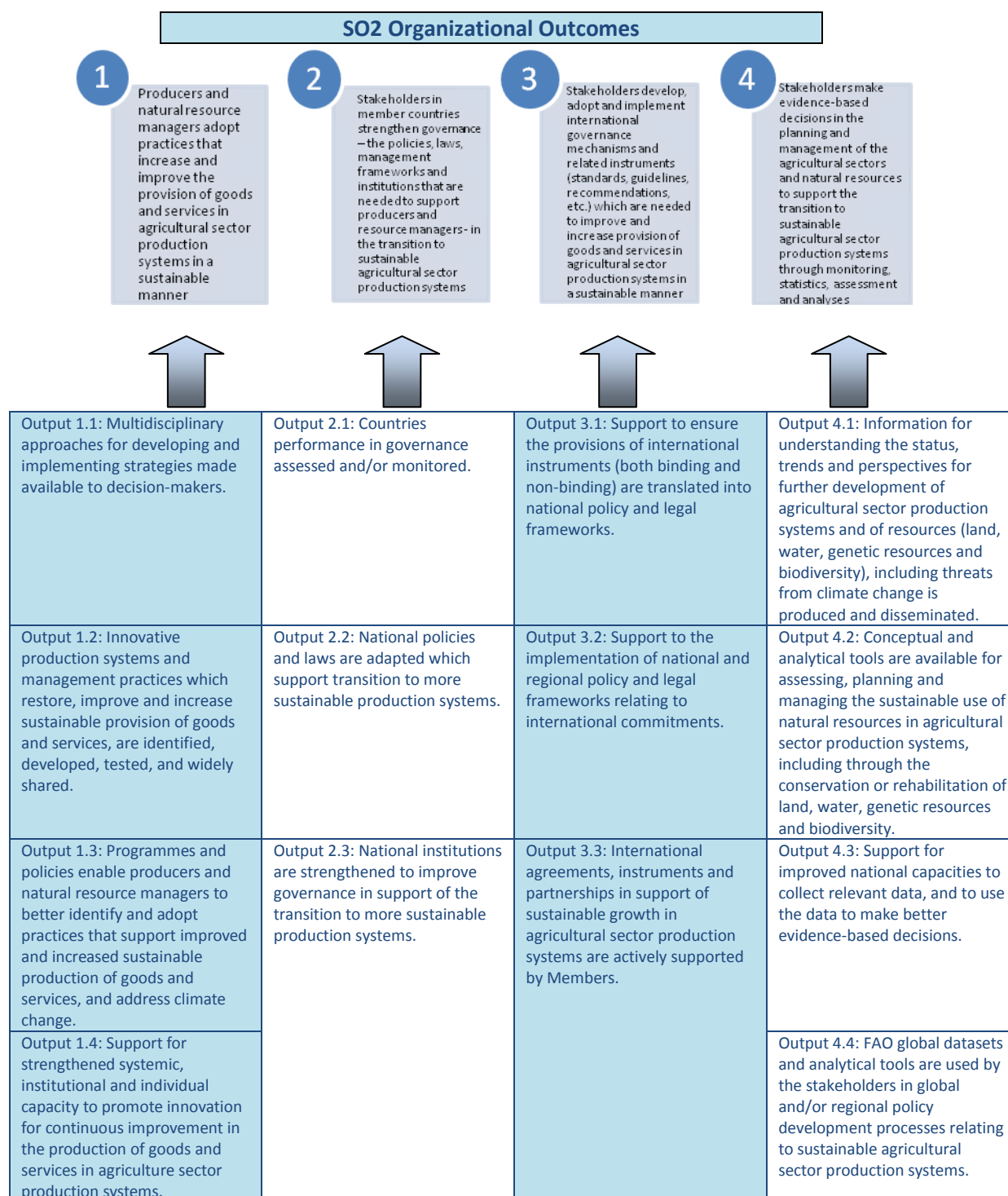
Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
2.01	37,301	10,873	39,362	50,235	87,536
2.02	56,164	16,269	77,470	93,740	149,903
2.03	17,448	13,482	10,568	24,049	41,497
2.04	82,117	34,638	68,498	103,136	185,253
<b>Total</b>	<b>193,030</b>	<b>75,262</b>	<b>195,898</b>	<b>271,160</b>	<b>464,190</b>

***Action Plan***

373. The Organization will contribute to increasing and improving provision of goods and services for agriculture, forestry and fisheries in a sustainable manner by achieving four Organizational Outcomes and 14 Outputs. This will require work primarily in four areas:

- a) supporting the development, sharing and adaptation of locally-relevant technologies and approaches with a range of partners, concentrating on addressing economics, institutional and financing barriers to the adoption at larger scale;
- b) enabling frameworks for economically-, socially- and environmentally-sound production systems that embody resource use efficiency, diversification, climate change adaptation and mitigation, ecosystem services and accessibility;
- c) strengthening international and national governance mechanisms and instruments relevant to sustainable resource use, with particular emphasis on their feasibility and the capacity of developing countries to participate in them; and
- d) capacity building to access and use evidence to support policy and planning decisions.

374. These outcomes will benefit from FAO's privileged access to relevant policy-makers across the agricultural sectors from local to global level. FAO needs to build the capacity to facilitate the necessary large-scale transition to more sustainable approaches with its widespread expertise – across disciplines and between countries and regions – and to inform the strategic decisions of key policy-makers. FAO also has extensive experience in integrating natural resources management considerations into overall strategies for food security and nutrition, poverty reduction and rural development.



### Indicators and targets

375. The purpose of the monitoring framework for SO2 is to assess progress in the transition towards the sustainable intensification of production through increased productivity and the sustainable provision of goods and services across all agriculture sectors. Consequently, it will measure the development and successful adoption of approaches and tools to assist decision-makers and producers in countries to: (i) define their priorities regarding the sustainable intensification of production; (ii) implement necessary policies and laws; and (iii) use their natural resources within and across their agriculture sector production systems more efficiently.

376. A key challenge in developing the framework is the need to address multiple sectors while bringing together productivity and sustainability in a multidisciplinary manner. The framework, which builds on several areas of work of the Organization, is still work in progress. Its further development and finalization will require the adoption of a dynamic concept of sustainability, valid across the different agriculture sectors, that takes into account social, economic and environmental considerations.

377. The finalization of the framework will involve further elaboration and validation of the Organizational Outcome indicators and their underlying elements. Baselines, sampling and targets will be further developed in the context of the overall approach for monitoring in 2013.

<b>Strategic Objective 2: Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner</b>				
<b>SO level indicators (and source)</b>				
To be determined				
<b>OO1: Producers and natural resource managers adopt practices that increase and improve the provision of goods and services in agricultural sector production systems in a sustainable manner</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>1.1</b>	Percent of target countries that establish or improve an integrated national strategy for more sustainable production systems and management of natural resources	To be determined	To be determined	To be determined
<b>1.2</b>	Percent of target countries which have implemented or scaled-up systems or approaches (including global important agricultural heritage systems) to foster adoption of sustainable practices, including: watershed management, reduction of emissions, forest and farming management, sustainable production systems, sustainable land and water management, climate change adaptation and mitigation, sustainable livestock management, sustainable focus to agricultural investments	To be determined	To be determined	To be determined
<b>1.3</b>	Percent of target countries that have strategies to prevent and manage biological risks associated with production and natural resources management systems, including those in support of animal and public health risk management, pollution prevention from agricultural practices (e.g. over-use of pesticides and fertilizers, pollution from livestock, irrigation, aquaculture, etc.), adoption of phytosanitary standards including forest sanitary measures, pathogen risks – crop and livestock, food safety risks, adoption of biosecurity schemes (aquaculture)	To be determined	To be determined	To be determined
<b>OO2: Stakeholders in member countries strengthen governance – the policies, laws, management frameworks and institutions that are needed to support producers and resource managers - in the transition to sustainable agricultural sector production systems</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>2.1</b>	Percent of target countries that have established or improved national policies, laws and/or institutions that undertake the transition towards improved sustainable production and natural resources management systems	To be determined	To be determined	To be determined

<b>OO3: Stakeholders develop, adopt and implement international governance mechanisms and related instruments (standards, guidelines, recommendations, etc.) which are needed to improve and increase provision of goods and services in agricultural sector production systems in a sustainable manner</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>3.1</b>	Percent of target countries that have integrated the key elements of international binding and non-binding agreements related to improved and increased provision of goods and services into national policy and legal frameworks, including: <ul style="list-style-type: none"> <li>• Voluntary Guidelines on the Responsible Governance on Tenure of Land, Fisheries and Forestry</li> <li>• Global Agenda of Action in support of Sustainable Livestock Sector Development</li> <li>• Code of conduct on pesticides</li> <li>• Animal genetic resources (GPA)</li> <li>• Plant genetic resources (GPA)</li> <li>• Codex (MRLs)</li> <li>• Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing</li> <li>• Code of Conduct for Responsible Fisheries</li> <li>• IPPC</li> <li>• IT-PGRFA</li> <li>• Voluntary Guidelines on responsible management of planted forests</li> <li>• International Poplar Commission</li> <li>• Forest Law Enforcement, Governance and Trade Action Plan</li> </ul>	To be determined	To be determined	To be determined
<b>3.2</b>	Percent of countries that have improved implementation of international binding and non-binding agreements relating to increased provision of goods and services and effective participation in international governance processes, including Committee on Fisheries; Committee on Forestry; Codex Alimentarius Commission; Commission on Genetic Resources for Food and Agriculture; International Poplar Commission; IPPC; IT-PGRFA; Forest Law Enforcement, Governance and Trade Action Plan	To be determined	To be determined	To be determined
<b>OO4: Stakeholders make evidence-based decisions in the planning and management of the agricultural sectors and natural resources to support the transition to sustainable agricultural sector production systems through monitoring, statistics, assessment and analyses</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>4.1</b>	Percent of countries that have national monitoring systems and/or statistics services providing data and information on natural resources, including forest monitoring, fish stock monitoring, agro-environmental statistics, sustainable land management monitoring, genetic resources monitoring, animal disease monitoring, etc.	To be determined	To be determined	To be determined

*Programmatic Regional Initiative (SO2): Rice-based production system in Asia*

378. Small farmers in rice-based farming systems will be the target group in this initiative, bearing in mind that they are responsible for over 80 percent of total production in the region. The initiative will bring attention to the full scope of the goods and services produced by rice agro-ecosystems. It will, in selected countries, contribute to raise awareness among pilot farmer communities and policy-makers of the contribution of ecosystem services to production and sustainability of rice systems. The project will also develop elements to build assessment capacity and to assist policy-makers to assess different feasible production practices, trade-offs and synergies and select the best options within a long-term strategy. Finally, decision-makers in the pilot countries will be empowered to take informed decisions about rice market policy that account for the potential impacts of climate change and the social and cultural value of regional rice systems.

379. The initiative comprises four components: water and rice/fish systems; biodiversity, landscape, and ecosystem services; management practices; and social, economic and policy cross-cutting issues. They will contribute to SO2 Organizational Outcomes 1, 2, and 4 and to the preparation of the Rice Strategy for Asia being developed by FAO in response to the recommendation of the 31<sup>st</sup> session of the FAO Regional Conference for Asia and the Pacific. A regional workshop will be held in Bangkok in November 2013 to present the initial outcomes of this initiative and incorporate them into the regional priority framework for Asia.

*Programmatic Regional Initiative (SO2): Water scarcity in the Near East*

380. The Near East region has a long history of initiatives that have sought to improve water resources and cropland management practices. Lessons have been learned and can be shared, while there is a critical need to inject fresh thinking into the process of finding sustainable solutions to water scarcity problems. Innovative approaches to water governance will be key, facilitating access to proven and effective water use and management practices.

381. Through a regional collaborative strategy and regional partnerships, the initiative will bring attention to the scope of policies, investments, approaches and practices that are commensurate with sustainable agriculture production under water scarcity conditions, contributing to Organizational Outcome 1 (Outputs 1.1, 1.2, 1.3, 1.4), 2 (Output 2.1) and 4 (Outputs 4.1, 4.2, 4.3). It will build on the experiences and knowledge of member countries, FAO and other partners active in the field of agriculture water in the region, to identify and highlight priority areas for action by countries which are likely to yield substantial improvements in agriculture water productivity and environmental sustainability. It will also develop a framework for collaboration between member countries and partners in the field of agriculture water management and identify specific gaps where support by these partners is mostly needed.

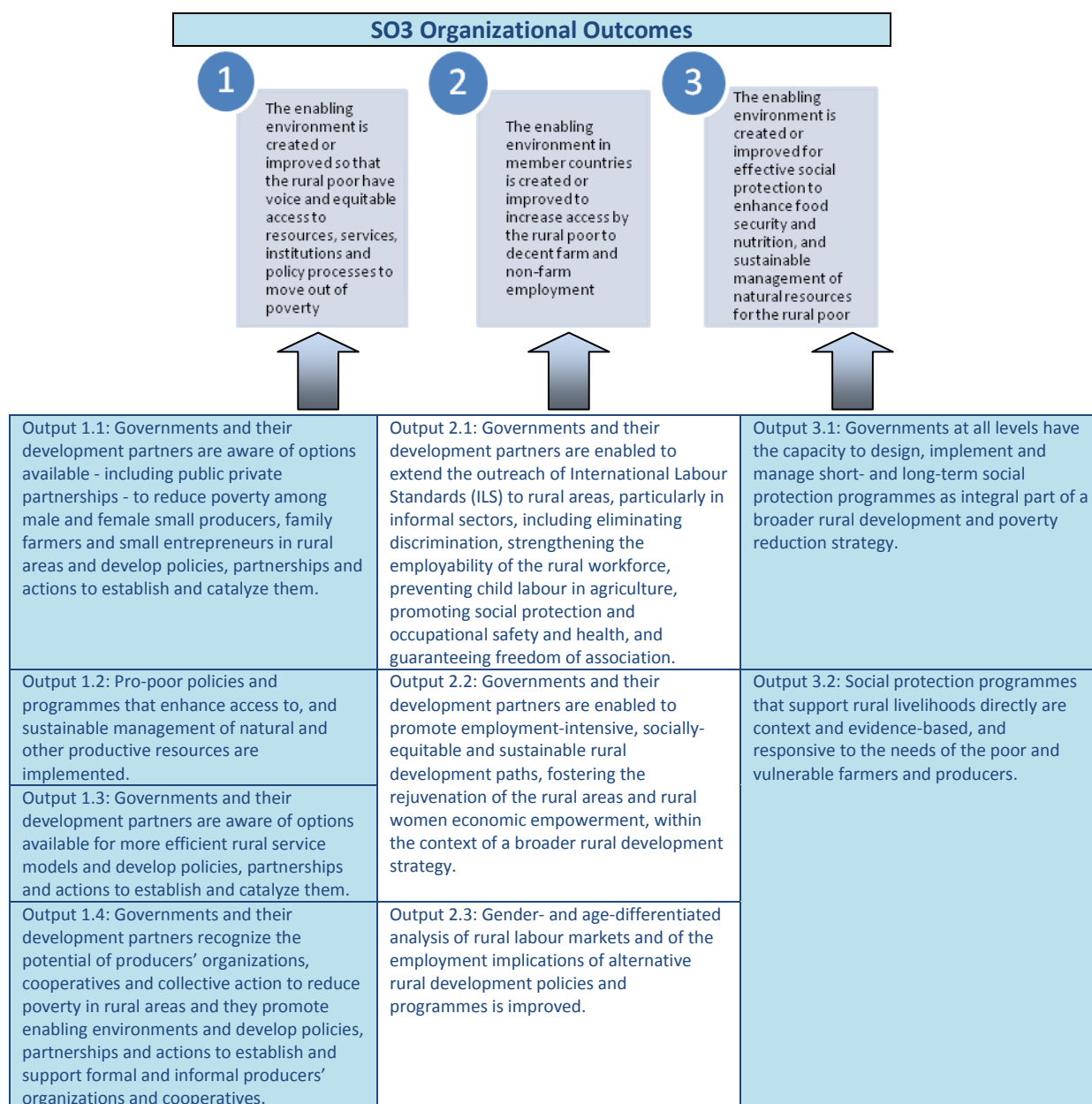
### Strategic Objective 3: Reduce rural poverty

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
3.01	36,835	2,484	33,585	36,069	72,904
3.02	24,038	2,559	12,971	15,530	39,568
3.03	3,998	455	2,396	2,851	6,848
<b>Total</b>	<b>64,870</b>	<b>5,498</b>	<b>48,952</b>	<b>54,450</b>	<b>119,320</b>

#### Action Plan

382. FAO will contribute to reducing rural poverty by achieving three Outcomes and 9 Outputs. FAO is clearly one of many actors working to reduce poverty, its comparative advantages lie in: its support to the development and implementation of internationally-agreed codes, norms, standards and good practices; its extensive experience in supporting evidence-based policy formulation and identifying lessons learned including with a wealth of partners; in promoting research and knowledge sharing, in cooperating with national authorities to develop capacities; in developing and testing models and options for intervention; and in monitoring and evaluation.





### Indicators and targets

383. The monitoring and evaluation framework under SO3 uses the country profile approach. As part of this process, the SO team is identifying various critical success factors (i.e. dimensions) that determine the achievement of each Organizational Outcome. For example, the gender specificities of these indicators require further attention. The indicators are being further developed during 2013.

384. Baseline, sampling and targeting methodology will be developed in the context of the overall approach for monitoring. Where adequate, indicators already available and routinely reported upon (e.g. IFAD rural sector performance assessment indicators) would be favoured for data collection and reporting. The use of a common reporting framework will be explored as one area of interagency partnership.

385. Similarly, the methodology for measuring improvements (sampling and scoring), as expressed in the baseline and targets below, will be developed in a harmonized manner in the context of the overall country-profiling approach for monitoring.

<b>Strategic Objective 3: Reduce rural poverty</b>			
<b>SO level provisional indicators (and source)</b>			
3.1 Incidence of poverty (headcount index) ( <i>World Bank</i> )			
<b>OO1: The enabling environment<sup>70</sup> is created or improved so that the rural poor<sup>71</sup> have voice and equitable access to resources, services, institutions and policy processes to move out of poverty</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
1.1	Percent of target countries with inclusion of explicit objective to foster equitable access of rural poor men and women to resources and services within food and agricultural policies	To be determined	To be determined
1.2	Percent of target countries that have rural poverty reduction strategies with defined policies to reduce gender inequalities	To be determined	To be determined
1.3	Percent of target countries in which effective policies exist to enhance the rural poor's <sup>72</sup> access to financial services and markets; agricultural research and extensions services; and agricultural input	To be determined	To be determined
1.4	Percent of target countries in which effective policies exist to enhance access of the rural poor to productive natural resources <sup>73</sup>	To be determined	To be determined
1.5	Percent of target countries in which dialogue between government and rural organizations has improved	To be determined	To be determined
1.6	Percent of countries in which the representation of women in local policy-making bodies, local community decision-making bodies, and participation in rural organizations is improved	To be determined	To be determined
1.7	Percent of targeted countries where data collection mechanisms facilitate effective monitoring of progress in rural poverty reduction in all its facets, including by age and gender	To be determined	To be determined
<b>OO2: The enabling environment in member countries is created or improved to increase access by the rural poor to decent farm and non-farm employment</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
2.1	Percent of target countries where effective and evidence-based policies (including norms and provisions), strategies, action plans and/or programmes are improved to adequately address decent rural employment at country level for both men and women	To be determined	To be determined
<b>OO3: The enabling environment is created or improved for effective social protection to enhance food security and nutrition, and sustainable management of natural resources for the rural poor</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
3.1	Percent of targeted countries with social protection systems aiming to reduce rural poverty	To be determined	To be determined

<sup>70</sup> Definition of "enabling environment" adopted at SO level applies.

<sup>71</sup> Definition of "rural poor" adopted at SO level applies.

<sup>72</sup> The gender specificity of these indicators require further attention, for which work is in progress.

<sup>73</sup> The issues related to differentiated access due to gender issues has to mainstreamed into this work, for which work is in progress.

*Programmatic Regional initiative (SO3): Rural poverty in Africa*

386. This programmatic regional initiative will address all three outcomes of SO3 in order to maximize the positive impacts of social protection programmes, decent rural employment, equitable access to, and management of natural resources and rural services and participation in producers' organizations and rural institutions. These elements will be embedded in a broader rural development strategy that is to provide policy coherence and ensure synergies. Opportunities for the disadvantaged, resource-poor, remote communities and population groups, with particular attention to youth and women, to participate in production and marketing chains, will be actively explored.

387. In 2013, this initiative will seek to establish the analytical foundation for an effective operational results framework in one or two pilot geographical areas, which will guide further collaborative work of FAO, governments and diverse stakeholders and partners to implement coherent, longer-term programmes of work. The value chain which will be given priority in 2013 will be selected from those already identified as priorities in the initial phase of the Africa Results-based Management Pilot Initiative: Cassava in Ghana or D.R. Congo, Maize in Angola or Uganda. Linkages with other value chains will also be explored (crop-livestock interaction).

388. The initiative will focus on disadvantaged, resource-poor, remote communities and population groups with attention to youth and women. It will build on existing value chain work in the pilot country(ies) and pay attention to critical gaps within these chains and intervention points where FAO can add value from a social equity perspective. It will: identify of the critical needs in improving the enabling environment (including through infrastructure, services, and institution building) that would help dynamize rural development, employment creation and poverty reduction, and support interdisciplinary approaches across sectors, institutions and actors (both public and private).

389. The expected activities and outcomes include: knowledge and up-to-date evidence is available and accessible for value chain development efforts in the targeted country to integrate the needs of the poor and vulnerable farmers and producers, as well as wage workers and identification of social protection needs and opportunities throughout the chain; participatory country-level, gender-sensitive, diagnostic exercises are undertaken; governments in the pilot countries are enabled to design and implement policies and regulatory frameworks that maximize opportunities for poor and vulnerable farmers and producers and promote creation of decent work in off-farm activities and rural services; national authorities in the pilot countries have improved capacity in terms of governance and cross-sectoral policy coherence and coordination mechanisms; and capacity skills.

***Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems at local, national and international levels***

(in USD 000 at 2012-13 rates)

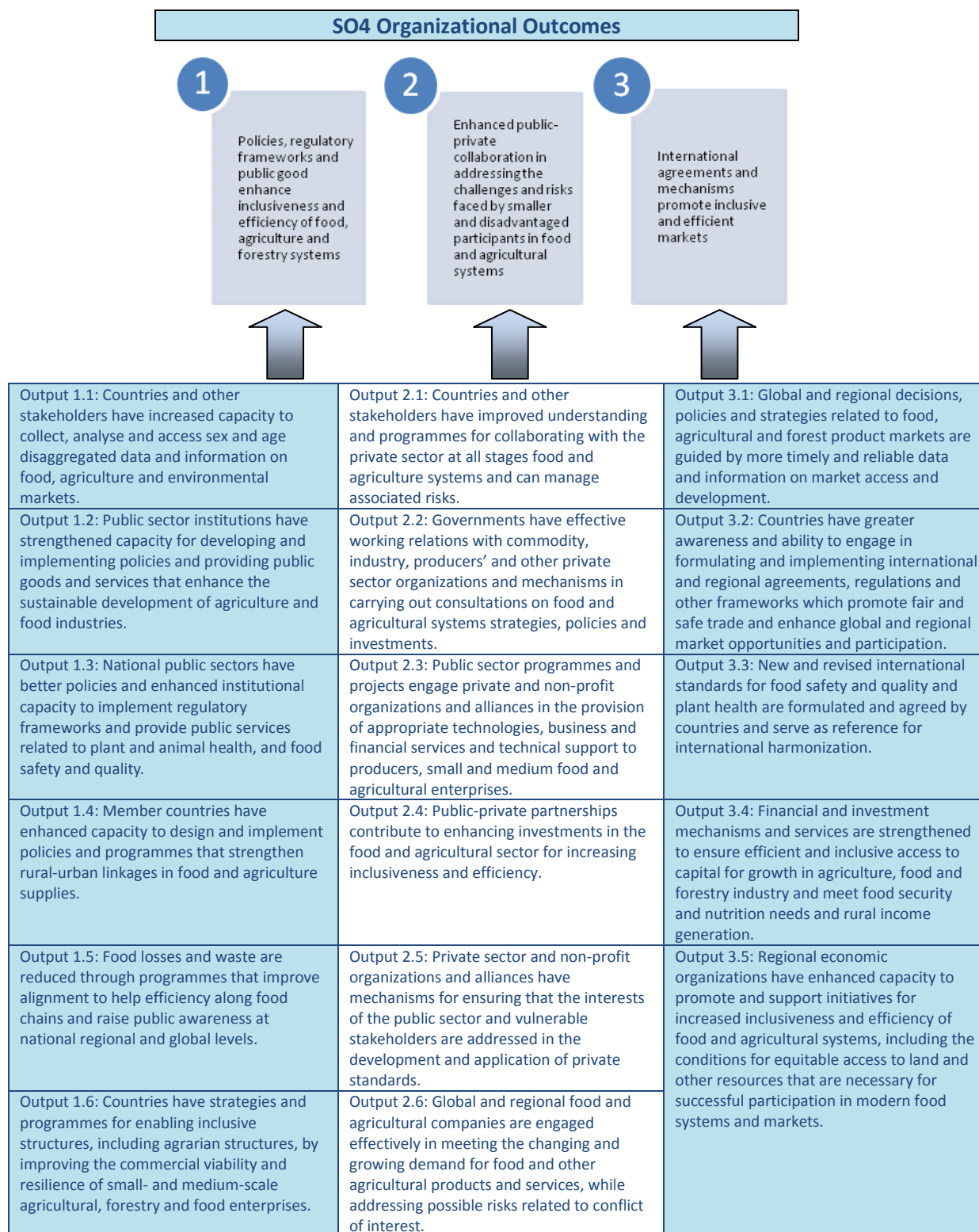
Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
4.01	41,464	5,094	28,769	33,863	75,327
4.02	50,578	41,042	50,474	91,516	142,093
4.03	19,975	1,808	3,659	5,467	25,442
<b>Total</b>	<b>112,017</b>	<b>47,943</b>	<b>82,902</b>	<b>130,846</b>	<b>242,863</b>

***Action Plan***

390. FAO will contribute to enabling more inclusive and efficient agricultural and food systems at local, national and international levels by achieving three Outcomes and 17 Outputs.

391. While national authorities and institutions will necessarily need to lead the often arduous change process towards conditions in which efficient, inclusive and collaborative smaller- and medium-scale private agents can thrive, FAO is able to build on expanding UN private sector dialogue and other initiatives including the International Year of Cooperatives (2012) and International Year of Family Farming (2014) to support these efforts.

392. The Organization will also continue to be a privileged partner of: International Financial Institutions in support of the provision of related public sector goods and services and creating favourable conditions for investment; UNCTAD and WTO on commodity markets and trade related issues; CGIAR centres on policy analysis and strategy development; WHO on food safety and Codex work, UNIDO on value chain development and financial services; CPF on sustainable forest management; and WFP on safe food distribution systems. FAO also hosts the Secretariat of the Agricultural Market Information System (AMIS) launched in September 2011 under the G20 initiative to enhance food market transparency, reduced price volatility and improve the coordination of policy responses.



### Indicators and targets

393. The emphasis of SO4 on more inclusive and efficient agricultural food systems will require FAO to engage in relatively new areas of work, particularly related to Outcome 1. Consequently, a number of pre-conditions must first be established (e.g. Principles for Responsible Agriculture Investment) and assessment tools (i.e. food loss/waste index) developed in order to achieve and then measure the three outcomes. As a result, the monitoring framework for SO4 was developed to guide the required process of change.

394. This first set of SO4 indicators will need to be further reviewed to assess the potential for harmonization with the other four Strategic Objectives. Then baseline and targets will be developed or confirmed. The Organizational Outcome level indicators are illustrative examples of the types of indicators that will be further articulated during 2013.

395. For new areas of work for FAO, output-level/milestone type progress indicators with targets only in 2015 have been included. In some cases these output indicators are necessary requirements for the suggested outcome-level indicators which are measured only in 2017. During 2013, the Organizational Outcome indicators will be harmonized with the work planning outputs and activities that will be developed. The units of these indicators will also be reviewed and adjusted in accordance with the data source.

<b>Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems at local, national and international levels</b>			
<b>SO level provisional indicators (and source)</b>			
4.1. Increase LDCs share in agrifood exports ( <i>FAOStat</i> )			
4.2. Increase investment in food and agriculture ( <i>FAOStat</i> )			
<b>OO1: Policies, regulatory frameworks and public goods enhance inclusiveness and efficiency of food, agriculture and forestry systems</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
1.1	Development of market/trade data systems at country level that reflect the performance of agrifood systems	To be determined	To be determined
1.2	Number of countries using FAO market/trade data systems that reflect the performance of the agrifood systems	To be determined	To be determined
1.3	Market/trade data systems on the performance of agrifood systems established	To be determined	To be determined
1.4	Approach to animal and plant health and food safety regulatory profiling defined	To be determined	To be determined
1.5	Number of countries that report improved "animal and plant health and food safety regulatory profiles"	To be determined	To be determined
1.6	Number of projects assisting countries/institutions to operate effective and efficient animal and plant health and food safety control systems	To be determined	To be determined
1.7	Number of studies on waste and loss primary data implemented at country level	To be determined	To be determined
1.8	Number of investment programmes at country level approved to mitigate waste and loss	To be determined	To be determined
1.9	Food loss/waste index developed for monitoring the level of primary waste and losses at country level	To be determined	To be determined
1.10	Number of countries using a food loss/waste index for monitoring the level of primary waste and losses at country level	To be determined	To be determined
<b>OO2: Enhanced public-private collaboration in addressing the challenges and risks faced by smaller and disadvantaged participants in food and agricultural systems</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
2.1	Platform for dialogue with the private sector on public-private collaboration in addressing the challenges and risks faced by smaller and disadvantaged participants in food and agricultural systems is established	To be determined	To be determined
2.2	Increased two-year average private investment to FSARD, facilitated by FAO, versus previous two-year average investment (measured in USD)	To be determined	To be determined
2.3	Number of countries where effective public-private dialogue in FSARD was established through FAO facilitation	To be determined	To be determined
2.4	Principles for Responsible Agriculture Investment are developed and endorsed by CFS Plenary	To be determined	To be determined
2.5	Number of countries that have adopted Principles for Responsible Agriculture Investment	To be determined	To be determined
<b>OO3: International agreements and mechanisms promote inclusive and efficient markets</b>			
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional targets (end 2015, end 2017)</b>
3.1	Number of countries reporting increased use of market information and analysis provided by FAO	To be determined	To be determined
3.2	Number of countries supported to engage more effectively in the negotiation of regional and international standards	To be determined	To be determined
3.3	Number of international or regional trade related agreements negotiated or formulated to better reflect the differential requirements of countries, following FAO's assistance	To be determined	To be determined

*Programmatic Regional Initiative (SO4): Agrarian structures in the Europe and Central Asian region*

396. The programmatic regional initiative on agrarian structures is designed to redress some of the imbalance in the policy landscape that is profoundly unfriendly to smallholders in the region. The programme has two elements and attendant outcomes in order to support smallholders through improved enabling and legislative environments. These are: (i) increase the inclusiveness of policies and public goods dealing with agrarian structures in Europe and Central Asia; and (ii) international agreements in the region promote inclusive and efficient markets for small farms.

397. The regional initiative is fully consistent with the regional priorities endorsed by the European Regional Conference (April 2012), and it will be implemented in selected countries of the region. As a pilot programme, many of its interventions should be viewed as a first stage towards achieving regional outcomes of broader significance at successive stages. Hence, the first year of the initiative should lay the groundwork for further work in the area of integrating smallholders into markets. It includes both learning components, as well as some experiments. These components will be analysed and modified after the first year in order to reflect the lessons learned.

398. The first outcome would clearly depend on strong advocacy work by the Organization, for example, in the application of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security; increased awareness on such critical aspects as better performing agricultural service cooperatives or the reduction of food waste and loss in current systems. The second outcome will entail substantial policy discussions and training, particularly in the perspective of: i) facilitating access of smallholders to export to the Eurasian Customs Union; ii) strengthening policy coordination between Eastern Partnership Initiative countries; and iii) facilitating understanding and adoption of WTO principles throughout the CIS region.

***Strategic Objective 5: Increase the resilience of livelihoods to threats and crises***

(in USD 000 at 2012-13 rates)

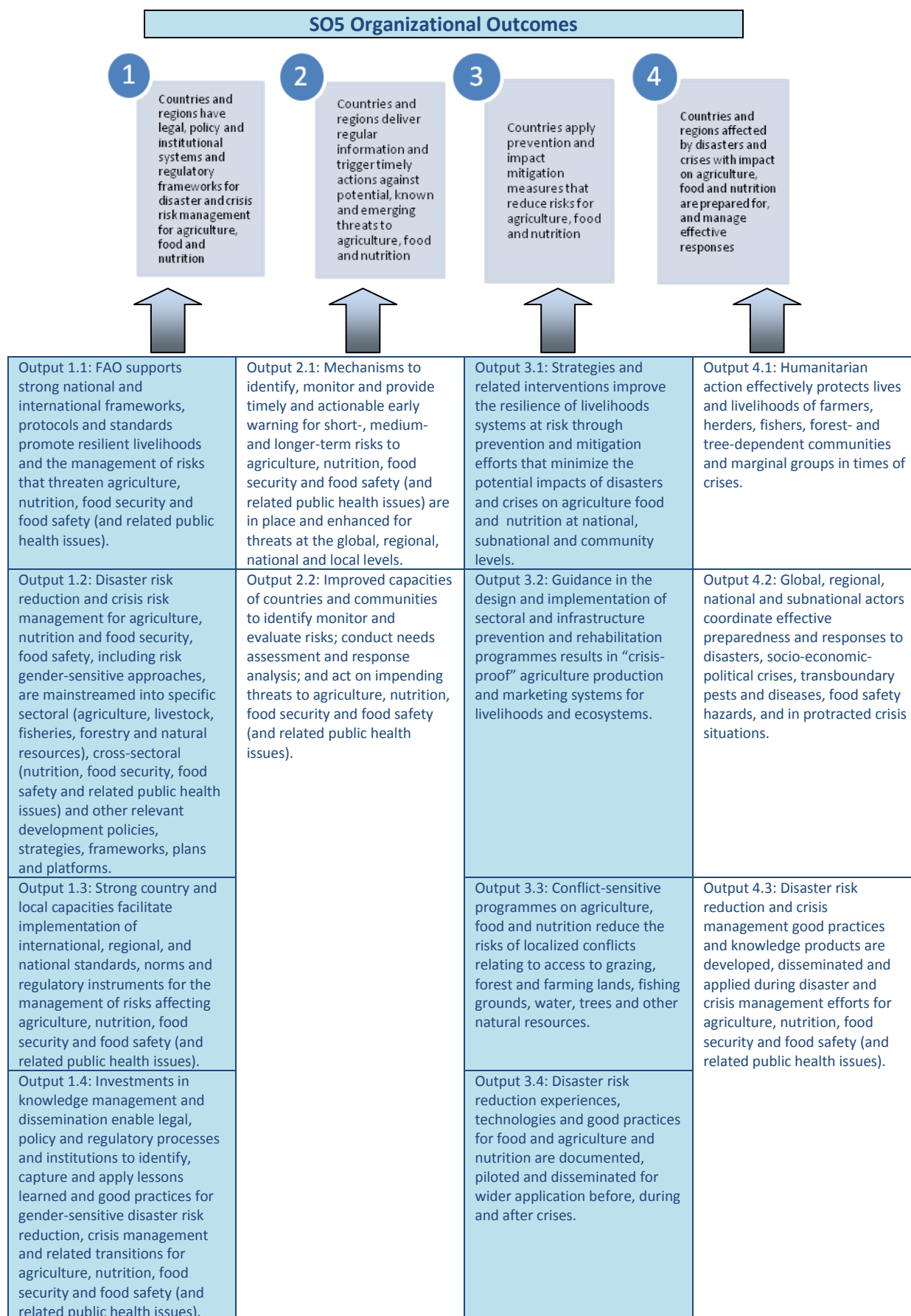
Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Emergencies	Total Extra-budgetary	Total
5.01	5,931	1,208	3,987	49,976	55,171	61,102
5.02	4,724	1,602	1,342	80,244	83,188	87,912
5.03	24,437	4,121	64,221	201,313	269,655	294,092
5.04	1,524	496	14,419	372,358	387,273	388,797
<b>Total</b>	<b>36,617</b>	<b>7,426</b>	<b>83,970</b>	<b>703,891</b>	<b>795,287</b>	<b>831,904</b>

***Action Plan***

399. The Organization will contribute to increasing the resilience of livelihoods to threats and crises by achieving four Organizational Outcomes and 13 Outputs, building on the multidisciplinary collaborations that have underpinned the FAO Disaster Risk Reduction (DRR) for Food and Nutrition Security Framework Programme. Increasing the resilience of agriculture and natural resource-based livelihood systems remains the overarching goal and driving logic in the humanitarian-development continuum and related support to countries, as has been consistently pursued by the Organization.

400. In this spirit, and in line with FAO's comparative advantages and extensive field experience, this Action Plan focuses on developing, protecting and restoring resilient livelihoods so that the integrity of societies that depend on farming, livestock, fish, forests and other natural resources is not threatened by crises. It adheres to the "twin-track" approach of taking immediate steps to support food security and nutrition, while simultaneously addressing the underlying factors driving disasters and crises. It will facilitate mainstreaming of risk reduction and preparedness, prevention, mitigation, response and recovery in the food and agriculture sectors through local, national, regional and international strategic programming processes involving humanitarian, development and investment actors before, during and after crisis.

401. FAO will bring to bear its unique relationship to ministries in charge of agriculture, livestock, fisheries, forestry and the environment. It will draw on its proven capacity to lead and contribute to key international platforms and mechanisms for collective engagement in risk management. It will also fully exploit its arsenal of tested risk management measures, including for risk analysis (hazard identification, risk assessment, response options analysis and implementation) and risk communication, and its well-established food security and food safety information and early warning systems. Based on its impartial and accurate assessments of crisis impacts and related requirements for food and agriculture, it will actively participate in mechanisms such as the UN appeals, emergency assessments, joint post-disaster and post-conflict assessments, and crop and food security assessments. FAO will continue to promote an expanded "One Health" agenda for collaborative, cross-sectoral and multidisciplinary approaches to address threats of infectious diseases at the livestock/wildlife-human-ecosystem interface.





### Indicators and targets

402. Consistent with the SO5 aim and strategy, the purpose of the monitoring framework is to assess how livelihoods resilience is enhanced through increased commitment and improved capacities for disaster and crisis risk management, risk monitoring and early warning, prevention and mitigation for agriculture, food and nutrition.

403. The contribution that FAO will make together with its partners will be further qualified and completed in 2013 in the elaboration and finalization of the monitoring framework, including baseline, sampling and target methodology. Data for the selected indicators will be obtained from existing secondary data sources and through country surveys to be conducted in synergy with other strategic teams. Several of the 2010-13 indicators are retained and have been integrated in the monitoring framework of this Strategic Objective, as referenced in the indicator table.

<b>Strategic Objective 5: Increase the resilience of livelihoods to threats and crises</b>				
<b>SO level provisional indicators (and source)</b>				
5.1. Reduced exposure to risks ( <i>GIEWS, UNHCR, UNISDR</i> )				
5.2. Reduced dependence on food aid and level of malnutrition ( <i>WFP, UNICEF</i> )				
<b>OO1: Countries and regions have legal, policy and institutional systems and regulatory frameworks for disaster and crisis risk management for agriculture, food and nutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
1.1	Existence of national and regional policy, strategy and/or regulatory framework for DRR and management which include agriculture, food, nutrition and related sectors	45 countries have developed or adopted national food safety/quality policies on the basis of sound assessments and through participatory processes (D2.1)	50	To be determined
1.2	Dedicated and adequate risk management authority and resources are available to implement agriculture-food and nutrition related DRR plans and activities at all administrative levels	51 developing/transition countries have or are developing efficient and uniform food inspection and certification services meeting international recommendations (D3.2)	To be determined	To be determined
1.3	DRR is an integral part of agriculture, food and nutrition related policies, strategies and plans	12 high-risk disaster hotspot countries with specific DRR action plans for agriculture included in their national disaster risk management plans (I1.3)	15	To be determined
<b>OO2: Countries and regions deliver regular information and trigger timely actions against potential, known and emerging threats to agriculture, food and nutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
2.1	Systems are in place to collect, monitor and share data on key, hazards, and vulnerabilities for risks affecting agriculture, food and nutrition	2 countries piloting a cross-sectoral results-based policy and programme monitoring system covering food insecurity, hunger and/or malnutrition concerns (H1.3)	5	To be determined
2.2	Risk analysis, early warning and alert systems are in place for all major risks affecting agriculture, food and nutrition with outreach to communities	27 vulnerable countries having established or taking steps to improve early warning systems for agriculture and food security using coordinated platforms (I1.1)	35	To be determined
2.3	Evidence basis analysis and use of hazards and vulnerability related data to inform decisions on disaster risk reduction and management programming and implementation for agriculture, food and nutrition	To be determined	To be determined	To be determined

<b>OO3: Countries apply prevention and impact mitigation measures that reduce risks for agriculture, food and nutrition</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>3.1</b>	Effective implementation of good practices, approaches and technologies for reducing risks for agriculture, food and nutrition at all administrative levels	<p>12 countries applying preventive locust control systems or area-wide integrated application of the sterile insect technique and 13 countries using nuclear applications (A2.4)</p> <p>27 countries having adopted measures to improve the life cycle management of pesticides aimed at reducing risks to human health and the environment (A3.1)</p> <p>43 developing/transition countries have developed national strategies and action plans for raising public awareness and education on food safety and quality, including nutritional benefits (D3.4)</p> <p>4 countries using FAO community-based fire management approaches and 50 trainers trained (E4.2)</p> <p>8 countries or river-basin organizations whose water-scarcity coping strategies adopt FAO recommendations (comprehensive framework to cope with water scarcity) (F2.1)</p>	<p>24 (A2.4)</p> <p>35 (A3.1)</p> <p>To be determined</p> <p>10 countries and 80 trainers trained (E4.2)</p> <p>To be determined</p>	To be determined
<b>3.2</b>	Agriculture, food and nutrition related social protection measures are being implemented to reduce the vulnerabilities of populations at risk and/or affected	To be determined	To be determined	To be determined
<b>3.3</b>	National coordination of multistakeholder and multisectoral mechanism for disaster risk reduction and management functioning and including a focus on DRR for agriculture, food and nutrition interventions	27 countries supported by FAO have implemented the food security cluster approach to formulate and manage emergency response (I2.2)	49 (I2.2)	To be determined
<b>OO4: Countries and regions affected by disasters and crises with impact on agriculture, food and nutrition are prepared for, and manage effective responses</b>				
	<b>Provisional indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>4.1</b>	Disaster preparedness and contingency plans for agriculture, food and nutrition are in place and effective for DRR at all administrative levels	<p>28 countries and partners having incorporated agriculture and food security into contingency plans (I1.2)</p> <p>2 national contingency plans developed for specific pest and disease threats other than desert locust, including weeds and woody plants (A2.3)</p> <p>65 developing and transition countries implementing national/regional action, facilitated and supported by FAO for prevention and control of priority animal/zoonotic diseases (domestic terrestrial and aquatic animals, wildlife) (B2.2)</p> <p>31 developing/transition countries have developed risk-based food safety programmes, including emergency preparedness, which apply FAO best practices (D3.1)</p>	<p>To be determined</p> <p>30 (A2.3)</p> <p>100 (B2.2)</p> <p>34 (D3.1)</p>	To be determined
<b>4.2</b>	Existence of effective and accountable technical and institutional coordination mechanism and implementation capacities for disaster/crisis management for agriculture, food and nutrition	<p>56% of countries supported by FAO have developed and deployed rehabilitation plans or resource mobilization strategies for agricultural recovery and transition (I3.1)</p> <p>27 countries supported by FAO have implemented the food security cluster approach to formulate and manage emergency response (I2.2)</p>	<p>75% of countries (I3.1)</p> <p>49 (I2.2)</p>	To be determined

	Provisional indicator	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
4.3	DRR measures for agriculture, food and nutrition are integrated into response, post-disaster recovery and transition-development planning and interventions	59% of countries with FAO-supported capacity development post-crisis have implemented measures to strengthen the resilience of food and agricultural systems (I3.2)	80% of countries (I3.2)	To be determined

*Regional Initiative (SO5): The Sahel and the Horn of Africa*

404. The key ministries and local governments responsible for agriculture, food and nutrition are inadequately prepared for handling increasingly complex hazard and risk profiles. Disasters and crises can overwhelm even the strongest of countries and the most prepared of institutions, as the “mega-disasters” in recent years have demonstrated. FAO’s Regional Conferences and Technical Committees have called for consistent support to countries and at-risk populations for crisis and disaster risk reduction, prevention, preparedness, mitigation, response and recovery, effective biosecurity governance and climate change mitigation and adaptation. At the same time, diversity and specificity among regions will need to be taken into account. This regional initiative is to address two regions in Africa especially prone to multihazards and disasters: the Sahel and the Horn.

405. Across such a highly diverse area, threats to resilient livelihoods include: droughts, floods and other natural hazards (cyclones, earthquake, tsunami); HIV and AIDS; expanding arid and semi-arid areas; impacts of climate change; water shortages; protracted crises; locust infestations; transboundary animal health threats; pastoralist-farmer conflicts; food safety threats; and forest and other vegetation fires. This requires multidisciplinary capacity development for overarching resilience work in terms of coherent emergency, development, investment and policy interventions.

406. This programmatic regional initiative concentrates on Organizational Outcome 1, hence, attention is given to risk reduction and crisis management governance through:

- a) disaster risk reduction and crisis risk management for agriculture, nutrition and food security, food safety, including risk gender-sensitive approaches, mainstreamed into specific sectoral (agriculture, livestock, fisheries, forestry and natural resources), cross-sectoral (nutrition, food security, food safety (and related public health issues) and other relevant development policies, strategies, frameworks, plans and platforms;
- b) strong country and local capacities to facilitate implementation of international, regional, and national standards, norms and regulatory instruments for the management of risks affecting agriculture, nutrition, food security and food safety (and related public health issues); and
- c) investments in knowledge management and dissemination to enable legal, policy and regulatory processes and institutions to identify, capture and apply lessons learned and good practices for gender-sensitive disaster risk reduction, crisis management and related transitions for agriculture, nutrition, food security and food safety (and related public health issues).

407. The delivery of these Outputs in the Sahel and the Horn of Africa will be distinguished by three main “products”. These will set the foundation for coherent and continued emergency, rehabilitation, transition, development, investment and policy interventions for increasing the resilience of livelihoods in the two subregions, in close collaboration with countries and regional authorities, donors and NGOs: a) multi-year resilience programmes for the Sahel and Horn of Africa developed and owned at all levels; b) strategic partnerships between IGAD, CILSS<sup>74</sup> and FAO initiated with cross-regional learning and collection and dissemination of good practices for resilience to multi-hazards; and c) reference study on the economics of resilience in the drylands of sub-Saharan Africa produced together with the World Bank and the CGIAR.

<sup>74</sup> Intergovernmental Authority on Development (IGAD); Permanent interstate committee for drought control in the Sahel (CILSS).

**Objective 6: Technical quality, knowledge and services**

(USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
6.01	30,258	46	0	46	30,304
6.02	933	0	0	0	933
6.03	10,396	12	34	46	10,442
6.04 (MDF)	10,000	0	0	0	10,000
<b>Total</b>	<b>51,587</b>	<b>58</b>	<b>34</b>	<b>92</b>	<b>51,679</b>

408. To ensure a robust and practical results-based approach to all of the work of the Organization, FAO should be able to ensure that the Organization has the internal capacity to achieve the expected results. In an increasingly decentralized context, preserving the technical integrity of the Organization, as well as building its capacity to mainstream key technical functions beyond institutional boundaries is of paramount importance. This Objective frames the technical and quality services work of the Organization.

409. In the new framework, each technical department is the permanent organizational structure that serves as the institutional home for the relevant technical staff at headquarters. Its main responsibility is to enhance the technical capacities of the Organization and manage the professional matters and needs of relevant technical staff in all locations. Departments will also contribute to specific, but limited areas of normative work in thematic areas and disciplines under their mandate that cannot be effectively managed by the corporate programmes, including the servicing of Technical Committees, the preparation of flagship publications, the Chief Statistician, and leadership of the cross-cutting themes on gender and governance. In addition they will maintain institutional representational functions with appropriate counterparts.

*Outcome statements*

410. As a budgetary chapter, Objective 6 allocates resources to the technical departments to fulfil their assigned responsibilities. The work and resources are planned to achieve three outcomes, with outputs and indicators of performance as set out below. The Organizational Outcome 6.04 provides resources for the Multidisciplinary Fund (MDF).

1) Quality and integrity of the technical and normative work of the Organization

- a) ensure the excellence of the technical knowledge required to achieve and support the delivery of the strategic objectives through core technical leadership of technical department ADGs; creation of technical networks and the delivery of adequate technical expertise to the corporate programmes;
- b) ensure compliance with technical policies, technical integrity and coherence of FAO's interventions across geographical boundaries;
- c) provide capacity to respond to emerging issues, support to exploring new approaches and innovations to adapt solutions to a changing environment, and contribute to resolving challenges through collaborative efforts using the multidisciplinary fund;
- d) advance fundamental understanding of challenges and creating options in the main disciplines through the Technical Committees (COFI, COFO, COAG, CCP);
- e) ensure preparation of flagship publications on the "State of food insecurity, agriculture, fisheries and aquaculture, forestry, land and water"; and
- f) support and promote policy and technical dialogue at global and regional level through institutional representation by technical departments and the Chief Statistician.

2) Quality and integrity of the data produced and analyzed by the Organization

- a) ensure reliable and high-quality data on hunger, food and agriculture are produced, assembled and disseminated by FAO in a timely manner;

- b) support country capacity to design, monitor and evaluate policies and programmes that reduce hunger and poverty by strengthening national statistical institutions, developing the technical skills and competencies of national statisticians, and improving country methods for the collection and dissemination of relevant and timely data (Global Strategy to Improve Agricultural and Rural Statistics); and
- c) enhance existing databases and develop new evidence base, if needed, to better target interventions. In the area of assembly and provision of information, knowledge and statistics, all major FAO statistical databases incorporate gender-disaggregated data, where relevant and as available.

3) Quality services, coherent strategy and approaches to work on governance and gender equality and women's empowerment in the Strategic Objective programmes

- a) strengthen the capacity of targeted member countries to develop and implement gender equitable policies, strategies, investment programmes for rural development and food security;
- b) develop institutional frameworks and human resource capacities to ensure that FAO's staff at all levels are able to support member countries' initiatives to promote gender equality in food security and nutrition, agriculture and rural development;
- c) provide technical advice to the Organization to reach the minimum standards and targets of the Policy on Gender Equality and the UN system-wide action plan on gender equality and the empowerment of women (UN SWAP);
- d) ensure quality services, coherent strategy and approaches to support governance work in the Organization;
- e) develop approaches for leveraging member countries' capacity to assess and address mission-critical governance challenges that may impede their ability to successfully formulate and implement policies, strategies, and programmes in complex situations involving multiple disciplines, stakeholders and institutional interests;
- f) develop flexible institutional frameworks, governance assessment capacities and tools, and human resources capacities to ensure that FAO staff at all levels are able to more effectively and efficiently address governance constraints or strengthen mission-critical governance capacities of member countries in pursuit of Strategic Objectives;
- g) provide a mechanism for capturing and sharing experience and lessons learned across the Organization concerning key governance challenges in complex situations, including national, regional and multilateral contexts; and
- h) identify opportunities and propose strategies for strengthening the Organization's capacity to engage in and, where appropriate, lead significant regional and multilateral initiatives or develop institutional frameworks for advocacy, coordination and collaboration to achieve Strategic Objectives.

*Key performance indicators*

<b>Ref</b>	<b>Key Performance Indicator</b>	<b>Provisional baseline</b>	<b>Provisional target (end 2015)</b>	<b>Provisional target (end 2017)</b>
<b>1</b>	Percent of implementation in addressing governance challenges within the five SOs	Specific governance-related priority objectives to be determined in 2013 in consultation with five SO teams	To be determined	To be determined
<b>2</b>	Percent of the gender mainstreaming minimum standards and targets set by the Policy on Gender Equality	To be determined 2013	To be determined	To be determined
<b>3</b>	Percent of minimum standards of the UN SWAP on gender	To be determined 2013	40%	80%
<b>4</b>	Number of FAO units at headquarters and decentralized offices that monitor programme implementation against gender-sensitive targets and indicators	8	To be determined	To be determined
<b>5</b>	Percent of new data collection initiatives operationalized (e.g. Voices of the Hungry)	0	50%	100%
<b>6</b>	Establishment of International Advisory Group and Committee on Statistics	0	1	2
<b>7</b>	Percent of responsible agricultural investment principles adopted for the Technical Committees	0	50%	100%
<b>8</b>	Number of countries that have used the governance framework in the formulation of country programming frameworks and/or UNDAFs	0	20	50

### *Cross-cutting themes: Governance and Gender*

411. The proposed MTP/PWB has been developed with due attention to two cross-cutting themes on gender and governance so as to ensure that their respective perspectives and approaches are fully integrated into the programmatic work of the Organization. The two themes are addressed holistically to support the achievement of the Strategic Objectives at two levels: within each Strategic Objective and across the Strategic Objectives. This section focuses on approaches used to consistently integrate governance and gender into all relevant activities undertaken by the Organization, and how the Organization intends to keep track of their performance with more transparency and accountability.

412. In formulating the proposed MTP/PWB, resource persons on governance and gender worked closely with the Strategic Objective Teams, and this collaboration will continue during work planning and implementation. An in-depth analysis was carried out in consultation with each Strategic Objective Team, to systematically identify those elements of the Action Plans which required particular attention to the cross-cutting themes, along with a list of indicators for monitoring FAO's progress in applying the cross-cutting themes in the MTP/PWB.

413. In addition, the FAO Policy on Gender Equality defines the Organization's goals and objectives related to gender equality, and plays a key role in monitoring and reporting achievements of the theme in the proposed MTP/PWB.

### **Governance**

414. Governance refers to *formal and informal rules, organizations, and processes through which public and private actors articulate their interests and make and implement decisions*. Governance issues arise in a wide variety of settings, both public and private, from local communities, farms and cooperatives, business organizations and large-scale enterprises, to local, regional, national and international contexts. Strengthening governance is essentially concerned with enabling effective and efficient problem-solving in ways that are regarded as legitimate by the stakeholders who are involved, enabled, or otherwise directly affected by the decisions and actions undertaken within or by any governance structure or regime.

#### *Rationale*

415. FAO's new focus on governance is driven by the recognition that mission-critical development-related processes affecting food security and nutrition, livelihoods, and the management and sustainable use of natural resources confront increasingly complex governance challenges. To achieve goals for eradicating hunger and malnutrition, for example, comprehensive and integrated approaches are required to engage an array of public and private actors whose participation is necessary to enhance both the legitimacy and the effectiveness of solutions adopted. Addressing issues related to the growing interconnection between the environmental and production spheres, similarly, requires unprecedented levels of intersectoral collaboration at all levels - and is further complicated by growing uncertainty due to the impacts of climate change and the increasing frequency of extreme weather events. Broader, more flexible and responsive, and more capable governance institutions and mechanisms are necessary to improve effective coordination among diverse stakeholders, enabling effective problem-solving while working towards the achievement of multiple, and sometimes conflicting, objectives.

#### *General approach*

416. The approach of FAO is decidedly pragmatic in orientation: the primary objective is to draw upon the vast experience of the Organization and its many external partners to generate more accessible knowledge and frameworks for enabling FAO's primary clients and their partners to recognize and analyze essential governance challenges for effective policy design and implementation. This framework will focus on identifying key bottleneck issues, rather than present a single recipe, and will provide a menu of experience-based strategies for clients and stakeholders to improve existing or construct new governance mechanisms. It will also seek to mobilize assistance for strengthening mission critical capacities, such as design and implementation of statistical frameworks, data collection, and timely analysis linked to operational effectiveness.

417. Working closely with governments first, and with other key stakeholders in a variety of settings, FAO governance initiatives will support them to establish, or more often, strengthen and continuously improve existing institutional mechanisms for effectively addressing the complex challenges underlying the strategic objectives. FAO's interventions will focus on all relevant levels, from local to multilateral, recognizing that the ultimate locus of legitimacy and effective action remains with the Member States.

418. FAO will target its interventions to address specific capacity and process issues in ways that can improve the outcomes of interactions between multiple actors. In addition, its role will be facilitative, offering to key stakeholders well-designed case studies that present evidence-based alternative strategies for problem solving and supporting them in strengthening their governance mechanisms. Such interventions are an essential element of FAO's contributions to increased capacity and commitment of Members, and would be monitored at the Organizational Outcome level.

### *Principles*

419. Focusing attention on "governance" gives prominence to the rules and processes that affect interactions of state and non-state actors, and to the decisions and actions that result from these interactions. The term "governance" or "good governance", is sometimes used in ways that imply a uniform set of criteria to be applied universally as a precondition to policy success. The FAO approach is not premised on such assumptions, but seeks to incorporate in its framework sensitivity to widely shared principles that can be incorporated in different ways within and across societies to enhance legitimacy and effectiveness, and to make governance, among other things, a widely shared, mutual learning process. These key principles for enhancing effective governance include: participation, accountability, transparency, equality and fairness, efficiency and effectiveness, and rule of law.

### *Delivery*

420. Delivery by FAO on governance within and across Strategic Objectives will draw upon the Organization's core functions, and, where relevant, will operate within UN development assistance frameworks (UNDAFs), in particular to:

- a) provide targeted, relevant and credible data and analysis and evidence to underpin decision-making, increase transparency and facilitate monitoring and evaluation (including of global governance mechanisms and international agreements);
- b) promote neutral platforms for dialogue, facilitate agreements on critical and controversial issues, between subsectors and different stakeholders at international, national and local levels;
- c) support capacity development to strengthen the enabling institutional and policy environment, organizations and individuals and, in particular, more vulnerable or marginalized stakeholders;
- d) facilitate partnerships between stakeholder groups at global, regional and national levels; and
- e) undertake advocacy for sustainable agriculture, fishery and forestry, nutrition and food security, and the Right to Food in wider fora for the implementation of internationally agreed commitments and in support of more vulnerable or marginalized stakeholders in order to promote their participation.

### *Organizational strategy*

421. The following areas of work will be targeted to promote good practice in addressing governance challenges across the Strategic Objectives.

- a) strengthen FAO's contribution to global governance – drive FAO's engagement of critical global governance mechanisms, in particular, CFS and HLTF to strengthen food systems governance and support achievement of Strategic Objectives;
- b) systematically identify mission-critical governance issues at national, regional or multilateral levels relevant to implementing effective strategies for achieving Strategic Objective outcomes, and provide targeted advice on interventions to address these issues;



- c) strengthen FAO's staff capacity to support improved governance *inter alia* generate, develop and adapt existing tools and guidelines, provide targeted governance support as a resource to country and regional level FAO offices; and
- d) monitor and evaluate FAO's interventions to strengthen governance, and assess experience for lessons learned to build FAO governance-support capacity.

422. FAO has significant experience in relation to governance relevant to each of the Strategic Objectives. For the most part, interventions affecting governance will be implemented as part of the Strategic Objective Action Plans. Nevertheless, more efficient delivery of FAO's support will require a more consistent approach to governance, including: (i) improved coordination of actions within and across the Strategic Objectives; (ii) more systematic identification of critical constraints to improved governance at the different levels; (iii) the codification and sharing of best practice on strategies and operational mechanisms to promote and strengthen governance; and (iv) the systematic review of governance-related actions and FAO's governance role. An additional accent will be to emphasise the effectiveness of FAO's delivery, as well as policy partnerships, recognizing that FAO's ability to exercise effective leadership requires that a new culture of partnering become deeply engrained within the Organization's culture.

## Gender

423. To achieve a world free from hunger and malnutrition, it is essential that both women and men are provided with the same opportunities and can equally benefit from sustainable development and humanitarian interventions. Adequate attention to gender equality and the empowerment of rural women will help in the attainment of FAO's three Global Goals.

### *Rationale*

424. The agriculture sector is underperforming in many developing countries and one of the key reasons is that women do not have equal access to the resources and opportunities they need to be more productive. This "gender gap" in assets, inputs and services appears throughout the world and imposes costs on the agriculture sector, the broader economy, society and on women themselves. Governments and the international community need to work together to eliminate discrimination under the law; promote equal access to resources; ensure that agriculture policies, programmes and institutions are gender-aware; and make women's voices heard as equal partners for sustainable development. Addressing the social constraints facing rural women through national agricultural and food security policies would increase their potential as active economic agents. Evidence shows that an approach to policies and programmes based on gender equality, participation and empowerment of both women and men can lead to substantial gains in agricultural productivity, as well as broader economic and social benefits for rural populations and vulnerable people.

### *General approach*

425. The FAO Policy on Gender Equality represents the corporate framework that guides the Organization's efforts to achieve gender equality in all its work, including the field programme and normative work. It specifies FAO's goal and objectives related to gender equality, and delineates an accountability structure, including roles and responsibilities for its implementation and monitoring. FAO's policy responds to the performance and reporting standards for UN entities required by the UN System-Wide Action Plan (SWAP) on Gender Equality and the Empowerment of Women, endorsed by the Chief Executives Board for Coordination (CEB) in 2006, promoting accountability and leadership across all UN agencies for ensuring gender equality and women's empowerment within their policies and programmes. Gender equality is also one of the five UN programming principles which guide FAO's programme of work.

426. The main function of the cross-cutting theme on gender is to coordinate the gender-related work of the Organization with the vision of reducing the existing gender gap in agriculture and food security. This coordination role implies: mainstreaming gender equality issues in all five Strategic Objectives and other relevant work of the Organization; supporting technical programmes; strengthening countries' capacities on gender equality; and ensuring that gender-sensitive monitoring and accountability systems are in place. The network of gender focal points, at headquarters and

decentralized offices will be the main mechanism through which the work on gender equality will be carried out.

#### *Delivery*

427. Delivery on gender equality within and across Strategic Objectives will draw upon the Organization's core functions, in particular:

- a) invest in strengthening the capacity of countries and FAO staff to develop, analyze and use gender-disaggregated data in policy analysis and programme and project planning and evaluation;
- b) facilitate, promote and support targeted policy dialogue at global, regional and country levels to address gender equality issues in agriculture and food security;
- c) develop the gender competence and skills in countries and of FAO staff to prepare, implement, monitor and evaluate gender-sensitive policies, investments and programmes;
- d) support the collection and dissemination of knowledge products and good practices on FAO gender equality results;
- e) facilitate and strengthen partnerships with UN agencies and other relevant stakeholders on global, regional and national levels; and
- f) develop and implement an advocacy and awareness raising strategy on gender equality.

#### *Organizational strategy*

428. Taking into account the above, particularly the requirements specified in the FAO Policy on Gender Equality, the following areas of work will be targeted to promote gender equality across the Strategic Objectives:

- a) identify gender issues relevant to achieving outcomes in the Strategic Objectives and provide targeted advice to Strategic Objective Teams to close the gender gap and also provide a gender-related baseline, where relevant; ensure usage and improvement of available data sources, notably household surveys, for gender disaggregated statistics and gender sensitive analysis;
- b) provide technical advice to the Organization to reach the minimum standards and targets of the Policy on Gender Equality within the committed timeline, with adequate accountability mechanisms in place;
- c) define and apply a set of minimum standards by 2015 to ensure the inclusion of gender mainstreaming in all its work and for targeted interventions;
- d) build on the existing network of gender focal points at headquarters and decentralized offices. The network will continue to play a catalytic role; and
- e) increase focus on standard setting in regional, subregional and country level programmes and projects.

429. The centrality and importance of gender in the MTP/PWB require that FAO's approach to gender is managed as a cross-cutting theme. The central coordination therefore falls under the sixth objective of technical knowledge, quality and services, while substantive resources will be identified under each Strategic and relevant Functional Objectives.

430. The table below presents the resources planned in the PWB 2014-15 by programmatic area and compares it with what was planned in PWB2012-13 when Gender was articulated through Strategic Objective K (Gender equity in access to resources, goods, services and decision-making in rural areas). In 2012-13, half the resources were allocated to Organizational Result K04 which was about how FAO integrates gender in work plans and programmes. For 2014-15, this work is reprogrammed and refocused under Outcome 6.03, while the substantive work previously under Organizational Results K01-K03 is programmed under Outcome 3.01, as shown in Table 18.

**Table 18: Resources for gender (USD thousands)**

2012-13 Organizational Result	2012-13 Transformational Changes	PWB 2014-15	2014-15 Organizational Outcome
<b>K01</b> - Rural gender equality is incorporated into UN policies and joint programmes for food security, agriculture and rural development	2,002	12,527	3.01 - The enabling environment in member countries is improved for men and women rural small producers, family farmers, and small rural entrepreneurs to move out of poverty
<b>K02</b> - Governments develop enhanced capacities to incorporate gender and social equality issues in agriculture, food security and rural development programmes, projects and policies using sex-disaggregated statistics, other relevant information and resources	3,240		
<b>K03</b> - Governments are formulating gender-sensitive, inclusive and participatory policies in agriculture and rural development	4,984		
<b>K04</b> - FAO management and staff have demonstrated commitment and capacity to address gender dimensions in their work*	11,030	8,729	6.03 - Gender and Governance
Multidisciplinary Fund	500	500	6.02 - Advisory and technical services
<b>Total</b>	<b>21,756</b>	<b>21,756</b>	

\* The FAOR contribution to K04 in 2012-13 of USD 2.3 million is allocated under Organizational Outcome 3.01 in 2014-15.

### *Technical Cooperation Programme*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
7.01	4,630	0	0	0	4,630
7.02	127,223	0	0	0	127,223
<b>Total</b>	<b>131,853</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>131,853</b>

431. The Technical Cooperation Programme (TCP) is presented as a separate chapter in the Appropriation Resolution for budgetary purposes. It comprises two main components – the TCP Management and Support, shared between headquarters and the decentralized offices, and TCP Projects, providing direct assistance to member countries. From the TCP Projects appropriation, 15 percent continues to be earmarked for approval of emergency projects and 3 percent for inter-regional projects. The remaining TCP Projects appropriation is earmarked for development projects and distributed across regions, under the management of Regional Offices Representatives as shown in Annex VII.

432. From mid-2012, FAO has launched the ex-post assessment (EPA) tool to assess and report on achievement of results, sustainability, catalytic effect and follow-up actions for all TCP development projects implemented at national, subregional and regional levels.

433. Measures for the further enhancement of the Technical Cooperation Programme, consistent with the Strategic Thinking Process and Country Programming Frameworks were approved by the Council at its 145<sup>th</sup> session. These include the use of CPF as the entry point for the prioritization of in-country TCP technical assistance in line with Strategic Objectives, greater roles and responsibilities for decentralized offices in monitoring and reporting on TCP projects and further simplification and harmonization of TCP procedures.

### *Functional Objective 8: Outreach*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
8.01	16,743	65	20	86	16,829
8.02	42,426	90	1,266	1,356	43,782
8.03	7,228	3	0	3	7,231
<b>Total</b>	<b>66,396</b>	<b>159</b>	<b>1,286</b>	<b>1,445</b>	<b>67,841</b>

#### *Scope of work*

434. This Functional Objective addresses a number of FAO's Core Functions relating to outreach, namely update of knowledge, technologies and good practices, capacity development at country and regional level, advocacy and communication, and partnerships for food security and nutrition, agriculture and rural development, including resource mobilization. These functions are provided by the Office for Partnerships, Advocacy and Capacity Development (OPC), the Office for Corporate Communication (OCC) and the South-South and Resource Mobilization Division (TCS).

435. These outreach efforts reinforce FAO's credibility as a knowledge and capacity development organization and build support and political will towards FAO's mandate, which ultimately increases investment for food, agriculture and natural resource conservation. These core functions offer approaches, tools and methods that are applicable across the five strategic objectives for quality results while minimizing duplication of effort. Consequently, the services and resources made available under the chapter will enable the Organization to undertake coordinated and harmonized interventions for its priorities.

#### *Partnerships*

436. FAO recognizes that partnerships are a crucial enabler for assisting Members in achieving their Global Goals and Strategic Objectives. FAO contributes to, and benefits from partnership with institutions of all kinds - private foundations, grassroots organizations, companies, professional associations, other United Nations agencies, national governments and more. Some partnerships operate at national or field level, others are regional or global in nature. FAO works in partnership on food security, natural resource management, forestry and fisheries, early warning of food emergencies, disaster recovery, food safety, bioenergy and many other areas.

437. Expertise and resources offered under the chapter will enable FAO to strengthen and deepen its collaboration with key partners, including other UN agencies, regional organizations, academic and research institutions, civil society and the private sector. Such partnerships are critical elements in moving towards achieving the Strategic Objectives and ensuring that hunger and food security and nutrition remain high priorities on the global post-2015 development agenda. Work will continue to be guided by the Organization-wide Strategy on Partnerships (2012) based on the principles of mutuality, effectiveness, comparative advantage, flexibility, neutrality and impartiality. FAO will continue to focus on collaboration with the other Rome-based agencies, and civil society, while collaboration with the private sector will be enhanced through further articulation of the corporate strategy.

#### *Capacity development*

438. Expertise and resources extended through the chapter is essential for implementation of the Corporate Strategy on Capacity Development (2010). In line with the Strategy, FAO places emphasis on facilitating the development of a sustainable capacity base of member countries and regions to help achieve the three Global Goals and the MDGs by playing a catalytic role in partnerships with national, regional and global actors. Five areas of actions have been implemented: (i) internal capacity development in governance and coordination; (ii) capacity development in programming; (iii) planning, monitoring and reporting mechanisms; (iv) communication; and (v) institutionalization of the capacity development function in FAO's human resources policies and procedures. The existing Interdepartmental Working Group on Capacity Development will continue to play a key operational role in the implementation and monitoring of the strategy. In addition, e-learning will be designed and delivered in support of major FAO programmes in partnership with international and regional organizations.

### *Knowledge management*

439. In accordance with the Corporate Strategy on Knowledge Management (2011), FAO will continue to strengthen its capacity as a “Knowledge Organization” to ensure efficiency, effectiveness and quality in the delivery of its knowledge work. There will be further development, deployment and training of methods and tools for knowledge sharing, in terms of interaction between staff across the Organization (e.g. technical networks), and access to FAO’s own knowledge repositories (e.g. FAO Open Archive and the new Records Management System). Advice and support will be provided to FAO units on documenting and sharing of knowledge, technologies and good practices in food security and agriculture from programmes and projects. This will facilitate the flow of knowledge within the Organization and between FAO and the global community. Library services will provide staff in all locations efficient access to subject-specific knowledge resources that are essential for FAO to remain up-to-date with innovation, change and evolution in agricultural practices. Member countries and regional organizations will receive support in producing, managing and making agricultural information and knowledge on technologies and good practices accessible in digital format, applying global standards and methodologies.

### *Communication*

440. The resources made available under the chapter will enable the Organization to provide added impetus to FAO’s Strategic Objectives and engender support for the Organization’s initiatives through flexible, strategic and targeted communication work. Efforts are coordinated by the Office for Corporate Communication (OCC), but carried out by communication personnel in FAO offices worldwide, including liaison offices and headquarters departments.

### *South-South cooperation and resource mobilization*

441. In addition to the wide range of partnerships envisioned above, FAO has made special efforts to consolidate, diversify and expand resource partnerships to attract an adequate and more predictable volume of voluntary contributions from a larger range of partners, including through South-South cooperation, ensuring focused and tangible impact for their money. FAO has been implementing the Resource Mobilization and Management Strategy (2011) and resources and expertise proposed under the chapter will enable FAO to undertake coordinated and harmonized resource mobilization efforts within an enabling environment. Efforts will centre around creation of a wide awareness of FAO’s priority areas and resource requirements, promoting an enhanced capacity for resource mobilization throughout the Organization and ensuring that resources are effectively managed for results. During the upcoming biennium, FAO’s resource mobilization outreach will focus on providing integrated support and advice at global and decentralized levels to meet priorities at various levels through the development of resourced programming frameworks such as CPFs and the enhanced use of South-South cooperation.

442. *Organizational outcome statement:* Delivery of FAO’s objectives supported by the outreach functions through consolidated, diversified and expanded partnerships, increased public awareness, political support and resources towards FAO’s mandate, and enhanced capacity development and knowledge sharing.

443. The priorities for 2014-2015 biennium and main expected outputs are:

#### *1) Partnerships*

- a) strengthen and promote key partnerships, including with other UN agencies, civil society organizations, non-governmental organizations, research and academic institutions, international financing institutions, intergovernmental entities and regional organizations, producer organizations and cooperatives, and the private sector at global, regional and national level;
- b) support and provide guidance to departments at headquarters and in decentralized offices on the implementation of Organization-wide partnership strategies, including those with civil society, the rest of the UN system and the private sector for the selection of partners and the

establishment, management, communication, monitoring, review and evaluation of partnerships; and

- c) strengthen FAO's engagement in UN interagency and intergovernmental processes, including those in support of achievement of the MDGs and the post-2015 UN development agenda, with special focus on regional and national level UN system processes and the enhanced involvement of decentralized offices in them.

## 2) Capacity development

- a) training, advice and support provided to SO teams and FAO staff at all levels on enhancing capacity development approaches, mainstreaming capacity development in FAO's programming mechanisms, systems and major initiatives, and capitalization of good practices and technologies developed through FAO programmes.

## 3) Knowledge management

- a) development and promotion of corporate approaches, tools, methodologies, and staff training in knowledge sharing to support SO teams and major corporate initiatives, including effective implementation of the records management function, targeted library services to meet the specific needs of technical departments and the decentralized offices; and
- b) improved management of information and data through support to AGORA, AGRIS global database, the CIARD movement, AIMS, the FAO Open Archive of FAO Global Public Goods.

## 4) Communication

- a) forge new relationships with global, regional and national media to increase FAO's visibility and enhance its reputation as an authoritative source on food security and all areas of its mandate; and
- b) overhaul the Organization's worldwide Web presence to achieve technical, navigational, design and brand coherence, to enhance the visibility of work carried out in the regions.

## 5) South-South cooperation and resource mobilization

- a) managing communication and coordination with resource partners, expanding and diversifying the base of partners with which FAO works, including South-South cooperation;
- b) developing and merging FAO's resource mobilization Website, Intranet, and the Web-based resource mobilization tool, while building awareness on FAO priority areas of work and resource needs through other means of communications;
- c) advancing an Organization-wide culture and enhanced capacity for resource mobilization through resource mobilization training, especially in decentralized offices;
- d) integrating resource mobilization in new and revised Country Programming Frameworks; and
- e) ensuring that voluntary contributions are aligned with Members' priorities, consistent with FAO policies, monitored and accounted for.

### Key performance indicators

Ref	Key Performance Indicator	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	User visits to the FAO Open Archive (number of visitors based on Web access statistics)	2.5 million documents accessed per month	3.5 million documents accessed per month	4.5 million documents accessed per month
2	Level of media presence (number of hits) as measured by Meltwater Media Monitoring Service	To be determined	To be determined	To be determined
3	Number of FAO partners disaggregated by categories (new/non-traditional partners, private sector, civil society)	To be determined	To be determined	To be determined
4	Biennial level of voluntary contributions mobilized (2014-15)	USD 1.4 billion (2012-13)	To be determined	To be determined
5	Number of Resource Mobilization Action Plan in support of CPFs	To be determined	To be determined	To be determined

### *Functional Objective 9: Information Technology*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
9.01	31,326	3	0	3	31,329
9.02	12,783	1	0	1	12,784
<b>Total</b>	<b>44,108</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>44,112</b>

#### *Scope of work*

444. Information Technology is essential to FAO's core activities and a key success factor that supports the Organization. Critical to FAO becoming a next-generation digital organization, the IT function will deliver the required business changes through innovative, cost-effective solutions that will make FAO more efficient.

445. The IT focus and priorities for the next biennium have been developed based on six coordinated pillars: One Corporate Framework, One Administrative Environment, One Technical Environment, One Global Environment, One Collaborative Environment, and One Technology Community.

446. The information technology function is provided by the IT Division (CIO), covering global IT corporate services, regulation and governance, in addition to managing the support and development of information and communications technology and information systems. CIO will continue to monitor the evolution of technological landscape, evaluate how new technologies can be used at FAO and develop the necessary functions to enable their adoption. CIO coordinates with the Regional Offices that will be responsible for user support and operations of the local infrastructure in the respective region.

447. The following are key functions under this Functional Objective:

- a) ensuring an integrated approach to IT planning, governance, and evaluating IT initiatives throughout the Organization;
- b) fostering a more cohesive global administrative and operational work environment and promoting a corporate management information system environment that facilitates information management for decision-making at all levels of the Organization worldwide;
- c) fostering a common technical environment to support the technical work of the Organization;
- d) cultivating a globally integrated IT environment that meets the common and shared needs of all offices;
- e) creating a globally integrated workspace that supports collaborative working and learning throughout the Organization and with external partners; and
- f) developing the global IT capacity to meet the Organization's needs for IT into the future.

448. *Organizational outcome statement:* FAO business needs are addressed in a timely manner in all geographical locations through timely, quality, effective and cost-efficient, customer-oriented IT solutions and services.

449. Priorities for the 2014-2015 biennium and main expected outputs are:

- a) better support to FAO's substantive work through efficient production systems, collaboration spaces, and accessible, integrated and easily useable geospatial, statistical and technical information;
- b) support FAO's administration with corporate systems that automate and unify business processes (GRMS);
- c) support FAO's operations through an efficient and effective Web-based information systems that remain fit-for-use and evolves timely to meet the dynamic changes in business needs;



- d) a corporate data repository that offers a “single version of the truth” of FAO operations and a portfolio of business intelligence tools that provide historical, current and predictive views of FAO operational data;
- e) right-sourcing of IT aspects including the infrastructure and data centre services to ensure efficient and cost-effective hosting and operation of FAO information and communications technology systems;
- f) provision of a comprehensive set of work place tools, including hardware (PCs and printers), software (office productivity tools, e-mail, workspace), and communications (Internet, videoconferencing, telephony);
- g) FAO Enterprise Architecture that will provide a strategic and innovative overview of technology. Enterprise Architecture will closely align information technology with business changes and will allow better cost efficiency;
- h) provision of timely, quality, efficient, cost-effective IT support service; and
- i) improved management of governance.

*Key performance indicators*

Ref	Key Performance Indicator	Unit of measure	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	Level of client satisfaction with IT at FAO by main area of work	% of clients fully satisfied Source: Annual client survey	To be determined	90%	95%
2	a) Percentage of Service Level Agreements whose targets are met b) Percentage coverage of IT work by SLA	% Source: Annual service performance reviews	n/a	80%	100%
3	IT Security position/rating of the Organization as assessed using the ISO framework 03.1 Number of Quarterly IT Security dashboard published and reviewed by OIG 03.2 Number of Biennial review by external authoritative entity	Number	3	3	3
4	Percentage of projects with IT components that are delivered on time with quality and within budget	% Source: Project Portfolio Management System	n/a	80%	100%

### *Functional Objective 10: FAO Governance, oversight and direction*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
10.01	26,620	451	0	451	27,072
10.02	16,357	127	2,630	2,757	19,114
10.03	43,271	592	20,061	20,653	63,925
<b>Total</b>	<b>86,249</b>	<b>1,170</b>	<b>22,691</b>	<b>23,861</b>	<b>110,110</b>

#### **Scope of work**

##### *FAO Governance*

450. The work undertaken in the area of FAO governance, includes the effective servicing and transparent conduct of sessions of governing and statutory bodies.

451. The Organization relies on a variety of services, delivered both in-house, as well as in collaboration with Members and external partners, in order to achieve results. Many of these services go beyond the scope of pure administration, touching upon elements directly related to honing strategic direction, leveraging and focusing on comparative advantage, and properly governing and overseeing the totality of FAO's operations. Support for governance is underpinned by effective liaison between the Organization and its Members on all aspects related to FAO governing and statutory bodies and relies on effective and open communication with Members on the intergovernmental processes of the Organization through their Permanent Representatives, most notably via the Permanent Representatives Web site. Furthermore, through the efficient programming, logistical support and servicing of governing bodies and the delivery of documentation, language and protocol services, the Organization is able to meet the required levels of timeliness, accuracy and consistency in all matters related to governance.

##### *Oversight*

452. Oversight is conducted through work in the areas of independent external evaluation and auditing.

453. Evaluation is a major mechanism for accountability to member countries and to the Director-General by carrying out in-depth and objective assessments of the work of the Organization under all sources of funds. It also contributes to corporate change and learning through recommendations and lessons that feed into the planning processes and ongoing work. The priorities for evaluation are set by member countries in the governing bodies. All FAO units whose work is assessed by the Office of Evaluation participate in the process, by contributing opinions, evidence, comments and suggestions to all the deliverables of the process. The Organization is responsible for the preparation of Management Response and the Follow-up Report.

454. The Office of the Inspector General (OIG) helps the Organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. OIG has responsibility for monitoring and evaluating the adequacy and effectiveness of the Organization's system of internal control, financial management and use of assets. It provides the Director-General and the functions and programmes audited with independent, objective assurance and consulting services designed to add value and improve the Organization's operations. OIG is also responsible for promoting an environment of integrity throughout the Organization's operations through the detection, investigation and prevention of fraud and misconduct in all locations. OIG ensures that investigations results are captured in order to develop lessons learned and recommends procedural and policies changes, as necessary, to enhance integrity within FAO.

##### *Direction*

455. Direction encompasses the functions provided by the executive leadership of the Organization, in particular the Office of the Director-General, as well as Legal Counsel, Strategy, Planning and Resources Management, and Support to Decentralization. Resources have also been budgeted for the

facilities to be provided to a Director-General Elect from the date of the election until the assumption of duties, as decided by Council in December 2012.<sup>75</sup>

456. The Legal Service provides advice on legal matters, including constitutional questions, the drafting of international treaties, the legal aspects of relations with the host government, with other governments and with international organizations, as well as specific legal aspects of personnel matters. It services the Committee on Constitutional and Legal Matters; performs extensive legal research on issues related to host agreements (banking law, tax law, contract law, company law, court requests); and provides legal support to the Organization.

457. The Office of Strategy, Planning and Resources Management advises the Director-General on strategic and policy matters related to the Organization's objectives, results based programmes, budgets and resource mobilization for all sources of funds. It leads the development of policies and procedures on results based management. It coordinates the preparation of the Organizations' strategic, programme and budget plans, manages allocation of resources, and monitors and reports on corporate programme implementation.

458. The mandate of the Office of Support to Decentralization is to support the rollout of the CPFs so that FAO at country and sub(regional) level ensures the greatest possible contribution to Members' development objectives within the context of FAO's Strategic Objectives. It is also home to the projects and CPF-related approaches and quality assurance.

459. *Organizational outcome statement:* Effective direction of the Organization through enhanced political commitment and collaboration with Member States, strategic management and oversight.

### **Priorities for 2014-2015 biennium and main expected outputs**

#### *FAO Governance*

460. Areas of emphasis for enhanced governance include: servicing more effectively the governing and statutory bodies and implementing their decisions in a responsive and transparent way and communicating this to the Members; improved language services; and coordinated action at the regional level to enable Regional Conferences to carry out their new governance role more effectively.

#### *Oversight*

461. The priorities identified by the governing bodies for evaluation in FAO include the completion of the five evaluations of regional and subregional offices and the evaluations of FAO's work in two long-standing and two new areas of focus, namely crop production, knowledge products, climate change and genetic resources. Also the evaluation of Organization's work in post-crisis transition was requested. The methodology of country evaluations will be adjusted to take into consideration the full rollout and mainstreaming of Country Programming Frameworks, and project evaluations also, through a cluster-approach of same-theme projects, will be further emphasised.

462. The Office of the Inspector-General will prepare and implement a risk-based audit plan; complete investigations that provide management with a clear basis to take decisions; and advise management on implementing or strengthening elements of FAO's accountability, internal control, risk management, integrity and fiduciary frameworks. Outputs are in the form of individual reports and memoranda that convey results to management, as well as summary reports including OIG's annual report, and proposals for guidelines and policies.

#### *Direction*

463. The executive direction function, and in particular that of the Office of the Director-General, cannot be seen in isolation from the governance and the relationship with FAO's membership. The achievement of the Organization Outcomes is a shared responsibility of the Organization and its member countries. To represent this aspect a key performance indicator to monitor the percentage of Organizational Outcomes targets achieved by the expected date has been included for the first time in the Medium Term Plan 2014-17 and PWB 2014-15.

<sup>75</sup> CL 145/REP, paragraph 36 g)

464. The function of Legal Counsel is advisory in nature and is demand-driven. Its advisory work is guided by items referred to it by the Director-General, senior management, technical departments, staff members, secretariat of FAO's governing bodies, statutory bodies, etc. Nevertheless, significant areas of work for the Legal Counsel over the term of the MTP is expected to include a revision of DGB 99/9 on the concluding Memoranda of Understanding and letters of intent and to provide legal advice in the review of the Policy on Prevention of Harassment and in the drafting of the Guidelines for small-scale fisheries.

465. The main priorities in the area of strategy, planning and budgeting include working towards establishing and managing a Web-based system for integrated programme and project cycle planning, budget allocation, monitoring, assessment and reporting; strengthening the chain of accountability throughout the Organization; establishing a new framework for monitoring, reporting and improving the range and relevance of performance information for senior management decision-making; and strengthening the capacity of managers at all levels to respond effectively to risks in delivering their programme of work.

466. In the area of support to decentralization, work will focus on concluding the effective integration of emergency and development operations in country offices; enhancing delegation of responsibilities to decentralized offices while at the same time maintaining an effective accountability framework and due internal controls; maintaining the highest standards for the identification, selection, briefing and guidance available to heads of decentralized offices; increase quality of programmes/projects formulation; support improving the focus of programmes on the SOs in alignment with national development objectives, capacity development, gender equality etc.; support to regional offices in playing their roles of technical, operational and managerial hubs; and strengthen country offices by improving the internal support for their key business processes, such as resource mobilization, planning and programming, project management and advocacy and communication.

#### *Key performance indicators*

Ref	Key Performance Indicator	Unit of measure	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	Governing bodies documents delivered according to deadlines and language requirements	%	70	75	80
2	Implementation of governing body decisions within prescribed deadlines	%	80	8	90
3	Recommendations from the Office of Evaluation and the Office of Inspector-General implemented by the due date	%	90	93	95
4	Organizational Outcomes targets met	%	76	78	80

### ***Functional Objective 11: Efficient and effective administration***

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
11.01	19,160	1,252	0	1,252	20,412
11.02	2,208	593	0	593	2,801
11.03	67,228	5,365	68	5,433	72,661
<b>Total</b>	<b>88,596</b>	<b>7,210</b>	<b>68</b>	<b>7,278</b>	<b>95,873</b>

#### *Scope of work*

467. This functional objective covers the administrative and support services on the basis of the principle of best value for money.

468. In the area of human resources management, work includes formulating and implementing HR strategies, policies and procedures aimed at attracting, developing and retaining a skilled and diverse workforce recruited on the basis of merit, aiming for gender parity and equitable geographic representation. Activities include establishing effective organizational design principles, adopting efficient recruitment and selection processes, administering mobility and rotation, facilitating evaluation of staff performance, and putting at staff disposal learning and development tools that enable them to acquire or develop skills necessary for the implementation of FAO's programme of work.

469. In the area of finance, work includes recommending and administering financial policies and procedures that meet the highest professional standards; keeping accounts that accurately record financial activities and meet the requirements of internal and external audits; reporting the financial status of the Organization and its activities to senior management, governing bodies and donors; ensuring the safe custody and efficient use of the Organization's financial assets; overseeing financial operations, wherever performed in the Organization, and ensuring the timely processing and recording of receipts and disbursements in accordance with established policies and procedures.

470. In the area of administrative services, the infrastructure, building facilities and technical equipment of the Organization is managed effectively. Policy and operational support is also provided to ensure that FAO procures goods and services globally applying the principle of best value-for-money. Through the Shared Services Centre (SSC), a centralized support function is provided to all FAO offices and their employees for routine administrative transactional processes, including user support, individual human resources servicing, staff and non-staff recruitment, asset management, vendor management, accounts payable and travel operations. Functions under this Functional Objective also include assuring the safety, health and security of its employees both at headquarters and in the field through a collaborative effort with regional, subregional and country offices.

471. *Organizational outcome statement:* To maximize effectiveness and work towards ensuring best value-for-money, the Corporate Services, Human Resources and Finance Department will, at a global level, fulfil its fiduciary, policy-setting and monitoring and control functions. At local level, the department will support regional support teams to provide the most relevant and timely advice and services support.

#### *Priorities for 2014-2015 biennium and main expected outputs*

472. The most important factors shaping the environment in which these functions will be provided in 2014-2015 are the ongoing process of decentralization and the imperative of greater value-for-money through streamlining of business processes. With the deployment of GRMS to decentralized offices worldwide, efforts will be prioritized to ensure that the required level of monitoring and support is provided throughout the Organization.

473. The first priority area in 2014-2015 is the successful completion of decentralization of business processes. To fulfil this task, the Organization will: (i) implement IPSAS-compliant systems and processes in FAO offices worldwide and facilitate preparation of the first IPSAS-compliant financial statements for the financial year beginning 1 January 2014; (ii) continue the decentralization of operations in procurement, finance and HR support through ongoing capacity development;

(iii) substantially increase oversight and monitoring of business processes; and (iv) increase support and training to the decentralized offices network.

474. To ensure services are client-oriented and correspond to the best standards in the area, service-level agreements for eligible services will continue to be prepared, benchmarked and monitored. The contents of these agreements will be made public and client satisfaction and performance will be tracked through client surveys or other monitoring tools.

475. To provide better value-for-money the Organization will continuously streamline its business processes on the basis of client feedback. The process of streamlining will involve both elimination and modification of rules and regulations and also structural changes entailing the offshoring or outsourcing of activities. The Organization will also actively pursue opportunities for joint provision of services with the other UN agencies and bodies.

476. In order to achieve the Organizational outcome and meet the above priorities, the following outputs will be delivered:

- a) accurate, relevant and timely financial reporting and efficient, effective and well-controlled financial services are provided in support of governing bodies, management, donors and staff;
- b) human resources strategies, policies, procedures and services are effective and efficient and support the attraction, development and retention of a diverse, skilled and motivated workforce;
- c) administrative services and support functions are effective, efficient, streamlined and meet CSA, CSD, CSS client requirements;
- d) the work of the Appeals Committee is managed effectively and efficiently, including provision of advice and recommendations on matters relating to the administration of internal justice; and
- e) the health and productivity of FAO's workforce are actively promoted by providing streamlined and effective health services to all employees both at headquarters and in decentralized offices.

#### *Key performance indicators*

Ref	Key Performance Indicator	Unit of measure	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	Percent of corporate services under Service Level Agreement (SLA) covered by a SLA	Statistics of SLAs maintained in CS units	2013 level	To be determined	To be determined
2	Improvement of client satisfaction with quality of service provided (by area of work)	% of improvement	2011 CS survey results	5% improvement	10% improvement
3	Improvement of satisfaction of staff who availed of the FAO mediation program	% of improvement	% improved results from the 2013 CS survey	25% improvement	50% improvement
4	Administrative processes are streamlined and client-oriented	% of eligible processes streamlined per area	To be determined 2013 survey results	20% of eligible processes	60% of eligible processes
5	Percent appeals completed within established deadlines	% (source annual reports)	2013 annual report	75%	85%
6	Occupational Safety and Health Policy Framework Implementation	% of actions implemented		100% for headquarters	100% for headquarters and field
7	Percent increase in inter-agency procurement	Number of joint tenders carried out	2011 levels (90%)	2011 level	2011 level
8	FAO receives an unqualified opinion on its financial statements from the External Auditor	Annual audit opinion issued by External Auditor	FAO currently has biennial, unqualified External Audit opinion	Annual, unqualified audit opinion	Annual, unqualified audit opinion
9	Increased percent of member countries that are equitably represented	Workforce data reports	Equitably represented countries: 70%	Equitably represented countries remain at: 70%	Equitably represented countries remain at: 70%
10	Staff renewal: percentage of staff transferred to a new post through geographic mobility	Workforce data reports	100 per biennium	5% increase on 2013 baseline	10% increase on 2013 baseline

### *Capital Expenditure*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
13.01	7,781	0	0	0	7,781
13.02	6,003	0	0	0	6,003
13.03	8,448	0	0	0	8,448
<b>Total</b>	<b>22,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,232</b>

#### *Scope of work*

477. Conference Resolution 10/2003 established the Capital Expenditure Facility as a chapter of the Programme of Work and Budget. The Facility serves to define and authorize expenditures on tangible and intangible assets with a useful life in excess of FAO's financial period of two years that generally require a level of resources which cannot be funded within the appropriation for a single biennium. Financial Regulation 6.11 authorizes the transfer of any balance in the Capital Expenditure Account for use in the subsequent financial period.

478. As such, this financing facility provides investment required to maintain and improve FAO's products and services in relation to: (i) information technology and knowledge sharing; (ii) operational and administrative support systems; and (iii) infrastructure and equipment.

479. In 2014-15, significant emphasis will be on the information technology and knowledge sharing area in order to improve knowledge platforms, communication services and security standards. Several important initiatives related to continuous improvement of the operational and administrative support systems will lead investments in the second area; and critical renovation works to the IT and non-IT infrastructure will be covered in the third area.

#### 480. *Organizational outcome statements*

1) FAO capital investments in IT/KM achieve the benefits established in terms of a more effective, efficient and capable IT/KM to serve the business needs of the Organization and Strategic Objectives approved by its member countries.

2) Investments in FAO headquarters buildings and facilities provide value-for-money and result in a more effective, safer and sustainable working environment in compliance with Italian and EU regulations for office buildings. Long-term investments also result in lower maintenance and running costs in the short- and medium-term.

481. Priorities for 2014-2015 biennium and main expected outputs are:

- a) ICT infrastructure investments are required to upgrade data centre and e-mail hardware and software. Enhancements to headquarters meeting room facilities, network connectivity and obsolete telephony services will improve communications capabilities;
- b) ICT telecommunication investments will provide a Unified Communications and VoIP capabilities and traffic management and monitoring solutions for the delivery of corporate applications to decentralized offices;
- c) IT security investments will have to meet new standards and security challenges;
- d) the Organization will invest in consolidation and transformation projects to move towards one technical, collaborative and integrated communication platform;
- e) operational and administrative systems will be modified to adapt to new business processes and requirements and better service the evolving decentralized model of FAO. Integration and upgrade projects will ensure continuing fit-for-use information systems through standard supported technologies and provide for a defragmented information systems portfolio;
- f) effective implementation of the Organization's transformational change programme and interdisciplinary working methods requires capital investments to enhance the current platforms for knowledge sharing and to manage FAO's institutional memory. A one-time investment to digitize FAO's library collection and to finalize and implement a digital

preservation strategy will be undertaken to guarantee perpetual open access to FAO's global public goods through the FAO Open Archive. A corporate platform will also be developed for production and delivery of e-learning courses for use on personal computers and mobile devices; and

- g) further investments are required to strengthen the infrastructure for corporate information management standards and classification systems (such as statistical code lists, glossaries, thesauri and others) which are essential tools to organize information.

482. Many medium/large-scale safety and renovation projects must be carried out to meet Italian and EU safety regulations, as well as ensuring the safety of FAO staff, which is a responsibility of the employer. The Infrastructure and Facilities Management Service will focus on the issues requiring the most urgent intervention activities in 2014-2015, such as replacement of unsafe windows and replacement of aging HVAC systems and fire safety. The HVAC capital expenditure project goes beyond 2014-15 to 2020.

*Key performance indicators*

Ref	Key Performance Indicator	Unit of measure	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	Percent of CAPEX allocated to initiatives with defined cost-benefit analysis and benefits realization plan	Annual review	To be determined	To be determined	To be determined
2	Percent of CAPEX projects delivered on time to clients' satisfaction and within budget	Annual review	To be determined	To be determined	To be determined
3	Infrastructure projects delivered on time with quality and within budget	Percentage	To be determined	To be determined	To be determined



### *Security Expenditure*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
14.01	10,600	181	0	181	10,781
14.02	14,209	0	0	0	14,209
<b>Total</b>	<b>24,809</b>	<b>181</b>	<b>0</b>	<b>181</b>	<b>24,990</b>

#### *Scope of work*

483. This chapter covers activities planned to ensure a safe and secure working environment for all FAO employees in the decentralized offices, as well as at headquarters by providing information, training, services and adequate equipment related to safety and security.

484. Security is one of the most urgent issues for many international organizations. It is an essential requirement for doing business in a globally networked world, while ensuring staff safety. The political and environmental complexity of today's organizations and the ever-increasing dependence on technology to drive and automate processes make security a challenging activity.

485. The Security Expenditure chapter provides comprehensive coverage of staff and non-staff costs directly related to security and safety of staff and assets under the Expenditure Facility established by Conference Resolution 5/2005. It is divided into headquarters security and field security.

486. The headquarters security provision aims to ensure a safe and secure operating environment for headquarters programme delivery and provides support for the execution of the Director-General's function as Designated Official for Security for Italy. It includes liaison and coordination with the host government and the UNDSS, establishing systems of security management, providing an enabling environment and ensuring personnel safety and security at FAO headquarters premises. Activities include fire safety, some infrastructural measures and occupational health issues, building on the steps taken over the past few years to put in place a safer and healthier work environment for headquarters staff. To ensure safety of headquarters infrastructure and facilities, specific projects will be carried out on FAO premises resulting in improved safety and working conditions for FAO employees.

487. The field security provision enables the effective and efficient delivery of FAO's programmes, while ensuring the security, safety and wellbeing of staff, through the provision of technical expertise and advice in a manner consistent with FAO's policies and the UN security management system framework. To achieve this objective, field security monitors and assesses the prevailing security environment in countries from the perspective of FAO's operations at country level, in close collaboration with UNDSS/MOSS and MORSS and the state of security preparedness of FAO decentralized offices; and proposes corrective measures to increase the security and safety of FAO staff and missions.

488. Progress in the development of the Organization's occupational safety and health (OSH) programme is expected through the work of the Advisory Committee of Occupational Safety and Health, which assembles the key units responsible for safety and health at headquarters and field representations.

489. *Organizational outcome statement:* FAO employees are able to carry out their functions safely and securely in all locations where the Organization operates.

#### *Priorities for 2014-2015 biennium and main expected outputs*

490. The priorities for headquarters security are to provide FAO staff and delegates with a level of protection adequate to the threat assessment conducted jointly with local authorities; create internal capacity for prevention and response in case of emergencies; ensure a level of training of security personnel compliant with UN and local authorities standards; provide support to staff and delegates in cases of emergencies; and provide support to the Director-General in his function of Designated Official for Italy in ensuring a permanent and regular dialogue with UN agencies in Italy.

491. Priorities for field security are to ensure that by 2014 all FAO offices and activities financed under the Regular Programme, are fully MOSS-compliant (91-100 percent); provide better and continuous support to all field locations, including continuing the process of maintaining and strengthening a surge capacity to be used in case of emergency; provide extensive security training to all staff members who go on duty travel or are appointed in field locations.

492. Priorities for the Advisory Committee on Occupational Safety and Health include the publication of a common occupational safety and health manual for both headquarters and the field; the development of an OSH awareness training programme for all staff; and defined terms of reference for OSH committees to be established in the field. OSH services to be expanded to the field include counselling services to field offices considered at high-risk and Web-based OSH educational resources.

493. The main outputs are safe and secure operating environment for worldwide programme delivery; safe and secure operating environment for headquarters programme delivery; and the support to the function of Designated Official for Italy is managed efficiently.

*Key performance indicators*

Ref	Indicator	Provisional baseline	Provisional target (end 2015)	Provisional target (end 2017)
1	Percent of decentralized offices that comply with Minimum Operating Security Standards (MOSS)	88	91-100%	100%
2	Percent of international staff at decentralized offices that comply with Minimum Operating Residential Security Standards (MORSS)	To be determined	91-100%	100%
3	Percent of reported security-related incidents at decentralized offices with prompt follow-up	To be determined	To be determined	To be determined
4	Number of staff that received training or participated in workshops or briefings	To be determined	To be determined	To be determined
5	Percent of deployments of field security professionals within 72 hours to assist decentralized offices in security-crisis management, as required	To be determined	To be determined	To be determined

### *Contingencies*

(in USD 000 at 2012-13 rates)

Organizational Outcome	Net Appropriation	Core Voluntary	Field Programme	Total Extrabudgetary	Total
12.01	600	0	0	0	600
<b>Total</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>

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

### *Transfer to Tax Equalization Fund*

495. The Tax Equalization Fund was established as of 1 January 1972.

496. In line with the practice followed since 1972-73, the 2014-15 budget is presented on a gross basis, by adding to the total effective working budget an appropriation for staff assessment.

497. 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.

498. 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.

499. The amount of USD 104.4 million provided for 2014-15 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 2012.

500. 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 2014-15.

## Annex I: Regional dimensions

### Introduction

501. The priority-setting process at the regional level, as well as at the national level in relation to cooperation with FAO, has been strengthened as the result of recent reforms. In the first instance, the Regional Conferences are actively involved as the main channel for Members to express views on priorities and the March – May 2012 cycle of sessions addressed priorities drawing on input from the Strategic Thinking Process launched by the Director-General at the beginning of 2012. The attendant recommendations are recalled below and correlated with the corporate Strategic Objectives which underpin the MTP and PWB. The resulting areas of focus in the short to medium term are highlighted.

502. At national level, many countries have completed, or are engaged in preparation of Country Programming Frameworks (CPFs). CPFs are aligned with national priorities and integrated with the work programmes of other UN agencies through UNDAFs, providing a roadmap for effective action at country level. Commonalities in terms of substantive priorities among these local instruments have also been collected. Several programmatic regional initiatives which are expected to make significant contributions to the achievement of Strategic Objectives and Organizational Outcomes (OOs) have been highlighted under the Action Plans.

503. An indicative breakdown of financial resources, as envisaged to be available in the 2014-15 biennium, is provided in the following table.

Region	Net Appropriation	Core Voluntary	Extrabudgetary	Total
Headquarters/Global	631,215	160,314	71,405	862,933
Africa	136,998	1,764	517,531	656,294
Asia and Pacific	82,232	152	374,897	457,282
Europe and Central Asia	47,405	818	39,678	87,900
Latin America and the Caribbean	73,013	1,687	175,578	250,278
Near East	44,776	121	93,419	138,316
<b>Total</b>	<b>1,015,639</b>	<b>164,856</b>	<b>1,272,507</b>	<b>2,453,002</b>

### AFRICA

#### *Priorities agreed at the Regional Conference*

504. The 27<sup>th</sup> Regional Conference for Africa endorsed the following priorities of major regional interest:

1. *Increased productivity and effective market access in agrifood systems*
2. *Reduction of vulnerability to threats to food security and nutrition*
3. *Improved management and governance for sustainable use of natural resources*

505. In addition, the Conference stressed the importance of several cross-cutting approaches and implementation modalities in the delivery of FAO's products and services:

506. *Policy work* should aim at improving knowledge and capacity of countries, regional economic organizations and other stakeholders in order to translate designed policies and programmes into concrete actions. This should include the development of effective models for linking Comprehensive Africa Agriculture Development Programme compacts and investment plans to policy formulation and budget processes with accompanying innovative financing mechanisms.

507. *Information and knowledge sharing* enhanced through normative analyses of emerging issues and global trends, coupled with applied field-based analysis and effective agricultural and food statistical systems. This should feed into policy formulation, investment prioritization, programme planning, monitoring and evaluation. Parallel emphasis is to be given to systematic cross-country learning to identify best practices across the continent.

508. *Capacity and institutional development* to address the specific needs of countries and (sub)regions across three interlinked dimensions (individual, organizational and overall enabling environment).

509. Combating *gender inequalities* in rural areas, in particular through further capacity building and technical assistance to formulate and implement gender-sensitive agricultural and rural development policies and strategies in order to reduce the gender gap in the agriculture sector and improve gender participation along the value chain.

510. A *twin-track orientation* to be followed to meet the immediate needs of vulnerable populations, while building long-term resilience and reducing vulnerability through concerted effort to address underlying structural factors.

511. Strong *partnerships* with government, civil society and private sector actors, regional organizations, other UN agencies and other development partners to achieve tangible results and impact at the beneficiary level by establishing effective, innovative mechanisms for partnering at regional, national and subnational levels.

512. These priorities interlinked with the overall Strategic Objectives and Organizational Outcomes will lead to a number of specific areas of focus in the region, as illustrated below.

*Increased productivity and effective market access in agrifood systems*

513. This priority maps out closely with SO2 and SO4 and will also contribute to aims under SO1 and SO3. Of particular significance to Africa will be the promotion of policies and strategies that embed sustainable intensification and diversification of agricultural production in keeping with 'Save and Grow' principles. Food loss reduction will be another important dimension of this policy effort. Improved market access will be sought via enhanced integration of small and medium producers in inclusive value chains and support to an emerging sector of small and medium agro-processing enterprises, as well as facilitating intraregional trade.

514. Capacity building requirements in the region will be addressed especially to enhance Ministries' ability to work with the private sector and to identify and put in place public goods in support of public-private cooperation and increased investment in the agricultural sector. In addition, institutional and legal frameworks for food safety/quality management will need to be strengthened, to improve adherence of food producers to international food safety and quality standards.

*Reduction of vulnerability to threats to food security and nutrition*

515. This coincides with SO5. FAO will address vulnerability to threats throughout the region by ensuring better links between local agrifood systems and nutrition situations, and assist countries in relation to the major risks posed by transboundary plant pests and animal diseases. Regional initiatives under SO5 will specifically target two particularly vulnerable subregions - the Sahel and the Horn of Africa.

516. The main lines of action include:

- a) more effective disaster risk management systems (including food security monitoring), improved preparedness, scaling-up of best practices, and resilience programming based on safety nets and restoring productive sectors;
- b) policies and programmes covering short-term responses to agroclimatic or price shocks, and well targeted social safety nets to protect chronically vulnerable groups;
- c) incorporation of food security and nutrition concerns (including food safety) in emergency and disaster risk management programmes.

*Improved management and governance for sustainable use of natural resources*

517. This priority is consistent with SO4. The region requires assistance and advice in relation to the enforcement of regulations, standards and codes of conduct for effective management and judicious use of natural resources, considering also climate change adaptation and mitigation, the maintenance of biosecurity and biosafety concerns.

518. Other aspects to be addressed are the promotion of better practices in forestry and wildlife management, irrigation and water harvesting, fisheries and aquaculture, and for the conservation of biodiversity and ecosystem services. FAO will continue to support expanded utilization of the rich plant and animal genetic pool for sustainable production, while safeguarding against loss of diversity.

*General trends in the priorities identified in the CPFs*

519. The CPFs currently available demonstrate strong alignment to the above regional priorities agreed at the Regional Conference of 2012. As illustrated in the chart, an analysis carried on 14 of these CPFs shows that Priority 1 corresponds to the highest share (50%) of total CPF outcomes (109), 29% relates to Priority 2, and relatively strong emphasis to Priority 3 (21%).

## ASIA AND PACIFIC

520. While it recorded highest economic growth rates, the Asia and Pacific region continues to be home to 62 percent of the world's undernourished population (536 million). It is also facing major challenges: rapid urbanization, widening income disparities, stagnation of expansion of arable land, increased scarcity of water resources, and the impact of such key factors as crude oil and food price volatilities, climate change and the incidence of natural disasters.

*Priorities agreed at the Regional Conference*

521. The 31<sup>st</sup> Regional Conference for Asia and the Pacific reconfirmed priorities endorsed at the previous session to meet identified challenges and substantial needs for policy advice and technical assistance:

1. *Strengthening food security and nutrition*
2. *Fostering agricultural production and rural development*
3. *Enhancing equitable, productive and sustainable natural resource management and utilization*
4. *Capacity to respond to food and agriculture threats and emergencies*
5. *Coping with the impact of climate change on agriculture and food security and nutrition*

*Strengthening food security and nutrition*

522. The two objectives identified under Priority 1 are:

- a) contribute to the eradication of hunger and malnutrition in Asia and the Pacific in line with the targets of the World Food Summit and the Millennium Development Goals (SO1, OOs 1, 2, 3); and
- b) support regional initiatives taken by partners and other UN organizations to eradicate hunger and malnutrition through specific action (SO1, OOs 2, 3).

523. Governments and the general public should continue to be sensitized to the magnitude of the problems of undernutrition and micronutrient deficiency, their causes and effects and possible strategies to combat them. FAO will provide support so that nutritional considerations are effectively integrated into agriculture, livestock, aquaculture and related programmes, and desired outcomes can be achieved and monitored through: situation analyses of vulnerable populations, improved information collection and dissemination, institution building, policy dialogue and advocacy, as well as partnerships and South-South cooperation.

*Fostering agricultural production and rural development*

524. The specific objectives agreed under Priority 2 are:

- a) increase output and productivity of agriculture, focusing on major food crops such as rice, wheat and maize, as well as livestock (SO2 and the regional initiative on rice-based production systems);

- b) support the development of agriculture, agribusiness and agro-industries particularly for small farmers and entrepreneurs, enabling them to respond to market opportunities, build resilience and attract investment (SO3, OOs 1, 2, 3);
- c) raise rural living standards through increased investment in infrastructure, human resources and services for employment and income generation (SO4, OO 3); and
- d) improve market access for small-scale producers and promote inclusive growth (SO4, OOs 1, 3).

525. Governments need to address effectively the stagnation of crop productivity which is a main constraint to meeting rapidly rising demand, and explore means for boosting productivity in major cereal crops. FAO should play a major role by providing assistance and advice. Livestock and fisheries also hold great potential, but sustainability must be ensured in all subsectors. Primary tools will be: enhanced policy prescriptions, the increased use of new technologies, support to agribusiness, capacity building and strengthened research facilities.

*Enhancing equitable, productive and sustainable natural resource management and utilization*

526. The agreed objectives under Priority 3 are:

- a) reduce the degradation of natural resources and reach a sustainable level of use (SO2, OOs 1, 2, 3);
- b) develop a broad based consensus on the use and management of natural resources to reduce the threat of exploitation in the future (SO2, OOs 1, 2, 3);
- c) increase water productivity and improve management of groundwater and surface water irrigation systems (SO2, OOs 1, 4); and
- d) conserve genetic resources and biodiversity (SO2, OO 4).

527. The Organization will provide active support in these areas, especially in terms of: capacity building and technical advice, effective gender mainstreaming, enhancement of regional collaboration and policy guidance. Specific areas of focus include: regional assessments and monitoring, improved water management, ecosystem-based regional fishery management and effective participatory approaches to forest and biodiversity protection.

*Capacity to respond to food and agriculture threats and emergencies*

528. The objectives under Priority 4 are:

- a) facilitate the shift in emphasis from emergency response with short-term relief measures towards broad-based and concerted disaster risk reduction, preparedness and prevention programmes, with emergency response followed up by the link between relief, rehabilitation and development (LRRD) in order to mitigate the long-term impact of disasters on food security and balanced nutrition (SO5, OOs 1, 2, 3); and
- b) enhance subregional capacity for disaster and risk reduction, preparedness for natural disasters and effective emergency response which links relief and rehabilitation to longer-term sustainable development (SO5, OOs 1, 2, 4).

529. The corresponding areas of focus for FAO include: ensuring better management of information systems, fostering of collaboration and partnerships through regional mechanisms, pursuance of advocacy and regional networking, and targeted capacity building. Due attention is to be given to practical technologies and innovations related to disaster risk reduction – linking relief and rehabilitation to development (DRR-LRRD) and improved approaches to resettlement and rehabilitation of internally displaced persons.

*Coping with the impact of climate change on agriculture and food security and nutrition*

530. The objectives under Priority 5 are:

- a) identify innovative technologies and appropriate practices in subregions for coping with the adverse impacts of climate change on the agricultural sector with a view to protecting and consolidating progress in food security and nutrition (SO2, OOs 1, 2, 4); and
- b) reduce the contribution of agriculture, including livestock and aquaculture and through deforestation, to greenhouse gas emissions and integrate climate change adaptation and mitigation into strategies for agriculture and rural development (SO2, OOs 2, 3, 4).

531. Main areas of focus will include: assistance with policy formulation and capacity building support, case studies in selected major food production areas on the impact of climate change, and dissemination of suitable technical options and practices. FAO will also assist with policy dialogue and exchange of information on research and development of climate change-resilient varieties, the development of agricultural strategies with strong potential for climate change adaptation and mitigation, and the promotion of improved crop, aquaculture and livestock production systems and practices contributing to reduced greenhouse gas emissions.

*General trends in the priorities identified in the CPFs*

532. All countries in the region have prepared CPFs. The main priorities indicated at country level may be seen in relation to the above five regional priorities and the corporate SOs, as follows:

- a) Regional Priority 1 and SO1 - Promotion of food security and nutrition, poverty alleviation, livelihoods promotion (10 countries).
- b) Regional Priority 2 and SO2 - Increasing agricultural productivity (9 countries). SOs 3 and 4 - Agribusiness development including value chains (6 countries). SO4 - International trade/cooperation (4 countries).
- c) SOs 3 and 4 - Agricultural research and extension and other support services (3 countries).
- d) Regional Priority 3 and SO2 - Natural resource management including water resources (11 countries).
- e) Regional Priorities 4 and 5 and SOs 2 and 5 - Climate change mitigation and adaptation/disaster risk management (11 countries).

## **EUROPE AND CENTRAL ASIA**

*Priorities agreed at the Regional Conference*

533. The 28<sup>th</sup> European Regional Conference supported six main priorities for the work of the Organization in Europe and Central Asia:

1. *Food security and nutrition*
2. *Policy advice to governments in support of sustainable intensification for small farms*
3. *Natural resources management (including climate change mitigation and adaptation)*
4. *Control of animal, plant and food-borne pests and diseases*
5. *Policy and institutional support for entry of Member States into regional and global trade, standard-setting and political-economic organizations*
6. *Supporting and building global and regional public goods through applied research in the areas of food, agriculture, fisheries and forestry*



534. These priorities can be broadly mapped to the Strategic Objectives as follows:

Corporate SOs	Regional priorities endorsed by the ERC
SO1	1.Food security and nutrition
SO2	3.Natural resource management 2.Policy support to small farmers 4.Control of pests and diseases 6.Supporting and building global and regional public goods through applied research
SO3	2.Policy support to small farmers 4.Control of pests and diseases
SO4	2.Policy support to small farmers 5.Policy and institutional support for entry of Member States into regional and global trade, standard-setting and political-economic organizations.
SO5	3.Natural resource management 4.Control of pests and diseases

535. The main areas of focus of direct interest to Europe and Central Asia in the next biennium 2014-15 and beyond, will naturally be guided by the 28<sup>th</sup> European Regional Conference and by other topics covered under the Regional Agrarian Structures Initiative. An overview is provided below:

Areas of focus	Source of guidance
Food security and nutrition	Regional priority
Agrifood systems for better nutrition in Europe and Central Asia	Topic proposed by ERC
Natural resource management	
Policy support to small farmers	
Control of pests and diseases	Regional priority
Supporting and building global and regional public goods through applied research in the areas of food, agriculture, fisheries and forestry	
Policy support to small farmers	Regional priority
Control of pests and diseases	
Integration of smallholders into value chains	Agrarian structures programme
Policies for better enabling environment for farmer service cooperatives	Topic proposed by ERC
Policies for food losses and waste reduction	

#### *General trends in the priorities identified in the CPFs*

536. The region includes 12 countries which are recipients of technical assistance, divided into three groups (high-priority countries, selected eastern partnership countries, and EU potential accession countries). The CPFs available from these countries generally reflect the approved regional priorities. On the whole, lowest priority is given to food security and nutrition, while the identified highest priorities lie in policy advice to support sustainable intensification for smallholders, natural resource management and pest and disease control. Policy and institutional support for integration into regional and global economic organizations and global and regional public goods seem to embody an intermediate degree of priority.

537. More precisely, Priority 1 (both within the CIS countries and in their role abroad) is given a low-medium priority rating by 3 countries; Priorities 2, 3 and 4 receive an absolute high priority rating from respectively 8, 8 and 6 countries; Priorities 5 and 6 receive a medium-high priority rating from respectively 5 and 6 countries.

## **LATIN AMERICA AND THE CARIBBEAN**

### *Priorities agreed at the Regional Conference*

538. The 32<sup>nd</sup> Regional Conference confirmed the following main priorities for the region:

1. *Food security and nutrition*
2. *Climate change and environmental sustainability*
3. *Family farming*
4. *Animal and plant health and food safety*

539. The Regional Conference also gave emphasis to aspects related to gender, rural youth, indigenous people and rural afro-descendants. In terms of specific countries, it mandated special priority support to Haiti. The links with the corporate SOs and OOs and the implications in terms of main areas of focus for the Organization are described as follows.

#### *Food security and nutrition*

540. This priority links closely with SO1 and also supports the achievement of SO2, SO3 and SO4. The Regional Conference gave particular prominence to the twin-track approach to reduce hunger and malnutrition and more generally food insecurity. Subject to taking account of the substantial differences in the prevalence of hunger and malnutrition problems among and within the subregions, the entire Action Plan for SO1 and its three OOs would be relevant to the region.

#### *Climate change and environmental sustainability*

541. This priority relates mainly to SO5, and to some extent also to SO2. FAO will need to assist countries in strengthening the capacity of farmers and natural resources administrators in identifying and adopting more sustainable land use planning approaches. Soil and water resources for agricultural production should also remain the centre of attention, in order to help maintaining and/or improving soil fertility and ensuring availability of water resources in both quantity and quality terms. FAO should also assist with national and local programmes in the collection and storage of water for small-scale agriculture, especially where desertification threats exist.

542. Risk management is expected to be another prime focus of FAO's technical assistance and national and local capacity building. Countries need to be able to identify and analyze risks associated with natural disasters, assess needs and possible responses and intervene effectively in cases of major disasters affecting agriculture, nutrition and food security. The elaboration of national adaptation plans to climate change should be a major requirement in the coming years for which FAO's assistance is very likely to be requested. International cooperation (including south-south) would be essential in order to exchange experiences on good agricultural adaptation practices.

#### *Family farming*

543. This priority relates to SO2, SO3 and SO4. FAO's advocacy role will put family farming on national policy agendas, and facilitate the implementation of the International Year of Family Farming in 2014. An important focus area is the strengthening of local, national and regional capabilities in the design and management of family farming programmes and policies. Good practices in policy and institutional arrangements should be disseminated, together with active exchange of experiences among public officials and civil society organizations involved in family farming policies.

544. FAO should also collaborate with national authorities in identifying key determining factors in the profitability and sustainability of family farming systems, as well as the bottlenecks to releasing their full potential. Technical assistance will be required to improve the capacity of family farms to

supply local and national markets through alternative marketing channels, the promotion of local institutional markets, purchases for social programmes and the creation of productive alliances in value chains. Advice will also be needed for the formulation and implementation of policies and programmes (and the exchange of experiences and best practices) that promote the use of a genetically diverse set of crop varieties that are suited to multiple agro-ecosystems and farming practices and are climate-change resistant, as well as the use, conservation and exchange of local seeds and native varieties.

*Animal and plant health and food safety*

545. This priority feeds into several SOs. Important focus areas of interest to the region include: strengthening of animal/plant production systems and their sustainable intensification (eco-efficient approach) taking account of animal and plant health and food safety issues; effective animal and plant health policies and legal frameworks at the country level and harmonization at the subregional level; comprehensive animal and plant health services for family farming; training programmes on biosecurity, sanitary risk reduction, food safety for vulnerable communities; further support to prevention and eradication of transboundary animal and plants pests and diseases; and improved coordination mechanisms at the subregional level.

*General trends in the priorities identified in the CPFs*

546. *Food security in CPFs:* depending on the specific characteristics of each country, there appears a strong preoccupation with the rise in the price of food and the need to have effective policies and measures to deal with it. In the case of Central America, strengthening of family farming emerges as important to substitute for food imports and to increase food availability. There is also a need to enhance agricultural productivity and to reorganize institutional frameworks for the whole rural sector. Other countries stress nutritional education and obesity, suggesting revisions in school meals programmes, in health-related and other policies. Eleven countries have approved specific laws on this issue and need FAO's support for their implementation. Finally, many CPFs point to the need to improve the collection of data and statistics and the establishment of strong monitoring systems in the execution of policies and programmes.

547. *Climate change and environmental sustainability in CPFs:* priority areas include: (i) the formulation of national adaptation plans to climate change, irrespective of whether the countries are located in the Caribbean, Central American or South Cone subregions; (ii) risk management, particularly in the Caribbean and Central American countries; (iii) sustainable management of natural resources, including assistance in land and water management in watershed areas, and integrated water resources management systems in respect of agriculture, forestry, livestock and aquaculture (fisheries resources); and (iv) the need to maintain and update land resources data bases, especially in the Caribbean and Central American countries.

548. *Family Farming in CPFs:* countries regard fostering of family farming as part of a wider rural development strategy, recognizing the specific features of family farming and the need to articulate them with territorial policies, with greater participation by producers. While, over the past decade, Southern Cone countries have developed and continuously fine-tuned institutional arrangements in support of family farming, other countries in Central America have just started to follow the same approach. A major issue is the high transaction costs for small farmers which translate into low competitiveness. Countries also emphasize the strengthening of seed production and distribution systems for family farmers.

549. *Animal and plant health and food safety in CPFs:* 14 countries included specific demands in this area - 6 from South America, 3 from Central America and 5 from the Caribbean. Demands for technical assistance range from overall policy formulation to institutional development of national animal and plant health programmes, through legal frameworks, biosafety, and strengthening of sanitary risk evaluation capacities and emergency responses. Similarly, food safety and quality is deemed of high priority in agro-industrial and foods chains.

## NEAR EAST

### *Priorities agreed at the Regional Conference*

550. With 19 countries that have a common cultural heritage, but are vastly different in terms of levels of development, as well as availability of resources, the region evidences extremes of wealth and poverty (if measured on the basis of per capita income). However, all countries face common challenges: e.g. dwindling water and agricultural land resources, structural imbalances between food needs and production, difficulties in employment and income generation in the face of rapidly growing populations, declining investment in the rural sector, environmental degradation, natural and human-induced disasters including conflicts, as well as looming climate change threats. In this context, the 31<sup>st</sup> Regional Conference for the Near East reaffirmed the five priority areas identified in the previously endorsed Regional Priority Framework:

1. *Enhancing food security and nutrition*
2. *Fostering agricultural production and rural development for improved livelihoods*
3. *Sustainable natural resources management*
4. *Responding to climate change impacts and developing adaptation strategies*
5. *Preparedness for, and response to, food and agriculture emergencies*

### *Enhancing food security and nutrition*

551. This regional priority area is pertinent to the achievement of all SOs, but most closely addresses SO1. There are vast requirements in the region for advice and assistance in connection with regional and national food security initiatives. The primary focus areas for FAO in support of these initiatives include: analysis of vulnerability to food insecurity, enhancement of information collection and dissemination, including improved and more reliable agricultural statistics, strengthening of national capacities in formulation of policies and plans for reducing food insecurity and unemployment, ensuring stability through market-based risk management measures, and promoting intraregional collaboration on matters of common interest.

### *Fostering agricultural production and rural development for improved livelihoods*

552. This regional priority area is linked to the achievement of SO1, SO3 and SO4. It is imperative to enhance the role that agriculture can play in alleviating food insecurity, rural poverty and unemployment as demonstrated in several countries of the region, where the agricultural sector has been able to generate nearly one fifth to one half of new jobs in recent years. Also, there are areas that have promising potential for high-value food products, including horticulture, olive oil and fish products, to meet emerging market requirements, both internal and external.

553. The main focus areas for the Organization include: promotion of more efficient techniques of food production in areas of comparative advantage and competitiveness, diversification of income generating activities for smallholders, improved market access and value addition in the food chains, capacity development in primary production and agribusiness. There is also a need to strengthen institutional and technical capacity in countries so that they can: (i) analyse developments in international agricultural markets, trade policies and trade rules; (ii) increase awareness of, and ability to identify trade opportunities and to formulate appropriate and effective pro-poor trade policies and strategies; (iii) formulate gender-sensitive, inclusive and participatory policies in agriculture and rural development; and (iv) implement policies and regulations to support agribusiness and agro-industries.

### *Sustainable natural resources management*

554. This priority has particular relevance in a region affected by critical shortages, especially of water and cultivable land, while it is facing enormous pressures on these resources and serious degradation threats, and is directly linked to the achievement of all SOs in the region, while more closely associated with SO2.

555. Focus areas for FAO include: (i) taking a more holistic approach to water and other natural resource management, leading to more optimal use of these scarce resources between the crop,

livestock, fisheries and forestry sectors; (ii) sustainable management of rangelands and marine ecosystems resources; (iii) preserving forests, where they play an important role in the conservation of natural environments and the mitigation of climate change impacts; (iv) exploring further opportunities for water harvesting and reutilization of waste water; (v) ensuring engagement and participation of all stakeholders in planning and managing water, land and genetic resources; and (vi) supporting regional cooperation on transboundary water management. The Organization should continue to play its due role in regional assessments and monitoring, extending know-how on resource saving technologies to stakeholders and supporting effective approaches to biodiversity protection and related partnerships.

*Responding to climate change impacts and developing adaptation strategies*

556. This regional priority is meant to address the negative impact of changes in temperatures, precipitation, extreme climatic events and sea levels, which are compounding problems of water scarcity, land degradation, crop failures, loss of rangeland and other vegetation cover, excessive livestock deaths and fisheries production declines. Governments, public institutions and farmers, particularly poor producers, need to be supported in adapting to climate change. FAO is expected to assist countries with policy advice and technical assistance; capacity building; and advocacy.

*Preparedness for, and response to, food and agriculture emergencies*

557. A few countries are quite advanced in terms of proactive measures towards disaster management, but others need to speed up efforts in this direction. The improvement of national capacities to respond to food and agricultural threats and emergencies must become an integral component of the hunger and poverty alleviation policies in all countries. FAO will continue to facilitate a shift in emphasis from purely emergency responses towards broad-based preparedness for early detection, prevention and response, linking up relief and rehabilitation to development for mitigating long-term impact through more efficient information systems, advocacy and technical assistance, effective regional mechanisms and networking and capacity building.

*General trends in the priorities identified in the CPFs*

558. An analysis of the CPFs prepared thus far indicates that the priorities set at country level reflect a large degree of commonality across the region.

559. Regional Priority 2: Fostering agricultural production and rural development for improved livelihoods, reflects the highest alignment to CPF priorities with 75% of total CPF outcomes contributing to the achievement of this priority area. 63% of CPFs support Regional Priority 3: Sustainable Management of natural resources. Half of the CPFs support Priority Area 1: Enhancing Food Security and Nutrition and 38% support priority areas 4: Responding to climate change impacts and developing adaptation strategies, and 5: Preparedness for, and response to, food and agriculture emergencies respectively.

## Annex II: 2014-15 Budget Proposal by Strategic/Functional Objective and Organizational Outcome

Strategic/Functional Objective and Organizational Outcome	PWB 2014-15		
	Net Appropriation	Extra-budgetary	Total
1.01 - Member countries and their development partners make explicit political commitments and allocate resources to eradicate hunger, food insecurity and malnutrition	54,751	105,274	160,026
1.02 - Member countries and their development partners adopt and implement evidence-based and inclusive governance mechanisms for eradicating hunger, food insecurity and malnutrition	28,973	35,054	64,027
1.03 - Member countries and their development partners formulate, implement, monitor and evaluate policies, programmes, investments and legislation to eradicate food insecurity and malnutrition	8,951	12,431	21,382
<b>1 - Contribute to the eradication of hunger, food insecurity and malnutrition</b>	<b>92,675</b>	<b>152,759</b>	<b>245,435</b>
2.01 - Producers and natural resource managers adopt practices that increase and improve the provision of goods and services in agriculture sector production systems in a sustainable manner	37,301	50,235	87,536
2.02 - Stakeholders in member countries strengthen governance – the policies, laws, management frameworks and institutions that are needed to support producers and resource managers - in the transition to sustainable agricultural sector production systems	56,164	93,740	149,903
2.03 - Stakeholders develop, adopt and implement international governance mechanisms and related instruments (standards, guidelines, recommendations, etc.) which are needed to improve and increase provision of goods and services in agricultural sector production systems in a sustainable manner	17,448	24,049	41,497
2.04 - Stakeholders make evidence-based decisions in the planning and management of the agricultural sectors and natural resources to support the transition to sustainable agricultural sector production systems through monitoring, statistics, assessment and analyses	82,117	103,136	185,253
<b>2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner</b>	<b>193,030</b>	<b>271,160</b>	<b>464,190</b>
3.01 - The enabling environment is created or improved so that the rural poor have voice and equitable access to resources, services, institutions and policy processes to move out of poverty	36,835	36,069	72,904
3.02 - The enabling environment in member countries is created or improved to increase access by the rural poor to decent farm and non-farm employment	24,038	15,530	39,568
3.03 - The enabling environment is created or improved for effective social protection to enhance food security and nutrition, and sustainable management of natural resources for the rural poor	3,998	2,851	6,848
<b>3 - Reduce rural poverty</b>	<b>64,870</b>	<b>54,450</b>	<b>119,320</b>
4.01 - Policies, regulatory frameworks and public goods enhance inclusiveness and efficiency of food, agriculture and forestry systems	41,464	33,863	75,327
4.02 - Enhanced public-private collaboration in addressing the challenges and risks faced by smaller and disadvantaged participants in food and agricultural systems	50,578	91,516	142,093
4.03 - International agreements and mechanisms promote inclusive and efficient markets.	19,975	5,467	25,442
<b>4 - Enable more inclusive and efficient agricultural and food systems at local, national and international levels</b>	<b>112,017</b>	<b>130,846</b>	<b>242,863</b>
5.01 - Countries and regions have legal, policy and institutional systems and regulatory frameworks for disaster and crisis risk management for agriculture, food and nutrition	5,931	55,171	61,102
5.02 - Countries and regions deliver regular information and trigger timely actions against potential, known and emerging threats to agriculture, food and nutrition	4,724	83,188	87,912
5.03 - Countries apply prevention and impact mitigation measures that reduce risks for agriculture, food and nutrition	24,437	269,655	294,092
5.04 - Countries and regions affected by disasters and crises with impact on agriculture, food and nutrition are prepared for, and manage effective responses	1,524	387,273	388,797
<b>5 - Increase the resilience of livelihoods to threats and crises</b>	<b>36,617</b>	<b>795,287</b>	<b>831,904</b>
6.01 - Quality of Technical Work	30,258	46	30,304
6.02 - Chief Statistician	933	0	933
6.03 - Gender and Governance	10,396	46	10,442
6.04 - Multidisciplinary Fund	10,000	0	10,000
<b>6 - Technical Quality, Knowledge and Services</b>	<b>51,587</b>	<b>92</b>	<b>51,679</b>
7.01 - TCP Management and Support	4,630	0	4,630
7.02 - TCP - Projects	127,223	0	127,223

Strategic/Functional Objective and Organizational Outcome	PWB 2014-15		
	Net Appropriation	Extra- budgetary	Total
<b>7 - Technical Cooperation Programme</b>	<b>131,853</b>	<b>0</b>	<b>131,853</b>
8.01 - Partnerships, Advocacy and Capacity Development	16,743	86	16,829
8.02 - Communications	42,426	1,356	43,782
8.03 - Resource Mobilization and South-South Cooperation	7,228	3	7,231
<b>8 - Outreach</b>	<b>66,396</b>	<b>1,445</b>	<b>67,841</b>
9.01 - Information Technology Infrastructure and Support	31,326	3	31,329
9.02 - Information Systems	12,783	1	12,784
<b>9 - Information Technology</b>	<b>44,108</b>	<b>4</b>	<b>44,112</b>
10.01 - FAO Governance	26,620	451	27,072
10.02 - Oversight	16,357	2,757	19,114
10.03 - Direction	43,271	20,653	63,925
<b>10 - FAO Governance, Oversight and Direction</b>	<b>86,249</b>	<b>23,861</b>	<b>110,110</b>
11.04 - Efficient and Effective Management of Human Resources	19,160	1,252	20,412
11.05 - Efficient and Effective Management of Financial Resources	2,208	593	2,801
11.06 - Efficient and Effective Administration of Human, Physical and Financial Resources	67,228	5,433	72,661
<b>11 - Efficient and Effective Administration</b>	<b>88,596</b>	<b>7,278</b>	<b>95,873</b>
12.01 - Contingencies	600	0	600
<b>12 - Contingencies</b>	<b>600</b>	<b>0</b>	<b>600</b>
13.01 - Knowledge	7,781	0	7,781
13.02 - Operations	6,003	0	6,003
13.03 - Infrastructure	8,448	0	8,448
<b>13 - Capital Expenditure</b>	<b>22,232</b>	<b>0</b>	<b>22,232</b>
14.01 - Safe and secure operating environment for headquarters programme delivery	10,600	181	10,781
14.02 - Safe and secure operating environment for worldwide programme delivery	14,209	0	14,209
<b>14 - Security Expenditure</b>	<b>24,809</b>	<b>181</b>	<b>24,990</b>
<b>Total</b>	<b>1,015,639</b>	<b>1,437,363</b>	<b>2,453,002</b>

**Annex III: 2014-15 Budget Proposal by Strategic/Functional Objective and Region (in USD thousands at 2012-13 rates)**

SO/FO	Headquarters/Global		Africa		Asia and Pacific		Europe and Central Asia		Latin America and the Caribbean		Near East		Total		
	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Total
<b>1</b>	45,504	32,059	18,165	33,543	6,443	32,470	4,238	3,350	10,773	45,843	7,552	5,494	92,675	152,759	245,435
<b>2</b>	103,627	86,857	36,286	52,037	18,037	66,080	5,730	8,107	18,724	31,679	10,626	26,399	193,030	271,160	464,190
<b>3</b>	39,357	10,332	8,141	17,317	6,118	11,796	3,784	5,229	5,363	9,415	2,107	362	64,870	54,450	119,320
<b>4</b>	74,719	52,195	16,418	29,524	7,225	21,490	2,440	1,954	6,069	25,490	5,145	193	112,017	130,846	242,863
<b>5</b>	20,536	38,540	6,008	378,015	3,041	240,756	1,265	19,133	3,042	63,001	2,725	55,842	36,617	795,287	831,904
<b>6</b>	51,229	92	81	0	4	0	28	0	222	0	23	0	51,587	92	51,679
<b>7 - TCP</b>	24,235	0	42,756	0	25,827	0	10,937	0	19,327	0	8,770	0	131,853	0	131,853
<b>8</b>	54,863	1,039	790	0	4,285	20	4,164	385	1,179	0	1,116	0	66,396	1,445	67,841
<b>9</b>	41,005	4	878	0	406	0	518	0	722	0	580	0	44,108	4	44,112
<b>10</b>	67,824	5,744	3,915	8,222	4,975	2,419	2,242	1,689	2,834	537	4,459	5,250	86,249	23,861	110,110
<b>11</b>	60,773	4,675	3,561	638	5,873	18	11,958	647	4,758	1,301	1,674	0	88,596	7,278	95,873
<b>12 - Cont</b>	600	0	0	0	0	0	0	0	0	0	0	0	600	0	600
<b>13 - CapEx</b>	22,232	0	0	0	0	0	0	0	0	0	0	0	22,232	0	22,232
<b>14 - Security</b>	24,711	181	0	0	0	0	99	0	0	0	0	0	24,809	181	24,990
<b>Total</b>	<b>631,215</b>	<b>231,719</b>	<b>136,998</b>	<b>519,295</b>	<b>82,232</b>	<b>375,049</b>	<b>47,405</b>	<b>40,495</b>	<b>73,013</b>	<b>177,265</b>	<b>44,776</b>	<b>93,539</b>	<b>1,015,639</b>	<b>1,437,363</b>	<b>2,453,002</b>



**Annex IV: 2014-15 Budget Proposal by Strategic/Functional Objective and Funding Source (in USD thousands at 2012-13 rates)**

Strategic/Functional Objective	Net Appropriation	Core Voluntary	Percent in operational and pipeline projects	Emergencies	Percent in operational and pipeline projects	Support to Field Programme / Assistance to Member Countries	Percent in operational and pipeline projects	Total Extra-budgetary	Percent in operational and pipeline projects	Total
1 - Contribute to the eradication of hunger, food insecurity and malnutrition	92,675	19,944	90.0%	0		132,815	34.6%	152,759	41.8%	245,435
2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner	193,030	75,262	93.4%	0		195,898	53.7%	271,160	64.7%	464,190
3 - Reduce rural poverty	64,870	5,498	100.0%	0		48,952	54.1%	54,450	58.7%	119,320
4 - Enable more inclusive and efficient agricultural and food systems at local, national and international levels	112,017	47,943	93.7%	0		82,902	54.5%	130,846	68.9%	242,863
5 - Increase the resilience of livelihoods to threats and crises	36,617	7,426	100.0%	703,891	5.0%	83,970	30.8%	795,287	8.6%	831,904
6 - Technical Quality, Knowledge and Services	51,587	58	100.0%	0		34	0.0%	92	63.0%	51,679
7 - Technical Cooperation Programme	131,853	0	100.0%	0		0		0		131,853
8 - Outreach	66,396	159	100.0%	0		1,286	100.0%	1,445	100.0%	67,841
9 - Information Technology	44,108	4	100.0%	0		0		4	100.0%	44,112
10 - FAO Governance, Oversight and Direction	86,249	1,170	100.0%	0		22,691	59.5%	23,861	61.5%	110,110
11 - Efficient and Effective Administration	88,596	7,210	100.0%	0		68	0.0%	7,278	99.1%	95,873
12 - Contingencies	600	0		0		0		0		600
13 - Capital Expenditure	22,232	0		0		0		0		22,232
14 - Security Expenditure	24,809	181	100.0%	0		0		181	100.0%	24,990
<b>Total</b>	<b>1,015,639</b>	<b>164,856</b>	<b>93.9%</b>	<b>703,891</b>	<b>5.0%</b>	<b>568,617</b>	<b>46.3%</b>	<b>1,437,363</b>	<b>31.6%</b>	<b>2,453,002</b>

## Annex V: Core Voluntary Contributions

560. Core Voluntary Contributions are the estimated extrabudgetary resources planned in the Programme of Work under the results frameworks and managed closely with the Net Appropriation. They include:

- a) Trust Fund projects that support core activities at global and regional levels and
- b) non-project contributions from partners (e.g. World Bank Cooperative Programme, WHO contribution to Codex).

561. This Annex provides additional information on the resources included under Core Trust Fund Projects and Core Non-project Contributions.

### *Core Trust Fund projects*

562. Core trust fund projects provide direct support to work planned under the results framework for: (i) development of methodologies and guidelines; (ii) global initiatives and partnerships, (iii) information collection, analysis and dissemination; (iv) Committees, Commissions, and Supervisory Bodies; and (v) other core activities.

563. The table below provides the breakdown of resource estimates in the PWB 2014-15 for core trust fund projects.

Description	2014-15 Estimates (USD '000)
Development of methodologies and guidelines	8,942
Global initiatives and partnerships	71,507
Information collection, analysis and dissemination	9,240
Committees, Commissions and Supervisory Bodies	22,508
Other core activities	1,387
<b>Total</b>	<b>113,584</b>

564. Examples of the main core trust fund projects expected to be active in 2014-15, showing the estimated extra-budgetary contribution and the Strategic/Functional Objectives supported, are provided below.

### *Development of methodologies and guidelines*

- a) Global Trust Fund on State measures to prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing: USD 0.5 million (SO2)
- b) FAO/WHO Global Initiative for Food-related Scientific Advice Facility (GIFSA): USD 0.5 million (SO4)
- c) Support for the Development and Management of International Food Standards and Related Texts by the Codex Alimentarius Commission in Particular, Recommendations Relating to Biosafety Issues: Phase II: USD 0.4 million (SO4)
- d) Conservation and management of pollinators for sustainable agriculture through an ecosystem approach: USD 2.0 million (SO2 and 4)
- e) Climate Smart Agriculture: Capturing the Synergies between Mitigation, adaptation and food security: USD 0.9 million (SO2 and 4)
- f) Global Groundwater: A Framework for Country Action (FSP): USD 0.3 million (SO2)
- g) Supporting Implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests: ): USD 0.4 million (SO1 and 3)
- h) Promotion of Responsible Fisheries Management: USD 0.5 million (SO2)

### *Global initiatives and partnerships*

- a) EU/FAO Programme: Improved global governance for hunger reduction: USD 15.7 million (SO1 and 2)
- b) People's Republic of China Support to South-South Cooperation: USD 1.0 million (SO4)
- c) FAO Multi-Partner Programme Support Mechanism (FMM) – Voluntary contributions` support to strengthened capacities to address emerging environmental challenges, such as climate change and bioenergy: USD 5.4 million (SO2)
- d) Framework Programme for Promoting Sustainable Mountain Development: USD 1.3 million (SO2 and 3)
- e) Organization of the 14th World Forestry Congress: USD 2.2 million (SO2)
- f) Formulation, Monitoring and Follow-up of FAO/Government of Italy Cooperative Programme main components (Traditional Programme, Food Security and Food Safety, Decentralized Cooperation and APO): USD 1.4 million (SO1 and 4)
- g) Contribution to the Global Forest Resources Assessment Programme: USD 1.8 million (SO2)
- h) Global Forum on Agricultural Research Secretariat - Core Activities (ex NARS) USD 9.2 million (SO2)
- i) Strengthening the Knowledge Base for and Implementing an Ecosystem Approach to Marine Fisheries in Developing Countries: USD 5.6 million (SO2)
- j) Locust Emergency Prevention and Management (AID-OFDA): USD 1.1 million (SO4 and 5)
- k) Making land use and agriculture part of the solution - Building capacities for Agriculture Mitigation: USD 1.7 million (SO2)
- l) Strengthening Forest Resources Management and Enhancing its Contribution to Sustainable Development, Land use and Livelihoods: USD 8.6 million (SO2)
- m) Appui à la création et au fonctionnement du panel d'experts de haut niveau en matière de sécurité alimentaire et de nutrition (HLPE): USD 0.9 million (SO1)
- n) IT-PGRFA Trust Fund account for the disbursement of funds for approved projects under the Benefit Sharing Fund of the Treaty): USD 0.9 million (SO1)
- o) Monitoring and Assessment of GHG Emissions and Mitigation Potentials in Agriculture, Forestry and Fisheries: USD 3.0 million (SO2)

### *Information collection, analysis and dissemination*

- a) Strengthening the CountrySTAT System established in 17 Sub-Saharan African Countries - Phase II: USD 1.2 million (SO1 and 2)
- b) Bioenergy and Food Security Rapid Appraisal Project: USD 0.4 million (SO2)
- c) Apoyo a la acción multilateral de FAO en material de recursos genéticos: ejecución del Programa Plurianual de la Comisión de Recursos Genéticos para la Alimentación y la Agricultura: USD 0.9 million (SO2)
- d) Protection of the Canary Current Large Marine Ecosystem (CCLME): USD 1.5 million (SO2)
- e) Integrated Food Security Phase Classification (IPC) Project: USD 0.5 million (SO1 and 2)
- f) Global Component- Global Strategy to Improve Agricultural and Rural Statistics: 1.0 million (SO1 and 2)

- g) Assessments of Climate Change Impacts and Mapping of Vulnerability to Food Insecurity under Climate Change to Strengthen Household Food Security with Livelihoods` Adaptation Approaches: USD 0.9 million (SO2)

*Committees, Commissions and Supervisory Bodies*

- a) International Treaty on Plant Genetic Resources for Food and Agriculture: USD 1.7 million (SO2)
- b) Foot-and-Mouth Disease: USD 1.7 million (SO4 and 5)
- c) Indian Ocean Tuna Commission: USD 6.7 million (SO2)
- d) Support to the General Fisheries Commission for the Mediterranean (GFCM): USD 4.6 million (SO2)
- e) Rotterdam Convention on PIC: USD 1.3 million (SO2 and 3)
- f) Leading the field - The International Treaty on Plant Genetic Resources for Food and Agriculture: USD 1.0 million (SO2)
- g) Committee and Commissions for Desert Locust Control: USD 1.3 million (SO4 and 5)
- h) Strengthening governance of food security and nutrition through the Committee on World Food Security: USD 0.6 million (SO1)
- i) EC Funded Activities carried out by the FAO European Commission for the Control of Foot-and-Mouth Disease (EUFMD) : USD 1.2 million (SO4 and 5)

*Other Direct Support to Regular Programme of Work*

- a) Associate Professional Officers and Programme Officer's posts for Spain – FAO Programme: USD 0.5 million (SO1, 2 and 4)

*Core non-project contributions*

565. Core non-project contributions are extra-budgetary resources received from UN and other partners directly supporting the Programme of Work. These include contributions from the World Bank for the Cooperative Programme with the FAO Investment Centre, from the World Health Organization for Codex, and from host Governments for offices established in their countries. A breakdown of planned core non-project contributions and the main Strategic/Functional Objectives supported is provided in the table below.

Description	2014-15 Estimates (USD thousands)	Main SO supported
World Bank	27,404	4
Other International Financing Institutions	9,307	4
Other Jointly Funded Activities (CODEX)	1,863	4
Government Cash Contributions	4,029	2
Sundry	8,669	1, 2
<b>Total</b>	<b>51,272</b>	

# Annex VI: 2014-15 Budget Proposal by Strategic/Functional Objective and Department/Office (in USD 000 at 2012-13 rates)

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
<b>1 - Contribute to the eradication of hunger, food insecurity and malnutrition</b>	<b>92,675</b>	<b>152,759</b>	<b>245,435</b>
LEG - Legal and Ethics Office	1,860	0	1,860
OCC - Office for Corporate Communication	3,220	0	3,220
OPC - Office for Partnerships, Advocacy and Capacity Development	2,585	0	2,585
OEK - Office of Knowledge Exchange	0	133	133
DDN - Deputy Director-General (Coordinator Natural Resources)	898	0	898
NRC - Climate, Energy and Tenure Division	2,122	567	2,689
AG - Agriculture and Consumer Protection Department	941	422	1,363
ES - Economic and Social Development Department	27,933	17,778	45,711
FI - Fisheries and Aquaculture Department	228	0	228
TC - Technical Cooperation Department	5,717	13,160	18,877
RO - Regional Offices	14,079	2,924	17,003
SO - Subregional Offices	7,514	1,629	9,143
FC - FAO Representations	25,578	116,147	141,725
<b>2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner</b>	<b>193,030</b>	<b>271,160</b>	<b>464,190</b>
LEG - Legal and Ethics Office	460	0	460
OCC - Office for Corporate Communication	1,507	0	1,507
OPC - Office for Partnerships, Advocacy and Capacity Development	2,326	0	2,326
OEK - Office of Knowledge Exchange	0	275	275
DDN - Deputy Director-General (Coordinator Natural Resources)	7,617	11,250	18,867
NRC - Climate, Energy and Tenure Division	6,634	9,738	16,372
NRL - Land and Water Division	10,670	3,805	14,475
AG - Agriculture and Consumer Protection Department	22,899	14,313	37,213
ES - Economic and Social Development Department	5,528	3,271	8,799
FI - Fisheries and Aquaculture Department	32,550	26,616	59,165
FO - Forestry Department	13,107	14,779	27,886
TC - Technical Cooperation Department	328	2,810	3,139
LO - Liaison Offices	394	0	394
RO - Regional Offices	21,614	33,478	55,091
SO - Subregional Offices	20,894	4,131	25,026
FC - FAO Representations	46,501	146,693	193,194
<b>3 - Reduce rural poverty</b>	<b>64,870</b>	<b>54,450</b>	<b>119,320</b>
DDN - Deputy Director-General (Coordinator Natural Resources)	44	19	63
NRC - Climate, Energy and Tenure Division	745	195	940
AG - Agriculture and Consumer Protection Department	2,854	4,884	7,737
ES - Economic and Social Development Department	25,955	2,937	28,892
FI - Fisheries and Aquaculture Department	483	51	533
FO - Forestry Department	9,086	1,771	10,857
TC - Technical Cooperation Department	191	475	666
LO - Liaison Offices	503	35	538
RO - Regional Offices	7,930	6,655	14,585
SO - Subregional Offices	3,432	3,790	7,222
FC - FAO Representations	13,648	33,638	47,286
<b>4 - Enable more inclusive and efficient agricultural and food systems at local, national and international levels</b>	<b>112,017</b>	<b>130,846</b>	<b>242,863</b>
LEG - Legal and Ethics Office	372	0	372
OCP - Office for Communication, Partnerships and Advocacy	0	34	34
OEK - Office of Knowledge Exchange	0	34	34
DDN - Deputy Director-General (Coordinator Natural Resources)	164	0	164
NRL - Land and Water Division	0	598	598
AG - Agriculture and Consumer Protection Department	35,387	3,908	39,296
ES - Economic and Social Development Department	6,443	5,743	12,186
FI - Fisheries and Aquaculture Department	3,268	568	3,836
TC - Technical Cooperation Department	29,085	41,309	70,394
RO - Regional Offices	9,438	7,098	16,536
SO - Subregional Offices	8,493	3,419	11,912
FC - FAO Representations	19,367	68,134	87,501

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
<b>5 - Increase the resilience of livelihoods to threats and crises</b>	<b>36,617</b>	<b>795,287</b>	<b>831,904</b>
LEG - Legal and Ethics Office	329	0	329
DDN - Deputy Director-General (Coordinator Natural Resources)	56	0	56
NRC - Climate, Energy and Tenure Division	174	0	174
NRL - Land and Water Division	91	0	91
AG - Agriculture and Consumer Protection Department	14,689	5,746	20,436
ES - Economic and Social Development Department	3,422	2,193	5,615
FI - Fisheries and Aquaculture Department	211	2	213
TC - Technical Cooperation Department	1,562	30,599	32,161
RO - Regional Offices	4,490	2,847	7,337
SO - Subregional Offices	5,419	270	5,689
FC - FAO Representations	6,172	753,630	759,802
<b>6 - Technical Quality, Knowledge and Services</b>	<b>51,587</b>	<b>92</b>	<b>51,679</b>
ODG - Office of the Director-General	79	0	79
LEG - Legal and Ethics Office	63	0	63
OCC - Office for Corporate Communication	171	0	171
OPC - Office for Partnerships, Advocacy and Capacity Development	234	0	234
OSP - Office of Strategy, Planning and Resources Management	105	0	105
OHR - Office of Human Resources	78	0	78
OED - Office of Evaluation	91	0	91
OIG - Office of the Inspector-General	84	0	84
DDN - Deputy Director-General (Coordinator Natural Resources)	5,333	25	5,358
NRC - Climate, Energy and Tenure Division	79	0	79
NRL - Land and Water Division	63	0	63
CPA - Conference, Council and Protocol Affairs Division	168	0	168
OSD - Office of Support to Decentralization	180	0	180
CIO - Information Technology Division	108	0	108
OSM - Multidisciplinary Fund	10,000	0	10,000
AG - Agriculture and Consumer Protection Department	4,788	0	4,788
ES - Economic and Social Development Department	13,558	46	13,604
FI - Fisheries and Aquaculture Department	6,042	0	6,042
FO - Forestry Department	5,641	0	5,641
TC - Technical Cooperation Department	4,180	21	4,201
CS - Corporate Services, Human Resources, and Finance Department	183	0	183
RO - Regional Offices	280	0	280
SO - Subregional Offices	79	0	79
<b>7 - Technical Cooperation Programme</b>	<b>131,853</b>	<b>0</b>	<b>131,853</b>
TC - Technical Cooperation Department	1,351	0	1,351
RO - Regional Offices	3,010	0	3,010
SO - Subregional Offices	269	0	269
TP - Technical Cooperation Programme - Projects	127,223	0	127,223
<b>8 - Outreach</b>	<b>66,396</b>	<b>1,445</b>	<b>67,841</b>
OCP - Office for Communication, Partnerships and Advocacy	0	818	818
OCC - Office for Corporate Communication	28,338	65	28,403
OPC - Office for Partnerships, Advocacy and Capacity Development	14,397	55	14,452
OIG - Office of the Inspector-General	0	9	9
CPA - Conference, Council and Protocol Affairs Division	199	0	199
OSD - Office of Support to Decentralization	444	0	444
TC - Technical Cooperation Department	6,549	14	6,563
LO - Liaison Offices	13,888	464	14,352
RO - Regional Offices	4,880	20	4,900
Corporate Income and Cost Recoveries	(2,300)	0	(2,300)
<b>9 - Information Technology</b>	<b>44,108</b>	<b>4</b>	<b>44,112</b>
CIO - Information Technology Division	50,005	4	50,009
RO - Regional Offices	2,019	0	2,019
SO - Subregional Offices	1,084	0	1,084
Corporate Income and Cost Recoveries	(9,000)	0	(9,000)

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
<b>10 - FAO Governance, Oversight and Direction</b>	<b>86,249</b>	<b>23,861</b>	<b>110,110</b>
ODG - Office of the Director-General	8,231	0	8,231
LEG - Legal and Ethics Office	4,429	255	4,685
OSP - Office of Strategy, Planning and Resources Management	11,573	0	11,573
OED - Office of Evaluation	7,963	2,650	10,613
OIG - Office of the Inspector-General	9,594	107	9,701
DDO - Deputy Director-General (Operations)	2,115	0	2,115
CPA - Conference, Council and Protocol Affairs Division	26,620	451	27,072
OSD - Office of Support to Decentralization	9,308	2,281	11,589
OSS - Contributions to Inter-agency Coordination	2,090	0	2,090
RO - Regional Offices	18,425	8,995	27,419
FC - FAO Representations	0	9,122	9,122
Corporate Income and Cost Recoveries	(14,100)	0	(14,100)
<b>11 - Efficient and Effective Administration</b>	<b>88,596</b>	<b>7,278</b>	<b>95,873</b>
LEG - Legal and Ethics Office	3,977	0	3,977
OHR - Office of Human Resources	4,926	0	4,926
CS - Corporate Services, Human Resources, and Finance Department	90,431	4,722	95,153
LO - Liaison Offices	358	0	358
RO - Regional Offices	17,504	769	18,273
SO - Subregional Offices	0	1,787	1,787
Corporate Income and Cost Recoveries	(28,600)	0	(28,600)

The 2012-13 net appropriation figures include the following technical adjustments compared to CL 154/3, Annex 3: realignment of non-staff and income resources between CSC/CPA and AGN/ESN, and the transfer of Innovation Fund resources from DDO to the "Multi-disciplinary Fund/Innovation Fund".

**Annex VII: 2014-15 Proposal by Organizational Unit**

Organizational Unit/Department	PWB 2012-13 (Transformational Changes)			Change			PWB 2014-15		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
ODG - Office of the Director-General	8,109	0	8,109	200	0	200	8,310	0	8,310
LEG - Legal and Ethics Office	11,563	1,070	12,633	(73)	(815)	(888)	11,490	255	11,745
OCP - Office for Communication, Partnerships and Advocacy	29,256	0	29,256	(29,256)	852	(28,404)	0	852	852
OCC - Office for Corporate Communication	0	0	0	33,236	65	33,301	33,236	65	33,301
OPC - Office for Partnerships, Advocacy and Capacity Development	0	0	0	19,542	55	19,597	19,542	55	19,597
OSP - Office of Strategy, Planning and Resources Management	11,371	450	11,821	308	(450)	(142)	11,678	0	11,678
OHR - Office of Human Resources	5,083	0	5,083	(80)	0	(80)	5,003	0	5,003
OED - Office of Evaluation	7,027	3,500	10,527	1,027	(850)	177	8,054	2,650	10,704
OIG - Office of the Inspector-General	9,394	405	9,799	284	(289)	(5)	9,678	116	9,794
DDK - Deputy Director-General (Knowledge)	2,115	0	2,115	(2,115)	0	(2,115)	0	0	0
OEK - Office of Knowledge Exchange	16,264	13,378	29,642	(16,264)	(12,935)	(29,199)	0	443	443
DDN - Deputy Director-General (Coordinator for Natural Resources)	0	0	0	14,113	11,294	25,406	14,113	11,294	25,406
NRC - Climate, Energy and Tenure Division	0	0	0	9,754	10,499	20,253	9,754	10,499	20,253
NRL - Land and Water Division	0	0	0	10,825	4,403	15,228	10,825	4,403	15,228
DDO - Deputy Director-General (Operations)	2,164	0	2,164	(48)	0	(48)	2,115	0	2,115
CPA - Conference, Council and Protocol Affairs Division	25,628	2,468	28,096	1,360	(2,017)	(657)	26,988	451	27,439
OSD - Office of Support to Decentralization	10,100	0	10,100	(168)	2,281	2,113	9,932	2,281	12,213
CIO - Information Technology Division	49,202	0	49,202	911	4	915	50,113	4	50,117
OSM - Multidisciplinary Fund	11,269	0	11,269	(1,269)	0	(1,269)	10,000	0	10,000
OSS - Contributions to Inter-agency Coordination	2,115	0	2,115	(25)	0	(25)	2,090	0	2,090
<b>Total</b>	<b>200,661</b>	<b>21,271</b>	<b>221,931</b>	<b>42,261</b>	<b>12,097</b>	<b>54,358</b>	<b>242,922</b>	<b>33,367</b>	<b>276,289</b>
AGD - Office of Assistant Director-General	18,845	0	18,845	7,353	119	7,472	26,198	119	26,317
AGA - Animal Production and Health Division	15,815	9,336	25,151	(201)	(3,053)	(3,254)	15,614	6,283	21,897
AGE - Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture	6,138	0	6,138	(71)	148	77	6,067	148	6,215
AGP - Plant Production and Protection Division	28,606	1,358	29,964	(8,372)	21,040	12,668	20,234	22,398	42,632
AGS - Rural Infrastructure and Agro-Industries Division	13,603	700	14,303	(158)	(374)	(532)	13,445	326	13,771
<b>AG - Agriculture and Consumer Protection Department</b>	<b>83,008</b>	<b>11,394</b>	<b>94,401</b>	<b>(1,449)</b>	<b>17,880</b>	<b>16,431</b>	<b>81,559</b>	<b>29,274</b>	<b>110,833</b>



Organizational Unit/Department	PWB 2012-13 (Transformational Changes)			Change			PWB 2014-15		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
ESD - Office of Assistant Director-General	4,231	0	4,231	203	6	209	4,434	6	4,440
ESA - Agricultural Development Economics Division	15,907	15,420	31,328	(68)	5,991	5,923	15,840	21,412	37,251
ESS - Statistics Division	15,467	540	16,007	211	2,269	2,481	15,679	2,809	18,488
EST - Trade and Markets Division	21,409	586	21,995	(311)	2,197	1,886	21,098	2,783	23,881
ESN - Nutrition Division	8,584	12,164	20,748	(260)	(7,455)	(7,714)	8,325	4,709	13,034
ESP - Social Protection Division	0	0	0	17,465	249	17,713	17,465	249	17,713
ESW - Gender, Equity and Rural Employment Division	12,229	398	12,627	(12,229)	(398)	(12,627)	0	0	0
<b>ES - Economic and Social Development Department</b>	<b>77,827</b>	<b>29,108</b>	<b>106,936</b>	<b>5,012</b>	<b>2,859</b>	<b>7,871</b>	<b>82,839</b>	<b>31,968</b>	<b>114,807</b>
FID - Office of Assistant Director-General	2,835	16,117	18,951	204	(15,907)	(15,703)	3,038	210	3,249
FIP - Fisheries and Aquaculture Policy and Economic Division	21,092	12,522	33,614	(404)	4,719	4,315	20,688	17,241	37,929
FIR - Fisheries and Aquaculture Resources Use and Conservation Division	19,318	13,996	33,314	(263)	(4,211)	(4,475)	19,055	9,785	28,840
<b>FI - Fisheries and Aquaculture Department</b>	<b>43,244</b>	<b>42,635</b>	<b>85,879</b>	<b>(463)</b>	<b>(15,399)</b>	<b>(15,862)</b>	<b>42,781</b>	<b>27,236</b>	<b>70,017</b>
FOD - Office of Assistant Director-General	6,590	0	6,590	124	2,335	2,459	6,714	2,335	9,050
FOE - Forest Economics, Policy and Products Division	10,675	11,324	21,999	(194)	2,170	1,976	10,481	13,494	23,975
FOM - Forest Assessment, Management and Conservation Division	10,766	19,564	30,329	(128)	(18,842)	(18,970)	10,638	721	11,359
<b>FO - Forestry Department</b>	<b>28,031</b>	<b>30,887</b>	<b>58,918</b>	<b>(198)</b>	<b>(14,337)</b>	<b>(14,535)</b>	<b>27,833</b>	<b>16,550</b>	<b>44,384</b>
NRD - Office of Assistant Director-General	14,075	2,430	16,505	(14,075)	(2,430)	(16,505)	0	0	0
NRC - Climate, Energy and Tenure Division	9,869	16,571	26,441	(9,869)	(16,571)	(26,441)	0	0	0
NRL - Land and Water Division	10,958	8,375	19,333	(10,958)	(8,375)	(19,333)	0	0	0
<b>NR - Natural Resources Management and Environment Department</b>	<b>34,903</b>	<b>27,376</b>	<b>62,279</b>	<b>(34,903)</b>	<b>(27,376)</b>	<b>(62,279)</b>	<b>0</b>	<b>0</b>	<b>0</b>
TCD - Office of Assistant Director-General	5,422	900	6,322	(49)	(879)	(928)	5,373	21	5,394
TCE - Emergency and Rehabilitation Division	1,122	780,753	781,875	0	(736,061)	(736,061)	1,122	44,692	45,814
TCI - Investment Centre Division	26,939	46,004	72,943	(158)	(6,831)	(6,989)	26,781	39,173	65,954
TCS - South-South and Resource Mobilization Division	16,361	31,218	47,579	(672)	(26,750)	(27,422)	15,688	4,468	20,157
<b>TC - Technical Cooperation Department</b>	<b>49,843</b>	<b>858,875</b>	<b>908,718</b>	<b>(879)</b>	<b>(770,521)</b>	<b>(771,399)</b>	<b>48,964</b>	<b>88,355</b>	<b>137,319</b>
CSD - Office of Assistant Director-General	8,624	670	9,294	(117)	551	434	8,507	1,221	9,728
CSF - Finance Division	16,661	2,701	19,362	(194)	(2,065)	(2,258)	16,467	636	17,104
CSP - Human Resources Support Service	24,400	1,254	25,654	(2,553)	(2)	(2,555)	21,846	1,252	23,098
CSA - Administrative Services Division	34,722	6,388	41,110	(1,247)	(4,789)	(6,036)	33,475	1,599	35,074
CSS - Shared Services Centre	10,440	1,908	12,348	(121)	(1,861)	(1,982)	10,319	47	10,366
<b>CS - Corporate Services, Human Resources, and Finance Department</b>	<b>94,847</b>	<b>12,521</b>	<b>107,368</b>	<b>(4,233)</b>	<b>(8,166)</b>	<b>(12,397)</b>	<b>90,615</b>	<b>4,756</b>	<b>95,370</b>

Organizational Unit/Department	PWB 2012-13 (Transformational Changes)			Change			PWB 2014-15		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
LOB - Liaison Office with European Union and Belgium	893	700	1,593	(10)	(315)	(325)	883	385	1,269
LOG - Liaison Office with the United Nations, Geneva	3,666	0	3,666	(42)	35	(8)	3,624	35	3,658
LON - Liaison Office with the United Nations, New York	3,928	0	3,928	(46)	(0)	(46)	3,883	(0)	3,882
LOJ - Liaison Office with Japan, Yokohama	1,505	0	1,505	(17)	0	(17)	1,487	0	1,487
LOW - Liaison Office for North America, Washington, D.C.	4,167	136	4,303	(456)	(57)	(513)	3,711	79	3,790
LOR - Liaison Office with the Russian Federation, Moscow	1,574	0	1,574	(18)	0	(18)	1,556	0	1,556
<b>LO - Liaison Offices</b>	<b>15,734</b>	<b>836</b>	<b>16,570</b>	<b>(590)</b>	<b>(337)</b>	<b>(927)</b>	<b>15,143</b>	<b>499</b>	<b>15,642</b>
TPI - TCP Projects - Inter-regional and Emergency Facility	20,037	0	20,037	2,847	0	2,847	22,884	0	22,884
TPA - TCP Projects - Africa	36,584	0	36,584	5,197	0	5,197	41,781	0	41,781
TPP - TCP Projects - Asia and the Pacific	21,950	0	21,950	3,118	0	3,118	25,068	0	25,068
TPL - TCP Projects - Latin America and the Caribbean	16,464	0	16,464	2,339	0	2,339	18,803	0	18,803
TPN - TCP Projects - Near East and North Africa	7,271	0	7,271	1,033	0	1,033	8,304	0	8,304
TPE - TCP Projects - Europe and Central Asia	9,090	0	9,090	1,291	0	1,291	10,382	0	10,382
<b>TP - Technical Cooperation Programme - Projects</b>	<b>111,397</b>	<b>0</b>	<b>111,397</b>	<b>15,826</b>	<b>0</b>	<b>15,826</b>	<b>127,223</b>	<b>0</b>	<b>127,223</b>
FRA - FAORs in Africa	54,135	89,611	143,746	(2,210)	415,334	413,124	51,925	504,945	556,870
RAF - Regional Office for Africa (Accra)	17,762	4,822	22,584	5,623	5,723	11,346	23,385	10,545	33,930
SFC - Subregional Office for Central Africa (Libreville)	5,353	2,742	8,095	(62)	(604)	(666)	5,291	2,138	7,429
SFE - Subregional Office for Eastern Africa (Addis Ababa)	7,305	12,354	19,659	(84)	(10,964)	(11,048)	7,221	1,389	8,610
SFS - Subregional Office for Southern Africa (Harare)	7,481	4,916	12,397	(86)	(4,638)	(4,724)	7,395	278	7,673
SFW - Subregional Office for West Africa (Accra)	5,917	1,580	7,498	(5,917)	(1,580)	(7,498)	0	0	0
<b>Africa</b>	<b>97,953</b>	<b>116,024</b>	<b>213,978</b>	<b>(2,736)</b>	<b>403,271</b>	<b>400,535</b>	<b>95,217</b>	<b>519,295</b>	<b>614,512</b>
FAP - FAORs in Asia and the Pacific	23,924	81,365	105,289	(1,661)	281,275	279,614	22,263	362,640	384,903
RAP - Regional Office for Asia and the Pacific (Bangkok)	27,548	17,460	45,008	(334)	(8,555)	(8,889)	27,214	8,905	36,119
SAP - Subregional Office for the Pacific Islands (Apia)	4,698	194	4,891	(54)	3,311	3,257	4,644	3,505	8,148
<b>Asia and Pacific</b>	<b>56,170</b>	<b>99,019</b>	<b>155,188</b>	<b>(2,049)</b>	<b>276,031</b>	<b>273,981</b>	<b>54,120</b>	<b>375,049</b>	<b>429,170</b>
FEU - FAORs in Europe and Central Asia	4,282	500	4,782	(99)	27,274	27,174	4,183	27,774	31,957
REU - Regional Office for Europe and Central Asia (Budapest)	13,050	2,451	15,501	(180)	6,120	5,941	12,871	8,571	21,442
SEC - Subregional Office for Central Asia (Ankara)	5,104	4,208	9,312	(59)	(525)	(584)	5,044	3,683	8,727
<b>Europe and Central Asia</b>	<b>22,436</b>	<b>7,158</b>	<b>29,595</b>	<b>(338)</b>	<b>32,870</b>	<b>32,532</b>	<b>22,099</b>	<b>40,028</b>	<b>62,127</b>

Organizational Unit/Department	PWB 2012-13 (Transformational Changes)			Change			PWB 2014-15		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
FLA - FAORs in Latin America and the Caribbean	22,340	72,105	94,445	(457)	97,512	97,055	21,883	169,617	191,500
RLC - Regional Office for Latin America and the Caribbean (Santiago)	21,611	2,485	24,096	(279)	1,179	901	21,332	3,665	24,997
SLC - Subregional Office for the Caribbean (Bridgetown)	5,714	180	5,893	(66)	116	51	5,648	296	5,944
SLM - Sub-regional Office for Mesoamerica (Panama City)	5,410	866	6,276	(63)	2,822	2,759	5,347	3,688	9,035
<b>Latin America and the Caribbean</b>	<b>55,074</b>	<b>75,636</b>	<b>130,710</b>	<b>(864)</b>	<b>101,630</b>	<b>100,765</b>	<b>54,210</b>	<b>177,265</b>	<b>231,475</b>
FNE - FAORs in the Near East	11,892	8,234	20,126	(879)	54,155	53,275	11,012	62,389	73,401
RNE - Regional Office for the Near East and North Africa (Cairo)	19,101	3,821	22,922	(235)	27,279	27,044	18,866	31,100	49,966
SNE - Subregional Office for North Africa (Tunis)	6,670	563	7,233	(77)	(512)	(589)	6,593	51	6,644
<b>Near East</b>	<b>37,663</b>	<b>12,618</b>	<b>50,281</b>	<b>(1,191)</b>	<b>80,922</b>	<b>79,730</b>	<b>36,472</b>	<b>93,539</b>	<b>130,011</b>
<b>Corporate Income and Cost Recoveries (net)</b>	<b>(55,000)</b>	<b>46,000</b>	<b>(9,000)</b>	<b>1,000</b>	<b>(46,000)</b>	<b>(45,000)</b>	<b>(54,000)</b>	<b>0</b>	<b>(54,000)</b>
<b>Contingencies</b>	<b>600</b>	<b>0</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>0</b>	<b>600</b>
<b>Capital Expenditure</b>	<b>26,439</b>	<b>0</b>	<b>26,439</b>	<b>(4,207)</b>	<b>0</b>	<b>(4,207)</b>	<b>22,232</b>	<b>0</b>	<b>22,232</b>
<b>Security Expenditure</b>	<b>24,809</b>	<b>1,139</b>	<b>25,948</b>	<b>0</b>	<b>(958)</b>	<b>(957)</b>	<b>24,809</b>	<b>181</b>	<b>24,990</b>
<b>Total</b>	<b>1,005,639</b>	<b>1,392,898</b>	<b>2,398,536</b>	<b>10,000</b>	<b>44,466</b>	<b>54,466</b>	<b>1,015,639</b>	<b>1,437,363</b>	<b>2,453,002</b>

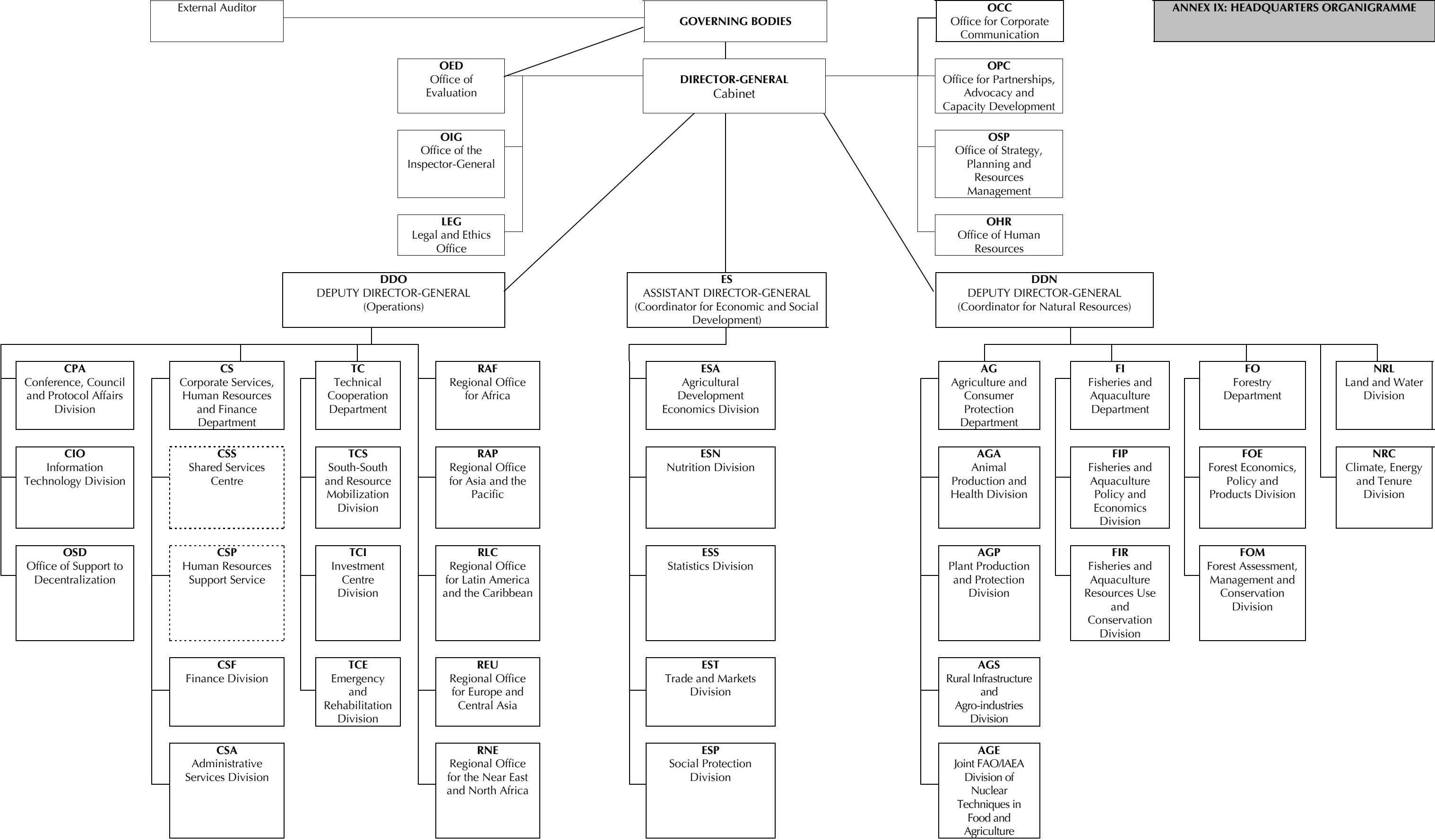
The 2012-13 net appropriation figures include the following technical adjustments compared to CL 154/3, Annex 3: realignment of non-staff and income resources between CSC/CPA and AGN/ESN, and the transfer of Innovation Fund resources from DDO to the "Multi-disciplinary Fund/Innovation Fund".

**Annex VIII: Post Counts by Grade and Organizational Unit**

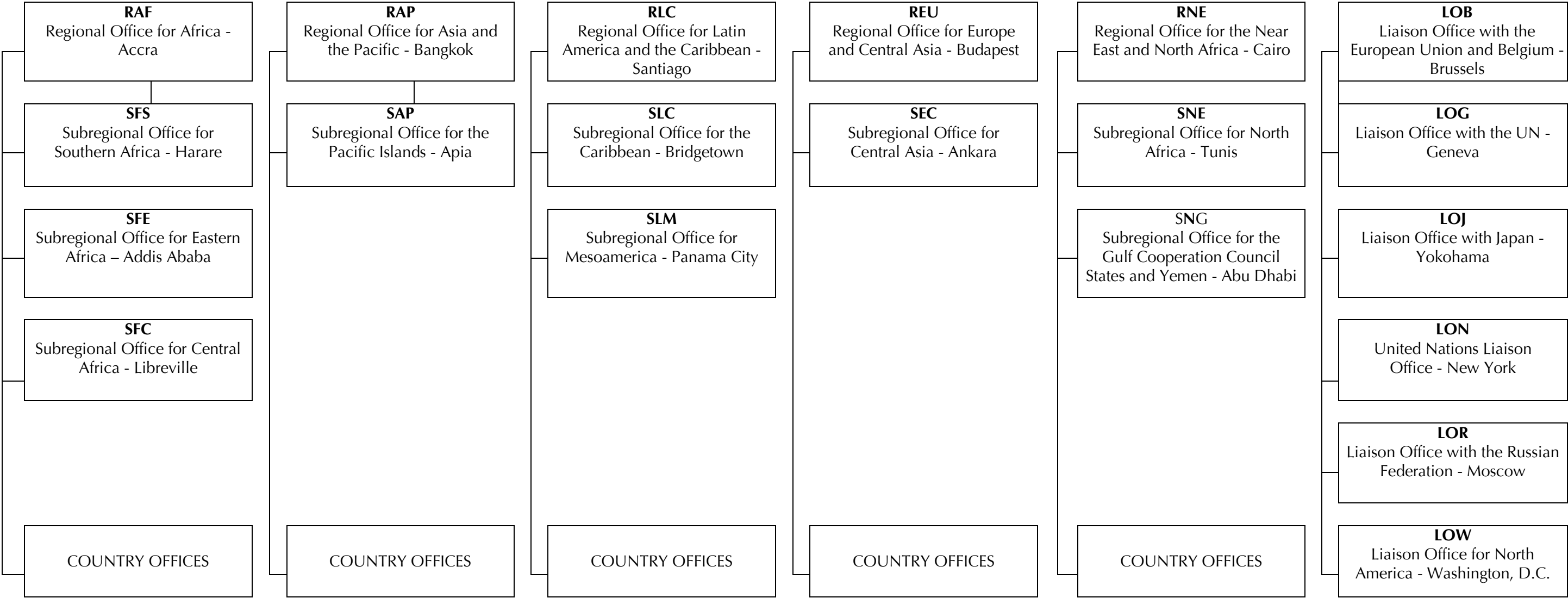
Organizational Unit	PWB 2012-13 (Transformational Changes)					Change					PWB 2014-15				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Office of the Director-General (ODG)	3	8	0	12	23	0	0	0	0	0	3	8	0	12	23
Legal and Ethics Office (LEG)	2	19	0	11	32	0	0	0	0	0	2	19	0	11	32
Office for Communication, Partnerships and Advocacy (OCP)	2	45	0	32	79	(2)	(45)	0	(32)	(79)	0	0	0	0	0
Office for Corporate Communication (OCC)	0	0	0	0	0	2	50	0	35	87	2	50	0	35	87
Office for Partnerships, Advocacy and Capacity Development (OPC)	0	0	0	0	0	2	29	0	13	44	2	29	0	13	44
Office of Strategy, Planning and Resources Management (OSP)	3	19	0	10	32	0	0	0	0	0	3	19	0	10	32
Office of Human Resources (OHR)	1	8	0	4	13	0	0	0	0	0	1	8	0	4	13
Office of Evaluation (OED)	1	8	0	3	12	0	0	0	0	0	1	8	0	3	12
Office of the Inspector-General (OIG)	2	19	0	6	27	0	0	0	0	0	2	19	0	6	27
Deputy Director-General (Knowledge) (DDK)	1	2	0	2	5	(1)	(2)	0	(2)	(5)	0	0	0	0	0
Office of Knowledge Exchange (OEK)	1	29	0	17	47	(1)	(29)	0	(17)	(47)	0	0	0	0	0
Deputy Director-General (Coordinator for Natural Resources) (DDN)	0	0	0	0	0	2	19	0	18	39	2	19	0	18	39
Climate, Energy and Tenure Division (NRC)	0	0	0	0	0	2	16	0	10	28	2	16	0	10	28
Land and Water Division (NRL)	0	0	0	0	0	2	19	0	8	29	2	19	0	8	29
Deputy Director-General (Operations) (DDO)	1	2	0	2	5	0	0	0	0	0	1	2	0	2	5
Conference, Council and Protocol Affairs Division (CPA)	2	37	0	59	98	0	1	0	1	2	2	38	0	60	100
Office of Support to Decentralization (OSD)	2	11	0	15	28	0	0	0	0	0	2	11	0	15	28
Information Technology Division (CIO)	2	57	4	29	92	0	0	0	0	0	2	57	4	29	92
	23	264	4	201	492	6	58	0	34	98	29	322	4	235	590
Office of Assistant Director-General (AGD)	2	19	0	23	44	1	7	0	4	12	3	26	0	27	56
Animal Production and Health Division (AGA)	2	27	0	13	42	0	0	0	0	0	2	27	0	13	42
Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture (AGE)	1	8	0	0	9	0	0	0	0	0	1	8	0	0	9
Plant Production and Protection Division (AGP)	3	39	0	28	70	(1)	(7)	0	(6)	(14)	2	32	0	22	56
Rural Infrastructure and Agro-Industries Division (AGS)	1	24	0	10	35	0	0	0	0	0	1	24	0	10	35
Agriculture and Consumer Protection Department (AG)	9	117	0	74	200	0	0	0	(2)	(2)	9	117	0	72	198
Office of Assistant Director-General (ESD)	2	3	0	7	12	0	0	0	0	0	2	3	0	7	12
Agricultural Development Economics Division (ESA)	2	24	0	12	38	0	0	0	0	0	2	24	0	12	38
Statistics Division (ESS)	2	26	0	24	52	0	0	0	1	1	2	26	0	25	53
Trade and Markets Division (EST)	2	35	0	27	64	0	0	0	0	0	2	35	0	27	64
Nutrition Division (ESN)	2	13	0	4	19	0	(1)	0	2	1	2	12	0	6	20
Social Protection Division (ESP)	0	0	0	0	0	2	20	0	7	29	2	20	0	7	29
Gender, Equity and Rural Employment Division (ESW)	2	19	0	7	28	(2)	(19)	0	(7)	(28)	0	0	0	0	0
Economic and Social Development Department (ES)	12	120	0	81	213	0	0	0	3	3	12	120	0	84	216

Organizational Unit	PWB 2012-13 (Transformational Changes)					Change					PWB 2014-15				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Office of Assistant Director-General (FID)	1	1	0	5	7	0	0	0	0	0	1	1	0	5	7
Fisheries and Aquaculture Policy and Economic Division (FIP)	3	33	0	28	64	0	0	0	0	0	3	33	0	28	64
Fisheries and Aquaculture Resources Use and Conservation Division (FIR)	2	34	0	19	55	0	0	0	0	0	2	34	0	19	55
Fisheries and Aquaculture Department (FI)	6	68	0	51	125	0	0	0	0	0	6	68	0	51	125
Office of Assistant Director-General (FOD)	1	7	0	8	16	0	0	0	0	0	1	7	0	8	16
Forest Economics, Policy and Products Division (FOE)	2	18	0	8	28	0	0	0	0	0	2	18	0	8	28
Forest Assessment, Management and Conservation Division (FOM)	2	18	0	7	27	0	0	0	0	0	2	18	0	7	27
Forestry Department (FO)	5	43	0	23	71	0	0	0	0	0	5	43	0	23	71
Office of Assistant Director-General (NRD)	2	18	0	19	39	(2)	(18)	0	(19)	(39)	0	0	0	0	0
Climate, Energy and Tenure Division (NRC)	2	16	0	10	28	(2)	(16)	0	(10)	(28)	0	0	0	0	0
Land and Water Division (NRL)	2	19	0	8	29	(2)	(19)	0	(8)	(29)	0	0	0	0	0
Natural Resources Management and Environment Department (NR)	6	53	0	37	96	(6)	(53)	0	(37)	(96)	0	0	0	0	0
Office of Assistant Director-General (TCD)	1	6	0	9	16	0	0	0	0	0	1	6	0	9	16
Emergency and Rehabilitation Division (TCE)	1	2	0	0	3	0	0	0	0	0	1	2	0	0	3
Investment Centre Division (TCI)	5	63	0	31	99	0	0	0	0	0	5	63	0	31	99
South-South and Resource Mobilization Division (TCS)	3	18	0	16	37	0	(1)	0	0	(1)	3	17	0	16	36
Technical Cooperation Department (TC)	10	89	0	56	155	0	(1)	0	0	(1)	10	88	0	56	154
Office of Assistant Director-General (CSD)	2	18	0	71	91	0	0	0	0	0	2	18	0	71	91
Finance Division (CSF)	2	27	0	22	51	(1)	2	0	0	1	1	29	0	22	52
Human Resources Support Service (CSP)	1	19	0	22	42	0	0	0	0	0	1	19	0	22	42
Administrative Services Division (CSA)	2	14	0	54	70	0	(1)	0	(3)	(4)	2	13	0	51	66
Shared Services Centre (CSS)	1	10	1	91	103	0	0	0	0	0	1	10	1	91	103
Corporate Services, Human Resources, and Finance Department (CS)	8	88	1	260	357	(1)	1	0	(3)	(3)	7	89	1	257	354
Junior Professional Programme (JPP)	0	25	0	0	25	0	0	0	0	0	0	25	0	0	25
FAO Representations (FC)	32	54	157	491	734	0	0	0	0	0	32	54	157	491	734
Liaison Office with European Union and Belgium (LOB)	1	0	0	1	2	0	0	0	0	0	1	0	0	1	2
Liaison Office with the United Nations, Geneva (LOG)	1	4	0	4	9	0	0	0	0	0	1	4	0	4	9
Liaison Office with the United Nations, New York (LON)	1	3	0	5	9	0	0	0	0	0	1	3	0	5	9
Liaison Office with Japan, Yokohama (LOJ)	1	1	0	1	3	0	0	0	0	0	1	1	0	1	3
Liaison Office for North America, Washington, D.C. (LOW)	1	2	0	8	11	0	(1)	0	0	(1)	1	1	0	8	10
Liaison Office with the Russian Federation (LOR)	1	1	0	1	3	0	0	0	0	0	1	1	0	1	3
Liaison Offices (LO)	6	11	0	20	37	0	(1)	0	0	(1)	6	10	0	20	36

Subregional Office for the Gulf Cooperation Council States and Yemen (SNG) posts are funded by Trust Funds and therefore not shown in the post counts above.



ANNEX IX: DECENTRALIZED STRUCTURE





**Annex X: 2014-15 Net Appropriation by Organizational Outcome before and after cost increases**

SO/FO and Org Outcome	Net Appropriation before cost increases	Cost Increases	Net Appropriation after cost increases
1.01	54,751	3,744	58,495
1.02	28,973	2,029	31,002
1.03	8,951	447	9,398
<b>1</b>	<b>92,675</b>	<b>6,219</b>	<b>98,894</b>
2.01	37,301	2,340	39,641
2.02	56,164	3,562	59,726
2.03	17,448	1,370	18,818
2.04	82,117	5,669	87,785
<b>2</b>	<b>193,030</b>	<b>12,941</b>	<b>205,971</b>
3.01	36,835	2,277	39,112
3.02	24,038	1,374	25,412
3.03	3,998	246	4,244
<b>3</b>	<b>64,870</b>	<b>3,897</b>	<b>68,767</b>
4.01	41,464	2,644	44,109
4.02	50,578	3,239	53,816
4.03	19,975	879	20,854
<b>4</b>	<b>112,017</b>	<b>6,762</b>	<b>118,779</b>
5.01	5,931	261	6,192
5.02	4,724	344	5,068
5.03	24,437	1,505	25,942
5.04	1,524	132	1,656
<b>5</b>	<b>36,617</b>	<b>2,241</b>	<b>38,858</b>
6.01	30,258	913	31,171
6.02	933	43	976
6.03	10,396	479	10,875
<b>6</b>	<b>10,000</b>	<b>288</b>	<b>10,288</b>
7.01	<b>51,587</b>	<b>1,723</b>	<b>53,310</b>
7.02	4,630	192	4,823
<b>7 - TCP</b>	<b>127,223</b>	<b>3,038</b>	<b>130,261</b>
8.01	<b>131,853</b>	<b>3,230</b>	<b>135,083</b>
8.02	16,743	807	17,550
8.03	42,426	2,296	44,722
8.04	7,228	250	7,478
<b>8</b>	<b>66,396</b>	<b>3,354</b>	<b>69,750</b>
9.01	31,326	1,652	32,977
9.02	12,783	688	13,470
<b>9</b>	<b>44,108</b>	<b>2,339</b>	<b>46,447</b>
10.01	26,620	1,070	27,690
10.02	16,357	737	17,094
10.03	43,271	2,668	45,940
<b>10</b>	<b>86,249</b>	<b>4,475</b>	<b>90,724</b>
11.04	19,160	894	20,054
11.05	2,208	1,034	3,242
11.06	67,228	3,977	71,204
<b>11</b>	<b>88,596</b>	<b>5,905</b>	<b>94,500</b>
12.01	600	0	600
<b>12 – Contingencies</b>	<b>600</b>	<b>0</b>	<b>600</b>
13.01	7,781	190	7,971
13.02	6,003	168	6,171
13.03	8,448	201	8,649
<b>13 – Capital Expenditure</b>	<b>22,232</b>	<b>559</b>	<b>22,791</b>
14.01	10,600	407	11,007
14.02	14,209	370	14,580
<b>14 – Security Expenditure</b>	<b>24,809</b>	<b>777</b>	<b>25,586</b>
<b>Total</b>	<b>1,015,639</b>	<b>54,424</b>	<b>1,070,063</b>

## List of Acronyms

<b>ADG</b>	Assistant Director-General
<b>AGORA</b>	Access to Global Online Research in Agriculture
<b>AGRIS</b>	International Information System for the Agricultural Sciences and Technology
<b>AIDS</b>	Acquired immune deficiency syndrome
<b>AIMS</b>	Agricultural Information Management Standards
<b>AMIS</b>	Agricultural Market Information System
<b>CAADP</b>	Comprehensive Africa Agriculture Development Programme
<b>CAN</b>	Andean Community
<b>CARICOM</b>	Caribbean Community Secretariat
<b>CCLM</b>	Committee on Constitutional and Legal Matters
<b>CCP</b>	Committee on Commodity Problems
<b>CEB</b>	United Nations System's Chief Executives Board for Coordination
<b>CFS</b>	Committee on World Food Security
<b>CGIAR</b>	Consultative Group on International Agricultural Research
<b>CIARD</b>	Coherence in Information for Agricultural Research for Development
<b>CILSS</b>	Permanent interstate committee for drought control in the Sahel
<b>CIS</b>	Commonwealth of Independent States
<b>COAG</b>	Committee on Agriculture
<b>COFI</b>	Committee on Fisheries
<b>COFO</b>	Committee on Forestry
<b>CPF</b>	Collaborative Partnership on Forests
<b>CPF</b>	Country Programming Frameworks
<b>CPI</b>	Consumer Price Index
<b>CSA</b>	CSA Administrative Services Division
<b>CSD</b>	Corporate Services, Human Resources and Finance Department
<b>CSS</b>	CSS Shared Services Centre
<b>DRR</b>	Disaster risk reduction
<b>DRM</b>	Disaster risk management
<b>EIU</b>	Economist Intelligence Unit
<b>EU</b>	European Union
<b>FAOR</b>	FAO Representative
<b>FAOSTAT</b>	Corporate Database for Substantive Statistical Data
<b>FSARD</b>	Food and sustainable agricultural and rural development
<b>GIEWS</b>	Global Information and Early Warning System on Food and Agriculture
<b>GPA</b>	Global Plan of Action
<b>GRMS</b>	Global Resource Management System
<b>GS</b>	General Service
<b>HIV</b>	Human immunodeficiency virus
<b>HLTF</b>	UN High-Level Task Force on the Global Food Security Crisis
<b>ICSC</b>	International Civil Service Commission
<b>IEE</b>	Independent External Evaluation of FAO
<b>IFAD</b>	International Fund for Agricultural Development
<b>IGAD</b>	Intergovernmental Authority on Development
<b>IPA</b>	Immediate Plan of Action for FAO's Renewal
<b>IPPC</b>	International Plant Protection Convention
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IT</b>	Information technology
<b>IT</b>	International Treaty
<b>IT/KM</b>	Information technology and Knowledge Management
<b>LDC</b>	Least developed country
<b>LIFDC</b>	Low-income, food-deficit country
<b>MDF</b>	Multidisciplinary Fund
<b>MDG</b>	Millennium Development Goal
<b>MERCOSUR</b>	Southern Common Market
<b>MORS</b>	Minimum Operating Residential Security Standards
<b>MOSS</b>	Minimum Operating Security Standards

<b>MRLs</b>	Maximum Residue Limits (Codex)
<b>OO</b>	Organizational Outcome
<b>OSH</b>	Occupational Safety and Health
<b>PARLATINO</b>	Latin American Parliament
<b>PGRFA</b>	Plant Genetic Resources for Food and Agriculture
<b>PLO</b>	Partnership and Liaison Office
<b>PSC</b>	Project servicing costs
<b>RBM</b>	Results-based management
<b>RMMS</b>	Resource Mobilization and Management Strategy
<b>SICA</b>	Central American Integration System
<b>SIDS</b>	Small island developing states
<b>SLA</b>	Service Level Agreement
<b>SO</b>	Strategic Objective
<b>SOFA</b>	The State of Food and Agriculture
<b>SOFI</b>	The State of Food Insecurity in the World
<b>SOFIA</b>	The State of World Fisheries and Aquaculture
<b>SOLOW</b>	State of the World Land and Water Resources
<b>SPS</b>	Separation Payment Scheme
<b>SPS</b>	Sanitary and phytosanitary measures
<b>SRA</b>	Special Reserve Account
<b>SSC</b>	Shared Services Centre
<b>SSC</b>	South-South cooperation
<b>SWAP</b>	UN System-Wide Action Plan (SWAP) on Gender Equality and the Empowerment of Women
<b>TCP</b>	Technical Cooperation Programme
<b>TPF</b>	Terminal Payments Fund
<b>UNASUR</b>	Union of South American Nations
<b>UNCT</b>	UN Country Team
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDSS</b>	United Nations Department of Safety and Security
<b>UNHCR</b>	Office of the United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNSCN</b>	UN Standing Committee on Nutrition
<b>UNISDR</b>	UN International Strategy for Disaster Reduction
<b>VoIP</b>	Voice over Internet Protocol
<b>WCF</b>	Working Capital Fund
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization
<b>WTO</b>	World Trade Organization