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Продовольственная и  
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Объединенных Наций

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Alimentación y la Agricultura

منظمة  
الغذية والزراعة  
للأمم المتحدة

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# COUNCIL

## Hundred and Sixty-fifth Session

30 November - 4 December 2020

### Report of the 183rd Session of the Finance Committee (9 - 13 November 2020)

#### Executive Summary

At its second regular session in 2020, the Committee examined the financial position of the Organization and other matters under its mandate. In this report of its 183rd Session, the Committee:

- 1) **Makes specific recommendations** to the Council: (i) urging Members to make timely and full payment of assessed contributions (para 10); (ii) on the Audited Accounts for 2019 (para 13); (iii) on the updated Terms of Reference of the FAO Audit Committee (para 22); and (iv) on its endorsement of the Director-General's recommendations for extension of the term of office of a Member of the FAO Oversight Advisory Committee (para 28).
- 2) **Brings to the attention** of Council its guidance to the Secretariat on the Organization's financial position, human resources, oversight and other matters.

#### Suggested action by the Council

The Council is requested to:

- a) **endorse** the recommendations of the Committee on timely payment of assessed contributions, on the Audited Accounts for 2019, on the updated Terms of Reference of the FAO Oversight Advisory Committee, and on the extension of the term of office of a Member of the FAO Oversight Advisory Committee.
- b) **note** the Committee's guidance provided to the Secretariat on all other matters within its mandate.

*Queries on the content of this document may be addressed to:*

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## Introduction

1. The Committee submitted to the Council the following report of its Hundred and Eighty-third Session.

2. In addition to the Chairperson, Ms Imelda Smolčić Nijers (Uruguay), the following representatives of Members were present:

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| • Ms Lynda Hayden<br>(Australia)                   | • Mr Benito Santiago Jiménez Sauma<br>(Mexico)      |
| • Mr Rodrigo Estrela de Carvalho<br>(Brazil)       | • Ms Tahirou Rahila Rabiou<br>(Niger)               |
| • Mr Haitham Abdelhady Elsayed Elshahat<br>(Egypt) | • Mr Vladimir V. Kuznetsov<br>(Russian Federation)  |
| • Mr Addisu Melkamu Kebede<br>(Ethiopia)           | • Mr Sid Ahmed M. Alamain Hamid<br>(Sudan)          |
| • Mr Heiner Thofern<br>(Germany)                   | • Ms Jennifer Harhigh<br>(United States of America) |
| • Mr Toru Hisazome<br>(Japan)                      |   |

3. The Chairperson informed the Committee that:

- Mr Manash Mitra (Bangladesh) had informed that he was unable to attend this session; and
- Mr Addisu Melkamu Kebede (Ethiopia) had been designated to replace H.E. (Ms) Zenebu Tadesse Woldetsadik as the representative of Ethiopia at this session.

4. A summary of the qualifications of the substitute representatives can be downloaded from the Governing and Statutory Body Web site at: <http://www.fao.org/unfao/govbodies/gsbhome/finance-committee/substitute-representatives/en/>

5. The 183rd Session of the Finance Committee was convened virtually on an exceptional basis due to the COVID-19 pandemic. The Finance Committee confirmed, pursuant to Rule VII of the rules of procedure of the Finance Committee, that it agreed to suspend Rule II(4) of the rules of procedure of the Committee which requires that sessions shall be held at the seat of the Organization.

6. In adopting the agenda for its 183rd Session, the Committee recalled that it agreed to consider the following items by correspondence:

- Item 2, *Financial position of the Organization*;
- Item 7, *Updated Terms of Reference of the FAO Oversight Advisory Committee*;
- Item 10, *FAO Oversight Advisory Committee Membership*; and
- Item 11, *Status of Outstanding Recommendations of the Finance Committee*.

7. In addition, silent observers from the following Members attended the 183rd Session of the Committee:

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|----------------------|---|
| • Belgium            | • Philippines   |
| • Burkina Faso       | • Portugal  |
| • Cameroon           | • San Marino  |
| • China              | • Spain   |
| • Congo              | • Sweden  |
| • Dominican Republic | • Switzerland   |
| • European Union     | • Thailand  |
| • Italy              | • United Kingdom of Great Britain and<br>Northern Ireland |
| • Kuwait             | • Venezuela (Bolivarian Republic of)                      |
| • Madagascar         |   |
| • Morocco            |   |

## Monitoring Financial Position

### Financial Position of the Organization

8. The Committee reviewed document FC 183/2, the *Financial Position of the Organization* as at 30 June 2020 and cash flow forecast, including the liquidity of the Organization, the status of outstanding assessed contributions, short- and long-term investments, staff related liabilities, Technical Cooperation Programme (TCP) expenditure and outstanding balances, the General Fund deficit and voluntary contributions.
9. The Committee was also provided with an updated status of current assessments and arrears of the Organization as at 3 November 2020.
10. **The Committee:**
- a) **noted that based on the latest Regular Programme cash levels and projected payment patterns of Member Nations, the Organization's liquidity was expected to be sufficient to cover operational needs through 31 December 2020;**
  - b) **recognizing that the Organization's ongoing cash flow health is dependent on the timely payment of assessed contributions, urged Member Nations to make payments of assessed contributions on time and in full;**
  - c) **noted that the overall level of the deficit was primarily due to unfunded charges for staff related liabilities and encouraged Management to look to the experience of other organizations in the United Nations System and the steps they were taking to address their unfunded liabilities; and**
  - d) **noted that despite the challenges associated with the COVID-19 pandemic, TCP approvals and delivery rates remained within normal ranges and requested Management to continue its efforts to ensure full implementation of the TCP appropriations as approved by the Conference and welcomed the confirmation of Management that the target of 100 percent delivery of TCP projects against the 2018-19 appropriation would be achieved by the end of 2021.**

### Audited Accounts - FAO 2019 and Management Response to the Recommendations presented in the Report of the External Auditor for 2019

11. In accordance with General Rule XXVII 7(1), the Committee examined the FAO Audited Accounts for 2019, including a presentation by the External Auditor of the Long Form Report on the audit of the financial operations of FAO, highlighting the principal recommendations and observations presented in the report.
12. **The Committee:**
- a) **expressed appreciation to Management for the presentation of the FAO Audited Accounts for 2019, prepared in accordance with the International Public Sector Accounting Standards (IPSAS);**
  - b) **expressed satisfaction that the External Auditor had issued an unmodified audit opinion;**
  - c) **commended the External Auditor for the quality of the Long Form Report and endorsed the recommendations contained therein;**
  - d) **noted the detailed Management responses to the External Auditor's recommendations and encouraged Management in their implementation within the set 2021 time frame;**
  - e) **expressed appreciation for the Statement of Internal Control (SIC), which reflected an increasing level of maturity based on accumulated experience as well as integrated best practices of international organizations;**
  - f) **recommended that in future years the SIC include information on the status of the Fraud Risk Management policy framework as well as on the strengthening of the**

- system of accountability and responsibility, including on the progressive alignment of roles, responsibilities, delegation of authority and accountability mechanisms; and
- g) **expressed its appreciation** to the outgoing External Auditor, the Commission on Audit of the Republic of the Philippines, for the excellent work and reports provided during its term of office.

13. The Committee, noting the comments and clarifications provided by the External Auditor and the Management, recommended that the Council submit to the Conference for adoption, the Audited Accounts for 2019. The Committee accordingly agreed to submit to the Council the draft resolution below for forwarding to the Conference:

## DRAFT CONFERENCE RESOLUTION

### FAO Audited Accounts 2019

**THE CONFERENCE,**

**Having considered** the report of the 165th Session of the Council, and

**Having examined** the 2019 FAO Audited Accounts and the External Auditor's Report thereon

**Adopts** the Audited Accounts.

### Human Resources

#### Human Resources Strategic Action Plan

14. The Committee reviewed document FC 183/4, the *Human Resources Strategic Action Plan*, which presented a summary of the content, timeline and Key Performance Indicators (KPIs) of the HR strategic plan for 2020-21, as well as information on its formulation and on how it will be communicated and implemented.

15. **The Committee:**

- a) **expressed appreciation** for the quality of the document with specific timelines and results to be achieved to improve human resources management;
- b) **appreciated** the comprehensive process that had been followed in the preparation of the HR Strategic Action Plan, including through consultation with key stakeholders and incorporating inputs from oversight bodies and best practices in the United Nations System;
- c) **encouraged** Management in its implementation of the HR Strategic Action Plan to ensure due consideration including as regards: i) streamlined and merit-based staffing selection and recruitment processes and procedures, taking into account the need for equitable geographical distribution and gender parity, in particular in senior level positions; ii) development of initiatives as part of a mobility framework; iii) increased delegations of authority for HR matters; iv) shared commitment for people management with clear roles and responsibilities as well as accountability for employees, HR and management; v) staff development and learning initiatives; and vi) measures to enable strengthened employee engagement;
- d) **stressed** the need for a flexible approach to the implementation of the HR Strategic Action Plan, in particular in the context of the COVID-19 crisis, and the need to build HR capacity;
- e) **reiterated** its request to substantially reduce the vacancy rate both in headquarters and decentralized offices;
- f) **looked forward** to reviewing at its March 2021 session the new HR Annual Report, highlighting progress made towards the implementation of the HR Strategic Action Plan, milestones and KPIs, in addition to a standardized set of updated workforce statistics.

## **Update on the post-Employee Satisfaction Survey Action Planning Process**

16. The Committee reviewed document FC 183/5 Rev.1, *Update on the post-Employee Satisfaction Survey Action Planning Process*, which presented an update on the results of the 2019 Employee Satisfaction Survey together with elements towards action planning and further developing a motivated and engaged work force in FAO.

17. The Committee was also provided with detailed reports analysing the Survey results for each region and two reports analysing the specific survey questions related to workplace misconduct, including harassment, sexual harassment and abuse of authority.

18. **The Committee:**

- a) **welcomed** the presentation of the results of the 2019 Employee Satisfaction Survey and the Action Planning Process;
- b) **stressed** the importance of this survey as setting a baseline for comparison in future surveys and **encouraged** consideration of lessons learned and consultation with stakeholders in the development of future surveys;
- c) **underlined**, in the interest of sound staff management relations, the importance of the extensive and continued involvement of the staff representative bodies in the analysis and interpretation of the employee satisfaction survey results and the action planning process;
- d) **encouraged** Management to conduct regular pulse checks of employee satisfaction ahead of the next employee satisfaction survey scheduled to be conducted in 2022; and
- e) **requested** Management to present the results of the action planning process to the Finance Committee at its session in March 2021.

## **Annual Report on Corporate Policy, Processes and Measures on the Prevention of Harassment, Sexual Harassment and Authority Abuse, including results of the Staff Satisfaction Survey**

19. The Committee reviewed document CL 165/INF/6/Rev.1, *Annual Report on Corporate Policy, Processes and Measures on the Prevention of Harassment, sexual Harassment and Authority Abuse, including results of the Staff Satisfaction Survey*.

20. **The Committee:**

- a) **appreciated** the updated status of actions and next steps related to the areas of governance and policy, prevention and outreach, reporting channels, investigations and accountability; and
- b) **welcomed** the progress reported and **encouraged** Management in its continued commitment to addressing this issue.

## **Oversight**

### **Updated Terms of Reference of the FAO Oversight Advisory Committee**

21. The Committee reviewed document FC 183/7, *Updated Terms of Reference of the FAO Oversight Advisory Committee*.

22. **The Committee:**

- a) **welcomed** the fact that the guidance provided at its 180th Session with regards to the modality for the recruitment process for Oversight Advisory Committee Members had been reflected in the updated Terms of Reference;

- b) **appreciated** the comprehensive and detailed review by the Oversight Advisory Committee in updating its Terms of Reference;
- c) **concurred** with the proposed updated Terms of Reference and **submitted** them to Council for endorsement.

### **Progress Reports on implementation of recommendations of the External Auditor and the FAO Oversight Advisory Committee**

23. The Committee reviewed document FC 183/8.1, *Progress Report on Implementation of the External Auditor's Recommendations* and document FC 183/8.2, *Progress Report on Implementation of the Recommendations of the FAO Oversight Advisory Committee*.

24. **The Committee:**

- a) **reviewed** the status of implementation of the recommendations of the External Auditor and the FAO Oversight Advisory Committee;
- b) **welcomed** and **commended** the progress made in implementing recommendations of the External Auditor;
- c) **requested** the External Auditor to continue to monitor and report on the status of outstanding recommendations;
- d) **appreciated** the steady progress made in closing recommendations of the Oversight Advisory Committee and **encouraged** Management to implement the remaining outstanding recommendations; and
- e) **looked forward** to a further update on the status of recommendations of the Oversight Advisory Committee on the presentation of the Committee's 2020 annual report to the March 2021 Session of the Finance Committee.

### **Further Update on the status of recommendations presented in the JIU Report, Review of Whistleblower Policies and Practices in United Nations System Organizations (JIU/REP/2018/4)**

25. The Committee considered document FC 183/9, *Further Update on the Status of Recommendations presented in the JIU Report, Review of Whistleblower Policies and Practices in United Nations System Organizations (JIU/REP/2018/4)*.

26. **The Committee:**

- a) **noted** the updated information on the status of implementation of the JIU recommendations;
- b) **noted** that recommendation 1 of the JIU report on handling allegations of misconduct against the Executive Heads of United Nations System Organizations was now included in the more recent JIU report on review of the investigation function (JIU/REP/2020/1) which recommended that "*The legislative bodies of United Nations system organizations that have not yet done so should develop and adopt appropriate formal procedures for the investigation of complaints of misconduct by executive heads and adopt appropriate policies by the end of 2021 (recommendation 7)*"; and
- c) **further noted** that in accordance with usual practice, consultations were ongoing on the response of the Chief Executives Board to that report to be submitted to the 75th Session of the UNGA and that FAO would participate in CEB processes for a coordinated and harmonized implementation of recommendation 7 as set out above.

## FAO Oversight Advisory Committee Membership

27. The Committee reviewed document FC 183/10, *FAO Oversight Advisory Committee Membership*.
28. **The Committee:**
- a) **considered the document in which the Director-General proposed that Mr Gianfranco Cariola's term on the FAO Oversight Advisory Committee be extended for a further, final three years;**
  - b) **noted such extension would be made by the Council effective from December 2020;**
  - c) **supported the Director-General's proposal and agreed to submit the recommendation to the Council.**

## Improved Methods of Work and Efficiency of the Finance Committee

### Status of Outstanding Recommendations of the Finance Committee

29. The Committee **took note of the *Status of Outstanding Recommendations of the Finance Committee* and looked forward to receiving an updated version of the document at its next regular session.**

### Working Methods of the Finance Committee

30. The Committee noted the importance of continually reviewing its methods of work in order to achieve its goals and objectives.
31. **In this regard, the Committee recalled the importance of ensuring that all documents be received by Members, in all FAO languages and with uniformity of quality, at least two weeks prior to each session and preferably as early as possible, to allow due consideration and preparation by Members, and urged the Secretariat to take measures to comply with this requirement.**

## Other Matters

### Date and place of the Hundred and Eighty-fourth Session

32. The Committee was informed that the 184th Session was scheduled to be held in Rome from 22 to 26 March 2021.

**Documents for information**

- Status of Current Assessments and Arrears
- Audited Accounts - FAO Credit Union 2019