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Продовольственная и
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Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
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COUNCIL

Hundred and Seventy-second Session

Rome, 24-28 April 2023

Report of the 195th Session of the Finance Committee (Rome, 13-17 March 2023)

Executive summary

In this report of its 195th Session, the Finance Committee:

- 1) **Makes specific recommendations for decision by the Council on:** (i) the Scale of Contributions 2024-25 (paragraph 17); (ii) Restoration by the Conference of the voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization (paragraph 19); (iii) the proposal to amend the Statute of the International Civil Service Commission (paragraph 30); and (iv) Membership of the FAO Oversight Advisory Committee (paragraph 40).
- 2) **Brings to the attention of the Council for its endorsement** its conclusions regarding: (i) the Financial Position of the Organization (paragraph 11); (ii) the Medium Term Plan (Reviewed) 2022-25 and Programme of Work and Budget 2024-25 (paragraphs 21-23); and (iii) the Annual Report on Budgetary Performance and Programme and Budgetary Transfers for the 2022-23 Biennium (paragraph 26).
- 3) **Informs the Council** of the Finance Committee's considerations related to the updates it received on: (i) the 2022 Actuarial Valuation of Staff Related Liabilities (paragraph 15); (ii) the Mid-Term Review Synthesis Report – 2022 (paragraph 24); (iii) the Human Resources Annual Report (paragraph 28); (iv) the FAO Oversight Advisory Committee 2022 Annual Report (paragraph 32); (v) the 2022 Annual Report of the Inspector General (paragraph 34); (vi) the 2022 Annual Report of the Ethics Office (paragraph 36); (vii) progress related to the recommendations presented in the JIU Reports, *Review of Whistleblower Policies and Practices in United Nations System Organizations*, and *Review of the State of the Investigation Function: Progress made in the United Nations System Organizations in Strengthening the Investigation Function* (paragraph 38); and (viii) on scheduling of the FAO Management and Administration Review by the JIU (paragraph 44).

Suggested action by the Council

The Council is invited to:

1. **endorse** the recommendations of the Committee on:
 - a) the Scale of Contributions 2024-25;
 - b) restoration by the Conference of the voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization;
 - c) the proposal to amend the Statute of the International Civil Service Commission; and
 - d) membership of the FAO Oversight Advisory Committee.
2. **endorse** the conclusions of the Committee on:
 - a) the Financial Position of the Organization;
 - b) the Medium Term Plan (Reviewed) 2022-25 and Programme of Work and Budget 2024-25; and
 - c) the Annual Report on Budgetary Performance and Programme and Budgetary Transfers for the 2022-23 Biennium.
3. **note** the Committee's considerations on:
 - a) the 2022 Actuarial Valuation of Staff Related Liabilities;
 - b) the 2022 Mid-Term Review Synthesis Report;
 - c) the Human Resources Annual Report;
 - d) the FAO Oversight Advisory Committee 2022 Annual Report;
 - e) the 2022 Annual Report of the Inspector General;
 - f) the 2022 Annual Report of the Ethics Office;
 - g) progress related to the recommendations presented in the JIU Reports, *Review of Whistleblower Policies and Practices in United Nations System Organizations* and *Review of the State of the Investigation Function: Progress made in the United Nations System Organizations in Strengthening the Investigation Function*; and
 - h) scheduling of the FAO Management and Administration Review by the JIU.

Queries on the substantive 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 Ninety-fifth Session.

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

- Ms Emma Hatcher (Australia)
- Mr Mina Rizk (Egypt)
- Mr Kaba Urgessa Dinssa (Ethiopia)
- Mr Kuraya Yoshihiro (Japan)
- Mr Miguel Jorge García Winder (Mexico)
- Ms Tahirou Rahila Rabiou (Niger)
- Mr Tomás Duncan Jurado (Panama)
- Mr Vladimir V. Kuznetsov (Russian Federation)
- Mr Mohammed Ahmed M. Alghamdi (Saudi Arabia)
- Ms Pernilla Ivarsson (Sweden)
- Ms Ratchanok Sangpenchan (Thailand)
- Mr Rodney Hunter (United States of America)

3. The Chairperson informed the Committee that:

- Mr José Luis Delgado Crespo (Mexico) was designated to replace Mr Miguel Jorge García as the representative of Mexico for part of this session.
- Mr Hammad Hammad (United States of America) was designated to replace Mr Rodney Hunter as the representative of the United States of America for part of 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 195th Session of the Finance Committee was convened in a hybrid setting with some representatives of Members participating in person at FAO headquarters and others participating 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 the rules that may be incompatible with the hybrid session.

6. In adopting the agenda for its 195th Session, the Committee recalled that it agreed to consider the following items by correspondence:

- Item 2, *Financial Position of the Organization*;
- Item 3, *Report on Investments 2022*;
- Item 4, *2022 Actuarial Valuation of Staff Related Liabilities*;
- Item 5, *Scale of Contributions 2024-25*;
- Item 17, *Status of Outstanding Recommendations of the Finance Committee*.

7. The Committee also agreed to consider an *Update on Scheduling of the FAO Management and Administration Review by the JIU* under the agenda item “Any Other Matters”.

8. In addition, silent observers from the following Members attended the 195th Session of the Committee:

- Algeria
- Belgium
- Burkina Faso
- Cameroon
- China
- Denmark
- Dominican Republic
- El Salvador
- Equatorial Guinea
- Eritrea
- European Union
- Finland
- Germany
- Indonesia
- Kuwait
- Libya
- Luxembourg
- Malaysia
- Morocco
- Nicaragua
- Nigeria
- Pakistan
- Romania
- San Marino
- Slovakia
- South Africa
- Switzerland
- United Kingdom of Great Britain and Northern Ireland
- Venezuela (Bolivarian Republic of)

Monitoring Financial Position

Financial Position of the Organization

9. The Committee reviewed document FC 195/2, *Financial Position of the Organization* as at 31 December 2022 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.

10. The Committee was also provided with an updated status of current assessments and arrears of the Organization as at 6 March 2023.

11. The Committee:

- a) **appreciated the quality of the report and the analysis of the data presented;**
- b) **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 2023;**
- c) **recognizing that the Organization's ongoing cash flow health was dependent on the timely payment of assessed contributions, urged Member Nations to make payments of assessed contributions on time and in full;**
- d) **noted that the significant decline in staff related liabilities was primarily due to increasing interest rates in 2022 resulting in a large discounting of the liability;**
- e) **noted that the overall level of the General Fund deficit was primarily due to unfunded charges for staff related liabilities; and**
- f) **noted the information provided on TCP approval and expenditure rates and emphasized the importance of maintaining TCP expenditure at a level that ensured full implementation of the TCP appropriation as approved by the Conference.**

Report on Investments 2022

12. The Committee reviewed document FC 195/3, *Report on Investments 2022*.

13. **The Committee:**

- a) **took note of the *Report on Investments 2022*.**

2022 Actuarial Valuation of Staff Related Liabilities

14. The Committee reviewed document FC 195/4, *2022 Actuarial Valuation of Staff Related Liabilities*.

15. **The Committee:**

- a) **noted that total staff related liabilities as at 31 December 2022 amounted to USD 992.7 million, representing a net decrease of USD 547.1 million from the valuation at 31 December 2021;**
- b) **further noted that the net decrease in the valuation at 31 December 2022 was driven mainly by the significant increase in discount rates as well as changes in expected medical claims and trend rates;**
- c) **noted that despite the decrease in total liabilities, the After Service Medical Coverage (ASMC) liability remained seriously underfunded;**
- d) **noted the results of the study of amortization proposals for funding the ASMC liability and that proposals based on the analysis of various options together with related implications would be presented by the Secretariat at a future session of the Committee; and**
- e) **encouraged Management to continue to review options to address the underfunding of ASMC liabilities in coordination with other organizations of the United Nations Common System.**

Scale of Contributions 2024-25

16. The Committee reviewed and endorsed the proposed Scale of Contributions for the biennium 2024-25 set out in document FC 195/5.

17. The Committee transmitted to Council the following draft resolution for adoption of the FAO Scale of Contributions 2024-25 by the Conference:

DRAFT CONFERENCE RESOLUTION

Scale of Contributions 2024-25

THE CONFERENCE

Having noted the recommendations of the Hundred and Seventy-second Session of the Council;

Confirming that as in the past, FAO should follow the United Nations Scale of Assessments subject to adaptation for the different membership of FAO;

1. **Decides** that the FAO Scale of Contributions for 2024-25 should be derived directly from the United Nations Scale of Assessments in force during 2023;
2. **Adopts** for use in 2024 and 2025 the Scale as set out in the Annex of this report.

(Adopted on....July 2023)

Restoration by the Conference of the voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization

18. The Committee reviewed document FC 195/6 on *Restoration by the Conference of the voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization* within the context of its mandate.

19. The Committee:

- a) noted that the Committee on Constitutional and Legal Matters (CCLM) had, within the context of its mandate, reviewed this matter at its 118th Session and made a number of technical adjustments to the text of the draft Conference resolution as set out in Annex I to FC 195/6 Add.1;
- b) agreed to submit to the Council the draft resolution, as set out in Annex I to this report, for forwarding to the Conference; and
- c) supported the recommendation of the CCLM that the various language versions of the text of the draft resolution be reviewed and checked for consistency with the English version.

Budgetary Matters

Medium Term Plan (Reviewed) 2022-25 and Programme of Work and Budget 2024-25

20. The Committee considered the Director-General's *Medium Term Plan (Reviewed) 2022-25 and Programme of Work and Budget 2024-25*, focusing on a technical review of the proposals in accordance with its mandate.

21. The Committee:

- a) noted that the proposal presented by the Director-General reflected a budget that aimed at preserving purchasing power parity compared with 2022-23;
- b) reviewed the cost increase estimates forecasted by the Organization at USD 55.8 million, noting that this comprised: USD 44.0 million for personnel services and USD 11.8 million for goods and services;
- c) noted the maintenance of the TCP appropriation at 14 percent of the proposed net budgetary appropriation before and after cost increases;
- d) reviewed and took note of the organizational structure (Annex 10 of document C 2023/3) for which minimal change was proposed;
- e) stressed the importance of predictable and flexible voluntary funding for the sustainable implementation of the integrated Programme of Work and Budget;
- f) recommended inclusion of one or more Key Performance Indicators (KPIs) under Functional Objective 7 focused on the quality of partnerships developed and established, and the availability of information on these partnerships to all Members, to be reflected in the results framework.

22. In discussing the resource requirements for the proposed Programme of Work, the Committee:

- a) while appreciating the importance of supporting the Programme of Work of the Organization in this critical period, noted the potential impact of the current budgetary proposal on Members assessments and national economies within the prevailing global, economic and financial climate;
- b) while the Committee did not reach consensus on the level and contents of the budget proposed by the Director-General, the Committee encouraged all efforts towards reaching a consensus on the level and contents of the budget, including through informal consultations between Members and Management, in the period leading up to the 43rd Session of the Conference;

- c) **recommended** that possible adjustments be considered to offset the impact of cost increases, including through reallocation of resources from other areas of the budget and any further anticipated increases in cost recovery, while noting the importance of sound oversight and support functions to implement the growing integrated budget;
- d) **further recommended** that Management provide an information note before the 172nd Session of the Council, with additional scenarios with a lower budgetary impact, up to and including zero nominal growth, and their potential impact on the Programme of Work, by taking into account, for example, cost recovery and details on long-term vacancies;
- e) **recommended** that an information note be prepared before the 172nd Session of the Council on the sources and purposes of voluntary funding presented in the integrated budgetary proposals;
- f) **urged** Management to ensure that, in the future, oversight and supporting administrative functions be adequately funded through the support cost recovery mechanism so that with increasing voluntary funds, commensurate increases in risk are effectively managed.

23. Concerning the proposals to improve FAO's financial health, liquidity and reserves, the Committee **recommended** that consideration of the proposal for the replenishment of the Working Capital Fund as well as the incremental funding of the After Service Medical Coverage past service liability be deferred to future biennia, and **requested** Management to continue to explore alternative strategies to address these requirements.

Mid-Term Review Synthesis Report – 2022

24. The Committee reviewed document FC 195/8, *Mid-Term Review Synthesis Report – 2022*. The Committee welcomed the document, and:

- a) **noted with appreciation the progress achieved in delivering the Programme of Work in 2022, and the positive outlook towards full implementation by the end of the biennium;**
- b) **noted that delivery levels under the Regular Programme are in line with the previous biennia and that delivery of voluntary contributions stands at 70 percent of the biennial estimate;**
- c) **took note of the forecasted full allocation of the 2022-23 Technical Cooperation Programme (TCP) funds and full expenditure of the 2020-21 TCP funds by the end of the biennium;**
- d) **recommended** that Management report separately on TCP projects with a focus on a subregional or regional impact;
- e) **noted the update on implementation and risk-based assessment of the outlook towards the end of the biennium;**
- f) **looked forward** to receiving information on the Organization's biennial achievements against the Key Performance Indicators, as well as operational and financial performance in the Programme Implementation Report 2022-23.

Annual Report on Budgetary Performance and Programme and Budgetary Transfers for the 2022-23 Biennium

25. The Committee reviewed document FC 195/9, the *Annual Report on Budgetary Performance and Programme and Budgetary Transfers for the 2022-23 Biennium*.

26. **The Committee:**

- a) **took note of the forecasted 2022-23 budgetary performance arising from implementation of the Programme of Work; and**
- b) **authorized** the forecasted budgetary Chapter transfers in favour of Chapters 1, 2, 3, 4 and 9 from Chapters 5, 7, 8 and 10.

Human Resources

Human Resources Annual Report

27. The Committee reviewed document FC 195/10 Rev.1, *Human Resources Annual Report* for 2022.
28. The Committee:
- a) **appreciated** that the Human Resources Annual Report for 2022 followed the structure and format introduced in 2020;
 - b) **welcomed** the updated information provided on workforce analytics, key achievements and progress towards the Human Resources Strategic Action Plan 2020-2022;
 - c) **appreciated** the efforts made by Management to continue to meet its duty of care towards FAO employees worldwide during the COVID-19 pandemic while supporting employees' progressive return to work in the office and establishing the 'new normal' of hybrid teams, both at headquarters and globally;
 - d) **welcomed** the positive results of the 2022 Employee Satisfaction Survey (E2S), and encouraged Management to continue its efforts in creating an enabling work environment;
 - e) **welcomed** the progress reported towards the Human Resources strategic action plan including (i) the revitalized Young Professionals Programme (YPP); (ii) learning and development opportunities, including to strengthen people management; and (iii) initiatives to strengthen an inclusive and respectful working environment free of harassment, discrimination and abuse of authority;
 - f) while welcoming the progress reported, **emphasized** the importance to introduce improvements in recruitment and selection procedures, and to explore the option of roster mechanisms for prequalified candidates, with due regard to transparency and the relevant Joint Inspection Unit (JIU) recommendations for such mechanisms as well as lessons learned from past OIG audit recommendations, as a means to speed up recruitment processes, and substantially reducing the vacancy rate in headquarters and Decentralized Offices;
 - g) **urged** Management to continue its efforts to: (i) ensure that gender parity targets be met, in particular at senior levels (P-5 and above); (ii) select from as wide a geographical basis as possible, with due consideration for candidates from non- and under-represented Members, while maintaining merit and competence as the primary factor in selecting staff; and (iii) strengthen the commitment to engage young people and bring their innovative ideas into the Organization through the YPP, the Junior Professional Officers Programme (JPO), and the Internship, Volunteers and Fellows (IVF) Programme; and to retain high performing participants of the JPO and YPP, in particular from non-represented and under-represented countries;
 - h) **encouraged** the Human Resources Division, as well as relevant technical divisions and Decentralized Offices, to give due consideration to applications from qualified JPOs for appropriate professional staff posts;
 - i) **requested** FAO Management to develop and present to the Finance Committee at its spring 2024 session an outreach plan to attract applicants from non-represented and under-represented countries to participate in the recruitment process; and
 - j) **acknowledged** the reported recommendations and decisions of the International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board to the UN General Assembly and **requested** that the Director-General take the necessary measures to give effect to the ICSC decisions on conditions of service as contained in Section 2 of the report.

International Civil Service Commission (ICSC) – Proposal to amend the ICSC Statute

29. The Committee reviewed document FC 195/11, *International Civil Service Commission (ICSC) – Proposal to amend the ICSC Statute*.

30. The Committee:

- a) **noted that the proposed amendments contributed to clarifying the authority and competence of the ICSC to establish the post adjustment multipliers under Article 11 of its Statute;**
- b) **reviewed the proposed amendments within the context of its mandate to consider the recommendations of the ICSC on the scale of salaries and conditions of employment of the staff; and**
- c) **concurred with the CCLM’s invitation to the Council to recommend to the Conference to accept the amendments proposed to the ICSC Statute as set out in paragraph 17 of document FC 195/11.**

Oversight

FAO Oversight Advisory Committee – 2022 Annual Report

31. The Committee reviewed document FC 195/12, *FAO Oversight Advisory Committee – 2022 Annual Report*.

32. The Committee:

- a) **acknowledged the important role of the Oversight Advisory Committee (OAC) in providing independent review, assurance and advice in the areas mandated under its Terms of Reference;**
- b) **welcomed the report, which included positive conclusions on the Organization’s oversight; appreciation for the operation of the Office of the Inspector General (OIG) and the work carried out under the ethics and ombuds functions; as well as relevant advice in relation to FAO’s system of internal control, risk management and governance;**
- c) **urged Management to prioritize the implementation of outstanding recommendations from audit reports issued by OIG, in particular, long outstanding high risk recommendations;**
- d) **shared the OAC’s view that late implementation of audit recommendations creates an area of risk;**
- e) **was pleased to note the OAC’s appreciation for the good collaboration and coordination among the units in charge of addressing wrongdoing and internal justice;**
- f) **expressed satisfaction with the OAC’s advice in the areas under its mandate;**
- g) **requested an update from the OAC on the assessment arrangements for the OAC at a future session of the Finance Committee; and**
- h) **appreciated the progress in implementing the OAC’s recommendations and looked forward to a further status report from Management at the next regular Session of the Finance Committee in November 2023.**

2022 Annual Report of the Inspector General

33. The Committee reviewed documents FC 195/13.1, *2022 Annual Report of the Inspector General* and FC 195/13.2, *2022 Annual Report of the Inspector General – Summaries of audit reports issued in 2022*.

34. The Committee:

- a) **appreciated the quality of the report and the analysis of issues presented, which provided a comprehensive and informative overview of OIG’s activities during 2022;**
- b) **was reassured by the Inspector General’s confirmation that OIG activities were free from interference and obstruction, and welcomed the Director-General’s support for the work of OIG;**
- c) **noted the increase in the resources allocated to OIG in 2022, while the growth in extrabudgetary contributions continued to increase the complexity and workload of OIG;**
- d) **welcomed the increase in resources allocated to OIG to assist with its investigation caseload, while noting that the number of incoming complaints had continued to increase, and encouraged FAO Management and OIG to continue working together to address remaining investigative capacity needs of OIG;**
- e) **appreciated the launch of the new FAO Hotline to report allegations of misconduct to OIG or retaliation to the Ethics Office, which represents an improvement to the already existing reporting mechanisms;**
- f) **noted with concern the high number of overdue agreed actions, some of which have been outstanding for several years, and urged Management to expedite their implementation, with focus on those assessed as high risk;**
- g) **urged Management to develop more realistic timelines for addressing recommended actions when originally agreeing to them;**
- h) **encouraged the Human Resources Division to explore the growing practice of some UN Organizations to establish a comprehensive sexual misconduct policy that is victim/survivor centred and unifies the definitions of sexual misconduct, regardless of the status of the victim/survivor, and provide an update to the Finance Committee on its findings; and**
- i) **reiterated the importance of continued attention by Management to strengthening internal control, in particular in high-risk areas and Decentralized Offices.**

2022 Annual Report of the Ethics Office

35. The Committee reviewed document FC 195/14, *2022 Annual Report of the Ethics Office*.

36. The Committee:

- a) **appreciated the quality of the report and the analysis of issues presented, which covered the full range of responsibilities under the mandate of the Ethics Office, noting that the work carried out was of great importance to help foster an ethical work environment across the Organization;**
- b) **noted the need for further work to strengthen FAO’s ethical framework by prioritizing review of key policies, such as protection from harassment, sexual harassment and abuse of authority, by supporting awareness raising and advocacy activities, and by reiterating all personnel’s role in building and maintaining an ethical work environment;**
- c) **welcomed the Director-General’s and Senior Management’s continued support to the Ethics Office mandate and to strengthen the Organization’s ethical framework.**

Update on the progress related to the recommendations presented in the JIU Report, Review of Whistleblower Policies and Practices in United Nations System Organizations (JIU/REP/2018/4) and JIU Report, Review of the State of the Investigation Function: Progress made in the United Nations System Organizations in Strengthening the Investigation Function (JIU/REP/2020/1)

37. The Committee received an oral update on the progress related to the recommendations presented in the JIU Report, *Review of Whistleblower Policies and Practices in United Nations System Organizations* (JIU/REP/2018/4) and JIU Report, *Review of the State of the Investigation Function: Progress made in the United Nations System Organizations in Strengthening the Investigation Function* (JIU/REP/2020/1).

38. The Committee:

- a) **welcomed** the oral update by the Legal Counsel, including on the consultations with other UN specialized agencies, while recommending that written updates be provided for similar matters in the future;
- b) **looked forward** to considering preliminary procedures at its November 2023 Session, together with relevant views of the CCLM, noting that these should be developed in consultation with other UN specialized agencies and taking into account the legal framework of the Organization; and
- c) **requested** Management to provide Members of the Finance Committee with an opportunity to review and provide inputs on the preliminary procedures prior to their formal presentation to the CCLM and Finance Committee at their autumn 2023 sessions.

FAO Oversight Advisory Committee Membership

39. The Committee reviewed document FC 195/16, *FAO Oversight Advisory Committee Membership*.

40. The Committee:

- a) **considered** the document in which the Director-General proposed that Ms Aït Mohamed Parent's and Ms Wild's terms on the FAO Oversight Advisory Committee be extended for a further, final three years;
- b) **noted** that such an extension would be made by the Council with effect from 1 July 2023;
- c) **supported** the Director-General's proposal regarding Ms Aït Mohamed Parent and Ms Wild 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

41. The Committee took note of the status of outstanding recommendations of the Finance Committee as presented in document FC 195/17 and **looked forward** to receiving an updated status report at its next regular session.

Other Matters

Date and Place of the Hundred and Ninety-sixth Session

42. The Committee was informed that the next session was scheduled to be held in Rome from 5 to 7 June 2023. The arrangements for the session would be established in accordance with the evolving COVID-19 restrictions.

Update on Scheduling of the FAO Management and Administration Review by the JIU

43. The Committee was provided an update on rescheduling of the 2021 FAO Management and Administration Review (MAR) by the JIU.

44. The Committee:

- a) **took note of the information provided on the status of the FAO MAR by the JIU;**
- b) **welcomed the information provided by Management that the FAO MAR was included in the 2023 workplan of the JIU and that initial steps for the review were starting, and appreciated FAO Management's collaborative approach with the JIU; and**
- c) **requested that Management provide regular updates to the Members on the progress of the matter along with the JIU.**

Annex I

[Deletions are indicated using strikethrough text and insertions are indicated using underlined italics.]

Draft Conference Resolution

Procedures for the restoration by the Conference of the voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization

THE CONFERENCE,

Reaffirming Article III, paragraph 4 and Article XVIII of the Constitution and the obligation of each Member Nation and Associate Member to contribute annually to the Organization its share of the budget, as apportioned by the Conference, and ~~urging~~ **urging** all Member Nations and Associate Members to pay their assessed contributions in full, on time and without conditions;

Noting the critical liquidity situation of the Regular Programme ~~in 2018~~ as a result of delays in the payment of contributions and the continued high level of contributions that remained unpaid from prior years, in particular by major contributors;

Noting that Member Nations are quarterly informed about Member Nations in arrears and that every Member in arrears will be notified two months in advance of the Conference, in accordance with Rule XXXVIII, paragraph 2(j) of the General Rules of the Organization;

Acknowledging the necessity of maintaining sufficient cash flow to cover obligations and ensure implementation of the approved Programme of Work;

Acknowledging the need for a more specific procedure for the ~~payment of arrears in relation to~~ restoration of voting rights of Member Nations in arrears in the payment of their financial contributions to the Organization in accordance with Article III, paragraph 4, of the Constitution;

Recalling ~~that the Committee on Constitutional and Legal Matters, at its 115th Session, and the Finance Committee, at its 191st Session, convened in March and May 2022, respectively, examined and recommended to the Council at its Hundred and Seventieth Session, to endorse the proposal to complement the General Rules of the Organization in order to strengthen the measures imposed for the non-payment of contributions;~~

1. **Decides** to adopt the procedures as outlined in this Resolution for the restoration of voting rights under Article III, paragraph 4 of the ~~FAO~~ Constitution:-

a)2- Member Nations in arrears requesting the restoration of voting rights under Article III, paragraph 4 of the ~~FAO~~ Constitution should provide an explanation of the nature of the conditions beyond the Member Nation's control leading to the failure to pay, and are encouraged to provide:

i.a) the fullest possible supporting information, which may include, where possible, information on economic aggregates, government revenues, and expenditure, foreign exchange resources, indebtedness, difficulties in meeting domestic or international financial obligations;

ii.b) an indication of the measures which will be taken in order to settle the arrears; and

iii.ε) any other information that might support the claim that failure to make necessary payments had been attributable to conditions beyond the control of the Member Nations.

b)3- **Requests applications** for the restoration of voting rights under Article III, *paragraph 4* of the Constitution to be submitted by Member Nations *in writing* to the Secretary-General of the Conference preferably two weeks ahead of the session of the Conference concerned, to ensure a complete review of the requests by the General Committee.

c)4- **Requests applications** for the restoration of voting rights under Article III, *paragraph 4* of the Constitution to be submitted in writing by the Permanent Representative of the Member Nation, *or* the designated *chargé d'affaires*, or the responsible minister of the government of the Member Nation *as defined by Rule III, paragraph 2 of the General Rules of the Organization*.

d)5- Member Nations in arrears who wish to reschedule the payment of their arrears as part of an arrangement to have their voting rights restored should submit with ~~its~~ *their* request in writing to the Director-General a written payment plan.

e)6- The payment plan as referred to in *sub-paragraph 51, d)* should include the following information:

i.a) the total amount due, including the current year's assessment;

ii.b) the period over which payment is proposed;

iii.ε) the minimum amount of payment that the Member Nation intends to make each year;

iv.δ) the date and the amount of the first payment;

v.ε) an indication of whether the Member Nation expects to request approval from the Director-General to make the payment in local currency, in accordance with the Financial Regulations and rules, and with relevant resolutions of the Conference; and

vi.ϕ) a commitment from the Member Nation to pay its future assessed contributions in full and on time and in accordance with the Financial Regulations.

27. Requests FAO to ~~establish and~~ *continue to* maintain a publicly accessible, exhaustive and up-to-date information section on the FAO website reflecting the status of payment of assessed contributions.

38. Requests the Director-General to include the present Resolution in the notification which is sent to Member Nations in arrears two months in advance of the Conference, *as well as* published *it* on the ~~relevant~~ website of FAO and in an Information Note for the Conference.

Annex II**Documents for information**

- Status of Current Assessments and Arrears (doc. FC 195/INF/2)
- Report on the Special Fund for Emergency and Rehabilitation Activities (SFERA) (doc. FC 195/INF/3)