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Food and  
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l'alimentation  
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Продовольственная и  
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Organización  
de las  
Naciones Unidas  
para la  
Alimentación y la  
Agricultura

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## COMMITTEE ON FISHERIES

### Thirtieth Session

Rome, 9-13 July 2012

### Outline of the Reviewed Strategic Framework

#### Executive Summary

The review of the FAO Strategic Framework 2010-19 and preparation of a Medium Term Plan (MTP) is foreseen every four years under the approach to planning introduced by the Conference in 2009. The review of the current Strategic Framework 2010-19 and preparation of the next MTP for 2014-17 is being driven by the Strategic Thinking Process launched in January 2012 by the Director-General to determine the future strategic direction of FAO.

In the first milestone of formal dialogue with the governing bodies, the Regional Conferences held during March – May 2012 considered global trends identified by the Process as drivers of change, and provided guidance on regional priorities and regional specificities of the main challenges representing possible priority areas of future work of the Organization.

The main challenges, including the specificities and priorities identified in each region, along with the relevant broad mandates that have been approved by the UN governing bodies, international agreements relating to the Organization's work, and a review of FAO's main organizational attributes, core functions and comparative advantages, were used to derive five proposed Strategic Objectives.

These proposed Strategic Objectives were submitted for initial consideration by the 144th Session of the Council in the Outline of the Reviewed Strategic Framework (CL 144/14). The Council welcomed the process of identifying fewer and more cross-cutting Strategic Objectives for FAO. Furthermore, in recognizing that the definition of the Strategic Objectives was a work in progress, the Council requested the Secretariat to include guidance from the Technical Committees of the Organization, especially on sustainable management of natural resources in the fields of agriculture, fisheries, forest, agriculture heritage and food safety within the context of global climate change.

The Outline of the Reviewed Strategic Framework considered by the 144<sup>th</sup> Session of the Council is hereby presented to the Committee on Fisheries as part of the dialogue with the Technical Committees foreseen by the Strategic Thinking Process, and in line with the guidance provided by the Council.

The input from the Committee on Fisheries on the main challenges and on the proposed Strategic Objectives will be aggregated with that of other Technical Committees in further elaborating the Strategic Objectives, and in preparing the results-based Action Plans which will inform preparation of the overall plan of work of the Organization within the context of the reviewed Strategic Framework and the Medium Term Plan 2014-15.

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**Guidance sought**

The preparation of the overall plan of work of the Organization based on the reviewed Strategic Framework will be informed by technical specificities and accordingly, the following guidance is sought from the Committee on Fisheries:

- a) Advice on the extent to which the main challenges and proposed Strategic Objectives identified in this document are consistent with the technical priorities within the mandate of COFI and in the context of FAO's Vision and Goals and the major global trends; and
- b) Suggestions on technical specificities that should be incorporated in each one of the identified main challenges and the proposed Strategic Objectives, and which should be taken into account in formulating action plans and programmes within the context of the reviewed Strategic Framework.

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## Table of Contents

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	Pages
<i>Introduction</i> .....	4
A. The Strategic Thinking Process .....	4
B. Vision and Goals .....	6
C. Major Global Trends .....	6
<i>C.1 Macroeconomic, social and political trends</i> .....	6
<i>C.2 Major global trends with direct implications on the areas of FAO's mandate</i> .....	6
D. Main Global Challenges .....	13
<i>Challenge 1. Increasing the production of agriculture, forestry and fisheries and its contributions to economic growth and development while ensuring sustainable ecosystem management and strategies for adaptation to, and mitigation of climatic change</i> .....	13
<i>Challenge 2. Eradicating food insecurity, nutrient deficiencies and unsafe food in the face of increasing food prices and high price volatility</i> .....	14
<i>Challenge 3. Improve the quality and balance of food consumption and nutrition</i> .....	14
<i>Challenge 4. Improve the livelihood of the population living in rural areas including smallholder farmers, foresters and fisher folk and in particular women, in the context of urbanization and changing agrarian structures</i> .....	15
<i>Challenge 5. Ensure a more inclusive food and agriculture systems at local, national and international levels</i> .....	15
<i>Challenge 6. Increase resilience of livelihoods to agriculture and food security threats and shocks</i> .....	16
<i>Challenge 7: Strengthen governance mechanisms for the needs for food, agriculture, forestry and fisheries systems at national, regional and global levels</i> .....	16
E. FAO's Attributes, Core Functions and Comparative Advantages in relation to the Global Challenges 17	17
<i>Introduction</i> .....	17
<i>The changing development cooperation environment and implications for FAO</i> .....	17
<i>FAO's basic organizational attributes</i> .....	18
<i>Core Functions</i> .....	18
<i>Comparative Advantages in relation to the selected Challenges</i> .....	19
F. Toward FAO's Strategic Objectives .....	19
<i>Strategic Objective 1: Eradicate hunger, food insecurity and malnutrition</i> .....	20
<i>Strategic Objective 2: Increase production in agriculture, fisheries and forestry in an economic, social and environmentally sustainable manner</i> .....	21
<i>Strategic Objective 3: Improve the livelihood of rural populations, in particular women and youth, through enhanced employment opportunities and increased access to production resources</i> .....	22
<i>Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems at local, national, regional and international levels</i> .....	23
<i>Strategic Objective 5: Increase the resilience of rural livelihoods to threats and crises</i> .....	23
G. Suggested action by the Committee on Fisheries .....	24
ANNEX: Indicative roadmap of major planning documents and agenda items for governing body meetings – 2012-2013 .....	25

### *Introduction*

1. At its Thirty-sixth Session in November 2009, the Conference established<sup>1</sup> a renewed programme and budget approach for FAO consistent with actions arising from the Immediate Plan of Action on priorities and programmes for the Organization. This new approach introduced revised planning documentation for the Organization including a Strategic Framework, prepared for a period of ten to fifteen years and reviewed every four years; and a Medium Term Plan (MTP) covering a period of four years and reviewed each biennium. In addition, the new arrangements envisaged the Regional Conferences, Technical Committees and the Programme Committee advising the Council on programme and budget matters, including priority areas for work of the Organization.
2. The Strategic Thinking Process was launched in January 2012 by the Director-General to determine the future strategic direction of FAO, and to inform the review of the current Strategic Framework 2010-19 and preparation of the MTP 2014-17 consistent with the new approach to planning introduced by the Conference, and in line with the context and high-level timeline approved by the Programme and Finance Committees<sup>2</sup> and by the Council<sup>3</sup> at the end of 2011.
3. The broad and participative nature of the Strategic Thinking Process includes participation of, and consultation with staff, inputs by an external Strategy Experts Panel<sup>4</sup> (SEP), consultation with other partner organizations and ample consultation and dialogue with Member Nations. In the first milestone of formal dialogue with the governing bodies, the 2012 Regional Conferences considered global trends identified by the Process as drivers of change, and main challenges representing possible priority areas of future work for the Organization.
4. The Regional Conferences provided guidance on regional priorities, and regional specificities of the main challenges, and this was followed by analysis of FAO's core functions and comparative advantages defined in relation to other organizations with mandates in agriculture and rural development. As a result, five draft Strategic Objectives to guide the overall, future plan of work of the Organization have been extrapolated based on expert input provided by the Strategy Experts Panel. These proposed Strategic Objectives are hereby submitted for consideration by the 144<sup>th</sup> Session of the Council.

#### **A. The Strategic Thinking Process**

5. The Strategic Thinking Process, with the different steps and components, is described in *Figure 1*. It has a sequence of major steps starting with the Vision and Global Goals that the governing bodies have defined for FAO and flows down to the operational plan represented by the Medium Term Plan (MTP).
6. Each of these steps requires specific tasks to be developed during the Strategic Thinking Process. This paper analyses in particular the first three steps in the process, which are: a) the Major Global Trends that have been identified as the main drivers of change; b) the Main Global Challenges that are derived from those trends and represent the possible priority areas of future work for FAO. Following the recommendations made by the Regional Conferences that have been recently held (Asia and the Pacific, Latin America and the Caribbean, Europe and Africa, as well as the North American Informal Regional Conference) the Challenges include a number of regional specificities and/or priorities for each individual region; and c) an analysis of the Core Functions and Comparative Advantages of the Organization. In addition, it also presents an initial proposal of five Strategic Objectives that represent the potential main priorities or areas of emphasis of FAO's future work.

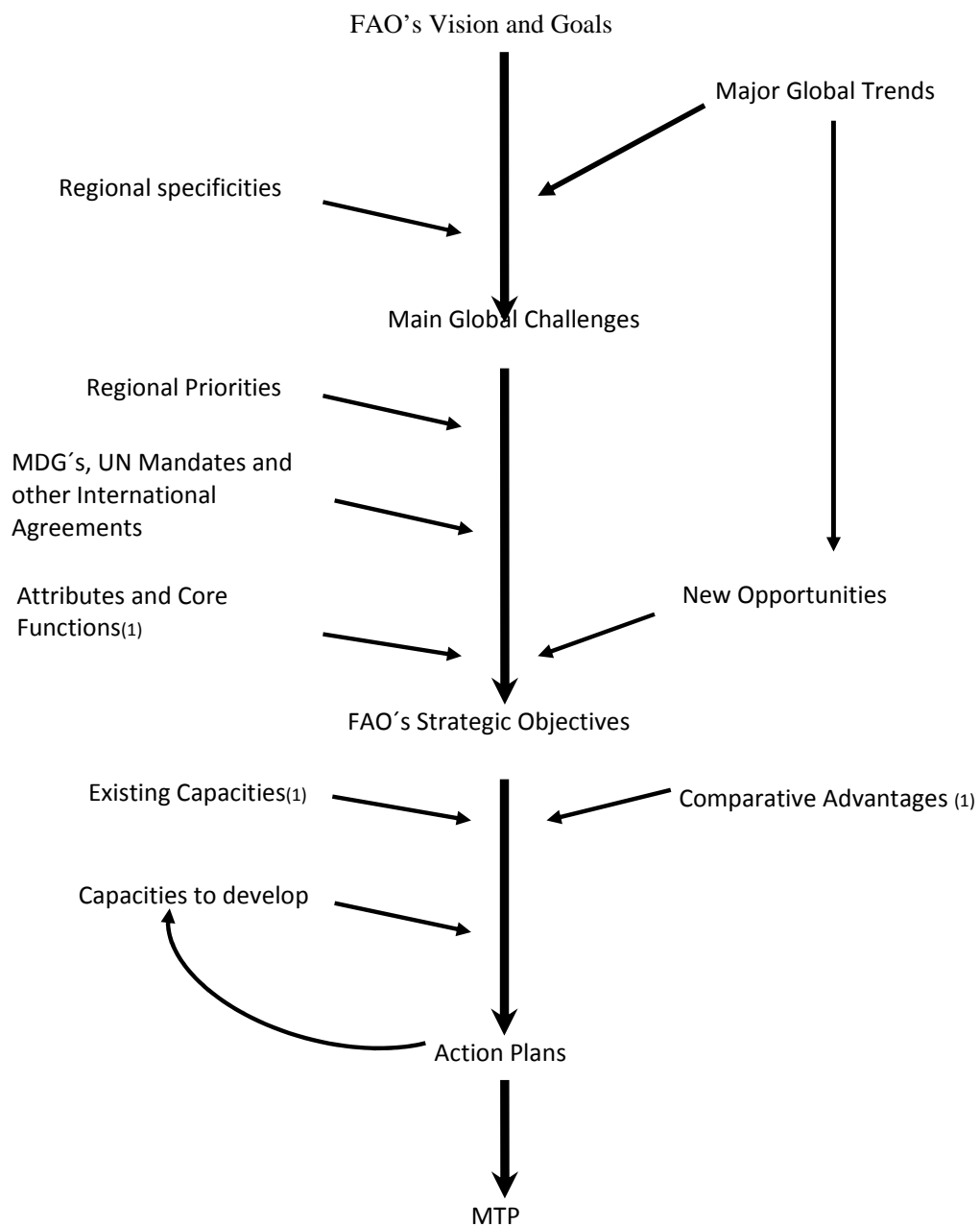
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<sup>1</sup> [Conference Resolution 10/2009](#)

<sup>2</sup> [CL 143/13, para. 7](#)

<sup>3</sup> [CL 143/REP, para. 13c](#)

<sup>4</sup> Prof Alain de Janvry, Dr Shenggen Fan, Prof Louise O Fresco, Mr Gustavo Gordillo De Anda, Prof Richard Mkandawire, Prof Inder Sud

**Figure 1: Strategic Thinking Process**

(1) Will be revisited

## B. Vision and Goals

7. FAO's Vision and Global Goals have been approved by the governing bodies as part of the current Strategic Framework.<sup>5</sup> The three Global Goals are: a) reduction of the absolute number of people suffering from hunger, 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; b) 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 c) sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

8. FAO needs to organize its work in order to help Member Nations achieve these goals individually at the national level and collectively at the regional and global levels.

## C. Major Global Trends

9. To identify and select the areas of work in which FAO will concentrate its efforts in order to contribute to the achievement of the Global Goals of the Organization and the priorities selected by Member Nations, an analysis has been developed on two groups of external trends: a) the macro-economic, social and political context; and b) some major Global Trends that will shape the conditions under which the world is expected to develop in the near future, and agricultural development is expected to take place. These Global Trends will have a direct incidence on the general areas of FAO's mandate.

### *C.1 Macroeconomic, social and political trends*

10. A small number of contextual elements or Macro Trends with wide and diffuse economic and political implications have been identified and described, covering: population dynamics; global financial crisis, growth and poverty; changing geo-economic balances; structural unemployment, especially of young populations and emerging global middle class, transparency and information. Summary write-ups of these Macro Trends are available as a Web Annex to this document at <http://www.fao.org/bodies/council/cl144/en/>.

### *C.2 Major global trends with direct implications on the areas of FAO's mandate*

11. The global scenario is changing rapidly. Social and economic forces have, through globalization, a wide and profound impact in the world we live. These trends change the economic and social environment in which agriculture and rural life take place and present a number of opportunities, but also new problems and needs that must be addressed in order to achieve the desired Global Goals. Although there are many important global trends, and there are many different ways in which they can be described and characterized, there are some that are especially relevant for agriculture and rural life. Identifying major trends that are especially relevant for agriculture, describing and characterizing them and understanding the way they will affect agriculture and rural life is the first task that has been developed. These global trends have incorporated relevant regional specificities suggested by the Regional Offices and have been fine-tuned by relevant regional specificities and priorities that emerged from the deliberations of the Regional Conferences.

12. A review of the recent literature on this general subject, and the work developed by FAO's "Trends Group",<sup>6</sup> and the advice received by the Strategy External Panel (SEP) has led to the identification of 11 major global trends that need to be brought into the analysis because they are especially relevant to FAO's Vision and Goals and will directly impact on agriculture and rural life. Complete write-ups of these Trends are available as a Web Annex to this document at <http://www.fao.org/bodies/council/cl144/en/>.

<sup>5</sup>C 2009/3, paras. 53-54

<sup>6</sup> Piero Conforti, ESA; Vincent Gitz, AGND; Alexandre Meybeck, AGD; Astrid Agostini, TCID; Jennifer Nyberg, DDK; Sally Bunning, NRL; Olivier Dubois, NRC; Sylvie Wabbes Candotti, TCE; David Palmer, NRC; Audun Lem, FIPM; Ewald Rametsteiner, FOEP; Salomon Salcedo, RLC; Andoniram Sanches, RLC; David Sedik, REU; Sumiter Broca, RAP; James Tefft, RAF; Nasredin Elamin, RNE.

**1) *Food demand is increasing while patterns of food consumption are changing towards more livestock products, vegetable oils and sugar***

13. Global food demand is increasingly driven by population, economic growth and urbanization, particularly in developing countries. This trend is expected to continue for the next decades reaching a 70 percent increase in total food demand by 2050. At the same time, dietary patterns are changing towards more livestock products, including fish, vegetable oils and, to a lesser extent, sugar; a trend that is accentuated by the increasing homogeneity of life habits between urban and rural population facilitated by communications technology. These three food groups together now provide 29 percent of total food consumption in the developing countries. Their share is projected to rise further to 35 percent in 2030. However, these changes are not universal and wide inter-regional and inter-country diversity remains in the share of different commodity groups in total food consumption. The new consumption patterns also imply a larger role for processed foods which create new opportunities for value-added and income-generating activities.

14. In spite of these global trends, there are vast numbers of undernourished and malnourished people that depend on an increasing supply of food at reasonable prices. Undernourished people have been estimated at 925 million, while micronutrient malnutrition or "hidden hunger" affects around 2 billion people.

15. One important instrument to meet this increasing demand and to decrease the pressure for more food production is to diminish food losses. It has been estimated that one-third of total food production is lost or wasted during the processing, marketing and consumption steps.

16. Another important issue is that as a consequence of urbanization, food insecurity will increasingly appear as an urban problem, which will make it more visible and politically sensitive and will require different types of interventions. Simultaneously, it will also increase consumers' voice and choices, through market and political actions, in relation to qualitative and food safety characteristics of food.

17. Finally, an emerging problem of growing significance in the developed and developing world is the increasing number of overweight and obese people. This situation is turning into a major health problem concern.

**2) *Growing competition and diminishing quality and quantity of natural resources and loss of ecosystem services***

18. Trends for 2050 suggest growing scarcities of agricultural land, water, forest, marine capture fishery and biodiversity resources. This is driven by accelerated intensification of human activities with increasing pressure on natural agricultural resources which threatens to alter the earth's ecological functioning in a harmful way, and at the same time making more difficult overall economic sustainability. Competition over natural resources for food and non-food products is not new, but the nature and the intensity of the competition has changed significantly in several ways during the past decade; a tendency which is expected to continue. Consumption of cereals and oilseeds for the production of biofuels has increased, as well as other uses such as biomass as a substitute for petrochemicals.

19. This competition may take away resources from the production of food, thus influencing food prices, but it will provide additional income opportunities for the rural sector increasing the contribution of agriculture to economic activity. Competition for land is increasing for city enlargements, infrastructure, industry, mining, food production, bio-energy and non-food raw materials, wood and tertiary and other products. Depletion of natural resources will imply increasing environmental social and economic costs of ecosystem services, reduced resilience and increased vulnerability of small-scale farmers. The impact of this process will be felt in a reduced capacity of communities and countries to ensure food security and improve the livelihood of rural populations.

20. These issues are all related to difficult choices between sustainability and production, between the productions of different products that use natural resources, between different ways of producing and so on. Strong governance mechanisms will be necessary at national, regional and international levels to strike the appropriate balance between conflicting needs and opportunities and to implement sound natural resources property rights frameworks.

### **3) *Energy security and scarcity***

21. The International Energy Agency suggests that global primary energy demand will increase by a third during the period 2008-2035 and that today's developing countries will account for a large proportion of this demand increase. Fossil fuels, coal, oil and gas ranked by relative importance are expected to contribute to around 81 percent of these requirements under present public policies. Renewable energy, including biomass, contributed in 2011 to an estimated 16 percent of total energy needs and this contribution is projected to increase. The increase of wood energy for traditional uses has severe health impacts and may cause deforestation, while its increased use for modern heating and electricity production in OECD countries may contribute to additional pressure on land for new plantations.

22. The gap between energy demand and access is large and demand is expected to rapidly increase as population and income per capita grow in developing countries and global trade of agricultural products requires more transportation. It has been estimated that about one-fifth of the world's population lacks access to electricity. The cost of producing oil and gas is expected to increase, contributing to upward pressure on its price to consumers. High energy prices will have a negative effect on agricultural production costs and food security around the world.

23. Agriculture and energy are closely interlinked, but the nature and strength of the linkages has varied over time. The use of fossil fuels in agriculture has contributed to feeding the world through mechanization, fertilizers and improved processing and transportation. As a result, there is a strong link between energy and food prices and the recent increase in the use of biofuels has strengthened this relationship. Most of the additional 70 percent food production needed to feed the world in 2050 will have to come from agricultural intensification. The combined increased energy needs and significant dependence on fossil fuel for food production are a cause of concern in terms of sustainability, achieving food security and the negative effects on climate change. As a result, due consideration to the way agriculture develops in the future is crucial. In particular the agrifood chain will have to become gradually decoupled from fossil fuel dependence so that it delivers more food with less and cleaner energy. In this way, agriculture will also become an important part of the global strategy on climate change mitigation and adaptation. Bioenergy can be an important part of this strategy and, at the same time, an additional source of economic activity and rural incomes.

### **4) *Food price increases and high price volatility***

24. In recent years increased food prices and their wide, short-run variability (volatility) have triggered worldwide concern about threats to food security and have shaken the complacency caused by many years of falling commodity prices. Up until 2006, the cost of the global food basket had fallen by almost a half over the previous thirty years, when adjusted for inflation. Declining real prices in agriculture over the long term resulted from technological advances and a relatively slow demand growth. Recent price increases and their high volatility may be explained by several causes, including supply shocks, low stocks, rising energy prices, trade restrictions applied by some countries in response to the food crisis and increased global demand. Estimates indicate that these conditions will not change in the near future and that consequently prices are likely to remain on a high plateau compared to previous decades, and that the high volatility observed will also continue. In the longer term, the relationship between demand and supply remains uncertain and will mainly depend on two broad processes. On the one hand, the evolution of global demand, which will be strongly influenced by economic growth and income per capita increases in the developing world, and the potential increase of the production of alternative non-food agricultural products. On the other hand, how food supplies increase in response to that demand. Although FAO's baseline projections indicate that, under plausible assumptions on yield improvements and rates of expansion in land and water use it should be possible to meet food demands, this path is surrounded with considerable uncertainties, especially because of the additional constraints derived from environmental concerns. Significant efforts in investments, technological innovation and policies to support sustainable agricultural development are needed to achieve this required production. In addition, the evolution of demand and supply will be highly diverse on a regional basis which implies that trade is likely to increase.

25. High price volatility has mostly negative consequences, as markets participants have difficulty planning ahead and adjusting to fluctuating market signals. Longer-term, higher commodity prices could benefit producers around the world and net food exporting countries, but will negatively affect world consumers, increase food insecurity for poor consumers, and negatively affect the macro-economic position

of net importing countries. These positive and negative effects have led many developing countries, after 2008, to implement policies to restrict trade and/or regulate internal prices.

#### **5) *Changing agrarian structures, agro-industrialization and globalization of food production***

26. The evolution of food production systems over the last decades has been characterized by an increased integration between agriculture, fishery and forestry with other economic activities. The emergence of complex and diverse agro-industrial production chains has implied qualitative and quantitative changes in the demand for primary products, as well as income distribution across sectors and population groups. As a consequence, the distribution of productive resources has been changing, starting with an increasing presence of large-scale primary producers along with small-scale operations. The increase in the number of large-sized farming firms, which are more capital intensive and based on contractual arrangements for acquiring labour and farm services, has been documented in the land abundant regions, particularly in Latin America, Eastern Europe, Central Asia, Southeast Asia and more recently in some parts of sub-Saharan Africa. This trend stems from economies of scale, but is also a response to market failures in credit and insurance and to counteract market power along the production chain.

27. These changes are similar to those taking place in the agro-industrial sector where large agribusiness firms, including wood-based industries, concentrate a growing proportion of manufacturing, distribution and retail of food products. This vertical integration occurs at the national level and at the global level in the development of large and complex global value chains, and in many cases includes a growing participation of transnational firms. The potential consequences of the agro-industrial development and increased foreign presence in developing countries can be manifold. On the one hand, they represent new opportunities for economic activity and growth. On the other, under certain conditions, they can result in the displacement of local firms and difficulties for small primary producers that may have difficulties in meeting quantitative requirements and more stringent, qualitative standards. This may result in the fragmentation of the micro-economic segment of the production chains. In addition, these processes of structural transformations modify market functioning and the distribution of rents between the different participants in the value chain at national level and in the international market. Furthermore, food systems must respond to the very different demands and needs of different social sectors. All these potential undesirable conditions represent new and important challenges in regards to policies, public goods and good governance that are necessary to improve market access and market transparency for the development and wellbeing of small- and family-farmers, and the new opportunities for product differentiation and value-added activities, including compliance with food safety regulations. The successful implementation of the required policies, for which strong governance is needed, will determine the final outcome of agro-industrialization in developing countries.

#### **6) *Changing patterns in agricultural trade and the evolution of trade policies***

28. Three major trends characterized agricultural and fisheries trade over the past decade:

- a) Significant increases in volumes exchanged, which have been considerable, but less than they would have been in the absence of a high protectionism. At constant prices, total agricultural exports have increased from USD 3.5 billion in 1961-1963 to about USD 110 billion in 2009, which is a trend that is expected to continue. This increase reflects more intraregional trade and also more trade between distant countries. Developing countries have participated actively in this trade expansion.
- b) Fundamental changes in regards to the origin and destination of trade flows of some major agricultural commodities have occurred. Poorer developing countries, notably the Least Developed Country group, have become large net importers, while emerging economies in Latin America, Eastern Europe and Asia have emerged as large net exporters, especially of cereals and oil seeds, reducing the role of OECD countries, a tendency that it is also expected to continue.
- c) Policies evolving towards more openness, while at the same time promoting a host of regional and preferential agreements (which in the last few years have become more prominent than multilateral coordination). Although it is difficult to predict the possible evolution of the multilateral trade agreement as a consequence of the Doha negotiations, the situation does not look promising. Furthermore, as a consequence of the 2008 food crisis, a number of countries, most notably in Latin America, Eastern Europe and Asia, have implemented protectionist

measures to control internal food prices and have increased the role of the governments through commercial and trade policies.

29. These trends are likely to extend in the future and will bring forward and/or strengthen a number of trade issues such as: a) the increasing product differentiation and concerns for safety issues will lead to more use of standards including private standards - the relative roles of governments and the private sector is also bound to change; b) themes like the carbon footprint of products will become more relevant and consequently environmental issues are likely to be translated into trade regulations; c) impact of trade in food security and the importance of commercial policies in developing countries; d) the growing size of firms operating in the agrifood sector and the growing complexity of production chains will generate concerns on market power and call for actions to regulate it; and e) large emerging agricultural countries, both on the import and export side of the market, show a recently growing public presence which changes the structure and functioning of international markets.

30. Most of these issues involve complex policy questions that countries will have to deal with. This implies that policy research and policy advice on trade matters will cover a wider field and extend beyond the traditional and dominant issues related to tariff protection and subsidies. Developing countries will need to prepare themselves for these new challenges.

#### **7) *Climate change will have a growing impact in agriculture***

31. Climate change is now evident and is expected to increase in the decades to come, in spite of the measures that may be taken to mitigate it. It already impacts on agriculture, forests and ocean fisheries and these impacts are expected to increase in the future with variations between subsectors and regions. The Intergovernmental Panel on Climate Change (IPCC) 2007 report indicates that warming of the climate system is unequivocal and a warming of about 0.2 degrees centigrade per decade is projected for a range of emission scenarios.

32. Global warming will affect agriculture in a number of ways, including: a) very likely increase in the frequency of hot extremes, heat waves and heavy precipitation; b) likely increase in tropical cyclone intensity; and c) very likely precipitation increases in high altitudes and likely decrease in most subtropical land regions.

33. The impact of extreme events is much discussed. However the IPCC's Special Report entitled "*Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation*" released in December 2011 shows evidence that some extremes have changed as a result of anthropogenic influences, including increases in atmospheric concentration of greenhouse gases.

34. Vulnerable communities and people in fragile environments, such as drylands, mountain areas and coastal zones will be particularly affected. Adverse effect of climate change will also impact food security, especially as some of the most vulnerable countries are already food insecure. These effects will be very diverse among regions and countries. Mitigation strategies in agriculture, adaptation to climate change and creating greater resilience are a growing concern and need strong collective action at national, regional and global levels.

#### **8) *Science and technology, as a main source of agricultural productivity, and production increases are progressively becoming a private good, and the processes are dominated by the private sector***

35. Most of the increases in global agricultural production and productivity have been based in increases of yields per hectare. Cereals and oilseeds have played a major role in this process. However, exponential yield rates have downed from 3.2 percent per year in 1960 to 1.5 percent in 2000. Furthermore, trends in yields are very variable and heterogeneous, both regionally and also for different cereals, showing the uneven impact of modern varieties and associated technological innovations. An observation of the sources of improved farm productivity suggests that future yield increases will rely heavily on the development of adapted and improved varieties and on their appropriate diffusion and use. The emergence of biotechnology, as a major source of innovation in agriculture, has displaced the "technological space" in the direction of the private sector.

36. Although public investment in agricultural research and development (R&D) has grown worldwide from about USD 16 billion in 1981 to USD 23 billion in 2000, private sector investments have grown faster to reach USD 16 billion in 2000 or 40 percent of total. Total investment in agricultural R&D is concentrated

in a few countries. About 50 percent of public investment is made in five countries: USA, Japan, China, India and Brazil, and 93 percent of private investment is carried out in developed countries. The opportunities given by propriety biotechnological products and the size and easy access to markets explain these large investments by the private sector, which is concentrated in grains and market-oriented production conditions. As intellectual protection instruments become more standard, the magnitude of needed investments increases, and the complexity of science makes essential high managerial capacities. These trends will most likely consolidate. The organization of science and the interface between policy and science become more important and open. These are important areas of work for FAO that could be developed in close partnership with the CGIAR. In particular strengthening national research institutions, developing public policies related to science and innovation, and increasing public investments and partnerships with the private sector will be needed for a more universal utilization of the potential of innovations for increasing food production and poverty reduction in the developing world.

**9) *Evolving development environment: increased recognition of the centrality of governance and a commitment to country-led development processes***

37. During the last decade the development environment has changed in many ways. On the one hand, at national and international level a wide range of stakeholders, including the private sector, civil society, NGOs and foundations are increasingly recognized as having a legitimate voice in deliberations. New mechanisms are being put in place to involve their representatives in decision-making processes, as well as in the implementation of jointly developed activities. It is further recognized that in order to achieve global, regional and national development goals, not least to achieve food security and reduce poverty, the participation of actors well beyond the agricultural sector is required, further broadening the range of stakeholders and competing views and interests. A heightened focus on cross-cutting issues, such as gender and the environment adds further complexity. This increasing complexity calls for better and stronger governance and on building effective, efficient and accountable institutions and fostering participation, equity, transparency and evidence-based information and decision-making.

38. A second important change is the general recognition that successful development processes must be driven and owned by countries themselves, and that this requires coherent country strategies and programmes. These perceptions were explicitly articulated in a series of international fora (Rome 2002, Paris 2005, Accra 2008 and Busan 2011). This new development environment has created new policy and institutional needs, and at the same time has generated new opportunities for action at country, regional and global levels which have important implications for multilateral organizations in general, and FAO in particular.

**10) *Increased vulnerability due to natural and man-made disasters and crisis***

39. The multiple threats to food and nutrition security, their negative and cumulative impact, and the clear links between shocks and hunger reveal the fragility of current food production systems and their vulnerability to disasters, crisis and conflicts. Disasters have adversely affected the lives and livelihoods of millions over the past years with particular deleterious consequences for the poor and politically marginalized. The impacts of the catastrophic large-scale mega-disasters such as the earthquake in Haiti in January 2010 and floods in Pakistan in July 2010 show how disaster risk and poverty are closely interlinked. The 2011 Horn of Africa drought crisis stresses the interconnection between natural disaster and conflict situations, amplifying the impact of the drought. In 2011, floods in Australia, the earthquake in New Zealand, and the earthquake, tsunami and nuclear disaster wreaking havoc in Japan are a stark reminder that developed countries are also highly exposed.

40. Less visible internationally, hundreds of smaller disasters associated with climate variability have caused enormous damages and losses. The past 20 years have seen an exponential increase in the number of local areas reporting negative impact on human and natural resources. These events reveal how disasters are continuously constructed through a combination of risk drivers (i.e. degradation of hazard-regulating ecosystems such as wetlands, mangroves and forests; high levels of relative poverty; and badly managed urban and regional development) and compounded by conflicts. Moreover, there are emerging risks and new vulnerabilities associated with the complexity and interdependency of technological and ecological systems on which societies depend. The risks associated to increased incidence and spread to new geographic areas of transboundary plant pests and animal diseases are also looming ahead.

41. The exposure of people to a wide range of emerging risks which are magnified and made more frequent as a consequence of globalization (including increase and volatility of food/commodity prices, financial instability, employment opportunities), and new patterns of vulnerability can trigger cascading and concatenated system breakdowns at different scale which can exponentially magnify negative impacts. In the absence of appropriate policy responses, risks become structural with high individual and social costs. Across all the major hazards, poorer countries (especially complex emergencies or protracted crisis) with weaker governance tend to experience far higher mortality and relative economic loss compared to wealthier countries with stronger governance.

42. Food and agriculture sectoral strategic guidance is needed to help countries comply with the Hyogo Framework for Action (HFA) and to reduce and manage multi-hazards and various risks magnifying vulnerabilities to food and nutrition insecurity (especially for the poorest). At global, regional, national and local levels, coherent interventions are needed to build, prevent and restore resilient livelihoods of farmers, herders, fishers, foresters and other vulnerable groups (estimated to more than 2.5 billion smallholders according to FAO's publication "*Save and Grow*") against various threats and shocks. Disaster risk reduction and management for food and nutrition security is vital for ensuring one of the most basic human rights – "the right to adequate food and freedom from hunger".

### *11) Rural Poverty: facts, perspectives, actions required*

43. Rural poverty has declined significantly in some parts of the developing world over the past decades. 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. However, in spite of this progress, by 2005 there were still about 1.4 billion people living on less than USD 1.25 a day (defined as extreme poverty). World poverty continues to be mostly a rural problem, as at least 70 percent of the world's extremely poor people live in rural areas (IFAD, 2011).

44. In spite of an expected significant decline in the annual growth rate of the world population (from 1.1 percent in 2010-2015 to 0.4 percent in 2045-2050), absolute increments will continue to be large in many less-developed countries. Population increases will vary significantly by region and country, creating different rural poverty and rural development challenges.

45. Population ageing, a shift in the age structure of the population towards older ages, will accelerate in all developing regions. It often begins earlier and proceeds faster in rural than in urban areas, mainly due to the migration of young adults to the cities. It has major implications for labour markets, agricultural production and food security.

46. Rural poverty is often associated with a disadvantaged employment status. Rural labour markets present high levels of informality, multiple job-holding and casual work arrangements, and pervasive gender- and age-based inequalities. Rural working conditions are often extremely poor, labour legislation poorly enforced, and access to social protection limited. In rural areas of developing countries poverty is predominantly a problem of poor employment quality, resulting in low levels of labour productivity. Globally, nearly eight out of ten working poor with less than USD 1.25/day live in rural areas (ILO, 2012). They are typically employed as subsistence farmers and in own-account or contributing family work. Rural women and youth are particularly disadvantaged in access to decent employment opportunities.

47. Women make up, on average, 43 percent of the agricultural labour force in less-developed regions. Globally, there is evidence of a slight feminization of the agricultural labour force over the last 30 years, except in the Near East and North Africa regions where the trend is pronounced. Women are less likely to engage in wage employment than men and, when they do, they are more likely to be in part-time, seasonal and/or low-paying jobs in the informal economy and to be paid less for equivalent jobs and comparable levels of education and experience.

48. Ensuring that rural women have the same access as men to agricultural services and resources, could increase agricultural production by 2.5 to 4 percent at the national level. Such production increases could reduce the number of undernourished people in the world by 100 to 150 million people (FAO, SOFA 2011).

49. In the past 50 years, 800 million people have moved from rural areas into cities; though numbers for rural-to-rural migration appear to be much higher (FAO 2007). Migration is often triggered by poverty, food insecurity, inequality, lack of wage-earning opportunities and increased competition for scarce land and

water resources in the “sending” areas. On the other hand, migration may contribute to resolve tensions in sending areas by reducing population pressures there, including the demand for land and water, but it may also deprive those same areas of valuable labour and human resources.

#### D. Main Global Challenges

50. These trends define and identify major development problems that member countries and the international development community will face in the immediate future. On this basis, and taking into consideration FAO’s broad mandate, seven development challenges have been identified and selected as those that appear to have a special significance and urgency.

51. These challenges have been considered and endorsed by the Regional Conferences, held during March - April 2012, for Asia and the Pacific, Latin America and the Caribbean, Europe and Africa, as well as the North American Informal Regional Conference.<sup>7</sup> These Regional Conferences endorsed FAO’s Strategic Thinking Process and identified regional specificities and priorities<sup>8</sup>. The regional specificities have been incorporated in each of the Main Challenges and will be taken into consideration in the characterization of the Strategic Objectives and the Action Plans to be developed.

#### ***Challenge 1. Increasing the production of agriculture, forestry and fisheries and its contributions to economic growth and development while ensuring sustainable ecosystem management and strategies for adaptation to, and mitigation of climatic change***

52. The natural resource base and ecosystems services are the foundation of all food and agricultural systems, and their protection is a guiding principle in their use. Meeting environmental challenges, moving to a greener economy and ensuring social and political sustainability of production systems are the main contexts for attaining an increase in food and non-food agricultural production. Within the framework of finding the appropriate balance between increasing production and energy and natural resources utilization, the objective is to take advantage of the potential of bio-economy to increase the contributions of agriculture, forestry and fisheries to economic development, while generating income and employment and providing livelihood opportunities for family farms and more generally the population in rural areas. Production systems must meet this challenge through innovations that increase agricultural productivity and efficiency in a context of a sustainable use of natural resources, reduced contamination, cleaner energy utilization and increased mitigation of, and adaptation to climatic change, as well as the delivery of environmental services. This will require taking into consideration existing trade-offs and striking the appropriate balances. These balances are country-specific and must be country-led.

53. The regional specificities and priorities provided by the Regional Conferences held during March and April 2012 include:

**Latin America and the Caribbean:** 1) the great importance of family farms, cooperatives, artisan fisheries and aquaculture as a means to increasing production and productivity; 2) the importance of animal health and plant protection issues and, in particular transboundary diseases and the need to develop information platforms; 3) the importance to design development strategies that insure a reasonable and just level of income by farmers; and 4) adaptation strategies for climate change impacts should receive higher priority than mitigation strategies, and technology transfer should be a primary area of FAO’s work.

**Asia and the Pacific:** 1) the great importance and priority of rice production and the need to work on a broad strategy including technology transfer, managing transboundary diseases and improving markets in order to increase productivity, especially of small farmers; 2) the importance of increasing productivity in Small Island Developing States facilitating capacity development and knowledge generation; 3) the importance of promoting appropriate responses to food price volatility; 4) strengthening research and extension; 5) the importance of the livestock sector and the design of animal health and food safety standards; and 6) the promotion of development of small farmers organizations.

<sup>7</sup> The 31<sup>st</sup> Regional Conference for the Near East is scheduled for 14 – 18 May 2012, reported in CL 144/8

<sup>8</sup> CL 144/4, CL 144/5, CL 144/6, CL 144/7 and CL 144/LIM/4 (<http://www.fao.org/bodies/council/cl144/en/>)

**Europe:** 1) policy advice to governments in support of sustainable intensification for small farms; and 2) the importance of improving the control of animal, plant and foodborne hazards, pest and diseases.

**Africa:** 1) the need to improve water utilization and irrigation.

***Challenge 2. Eradicating food insecurity, nutrient deficiencies and unsafe food in the face of increasing food prices and high price volatility***

54. The right to adequate food is an increasingly accepted value that has led to new concerns on food insecurity and commitments to eradicate hunger, as well as undernutrition at national and international levels - especially in women and children. For these purposes appropriate strategies, policies and programmes for improving food and nutritional security, in rural and urban populations, must be implemented at the national, regional and global levels with the clear objective of eradication in a reasonable period of time. These policies need to balance the short- and long-term needs and constraints. They must also balance the interests of agricultural production, especially small farmers and poor producers, with the interests and needs of poor consumers. They should include local supply of agriculture, aquaculture, non-wood forest products and livestock production, especially in family-operated activities, in order to improve accessibility, commercial policies that integrate and balance local production and imports, and social programmes that contribute to improving the access to food. A guiding principle for these policies should be that what is done in the short-term to address food vulnerabilities, does not undermine long-term objectives of food production and natural resources sustainability. Nutritional security and quality, including protein and micronutrient components, need to be integrated. Furthermore a reduction of the significant food losses that occur in the industrial and commercial stages of the overall process could make a substantial contribution to national and global food security.

55. The regional specificities and priorities provided by the Regional Conferences held during March and April 2012 include:

**Latin America and the Caribbean:** 1) the recognition that main issues related to food security are related to the possibilities of access to food which, in turn, are associated to levels of income.

***Challenge 3. Improve the quality and balance of food consumption and nutrition***

56. Global demand growth and its impact on environment and on prices, widespread inadequate eating habits and related nutritional imbalances and health problems call for major changes to establish more sustainable and healthy diets. Meeting this challenge implies the modification of consumption patterns and habits, including reducing food waste. It will require a range of actions comprising behavioural and/or cultural changes, the reinstatement of the true value of food (nutritionally, symbolically and economically) and the integration of nutrition as a core concern of every policy directed to food systems.

57. Gender-sensitive education and information needs to be strengthened and show the links between meal preparation, nutrition and health. In turn, the concept of nutrition has to be better integrated into agricultural policies and programmes including those related to natural resources sustainability. Leverage points in supply chains need to be identified in order to influence the choices of consumers and of the main actors of the complete food chain, including public sector authorities. The inter-relation between education, health and agriculture needs to be further developed and internalized in policies and programmes.

58. In considering the regional specificities and priorities, the Regional Conferences held during March and April 2012:

**Latin America and the Caribbean:** 1) suggested that this challenge should be merged with the previous one, Food Security, when defining the Strategic Objectives.

**Africa:** 1) emphasized the importance of reducing post-harvest losses and developing capacity for food safety controls.

***Challenge 4. Improve the livelihood of the population living in rural areas including smallholder farmers, foresters and fisher folk and in particular women, in the context of urbanization and changing agrarian structures***

59. Economic growth and livelihood opportunities for different social, gender and age groups must be created and promoted in a context of closer rural-urban linkages. Strategies, policies, normative frameworks and programmes need to be designed and implemented in order to create decent employment and other rural and non-rural income opportunities for populations in rural territories. Similarly, the design of effective social protection and promotion systems built on existing safety nets and other agricultural support mechanisms are needed. In many countries, it implies new balances in policies that have been biased against agriculture. For this, new and stronger governance mechanisms at local and national levels will be needed.

60. The reduction of income inequalities between regions and social groups in each country and, in particular, the elimination of gender inequalities and improvement of women's access to production resources, are important objectives and main components of this challenge. Similarly, integrating young population to the labour market is an important objective. Protection of land rights and other natural resources, the provision of advisory and financial services are important to foster transition and diversification into productive and competitive activities. In addition, specific policies to support small and family farms, cooperatives and farmers' associations, especially for their better integration into markets and production chains, must be implemented, as well as exit strategies from agriculture to alternative sustainable rural and urban livelihoods. These policies will have different relative importance and different types of interventions in different regions and countries.

61. In considering the regional specificities and priorities, the Regional Conferences held during March and April 2012:

**Latin America and the Caribbean:** 1) the Regional Conference expressed a special concern in relation to the conditions to improve the livelihoods of women, rural youth and indigenous people.

***Challenge 5. Ensure a more inclusive food and agriculture systems at local, national and international levels***

62. The organization of value chains at the national, regional and global level and regulatory measures should foster transparency and efficiency, permitting all participating actors to play a meaningful role. Promoting inclusive business models, ensuring that product standards respond to real market needs, strengthening and empowering producers' associations and cooperatives and improving market information are important elements. Furthermore, the integration of small producers into the production value chains in agriculture, forestry and fishery needs to be promoted. Land tenure policies that protect small farmers and rural communities from land concentration processes are needed in most regions, and their inter-relation with natural resources sustainability should be taken into consideration. At the international level, importing and exporting countries need special and differential strategies and policies to benefit from trade and pursue their own food security objectives, while taking into account food security needs elsewhere. For these objectives, developing and taking advantage of regional markets is an important objective in most regions, as is assistance to countries and producers to comply with increasingly stringent international standards, especially in relation to food safety and animal and plant diseases.

63. The regional specificities and priorities provided by the Regional Conferences held during March and April 2012 include:

**Asia and the Pacific:** 1) the need to develop open, efficient, transparent food markets, including trade; and 2) the progressive development of food production value chains and the importance to strengthen this process, as well as diminishing post-harvest losses.

**Europe:** 1) the importance of the entry of Member States into regional and global trade, standard-setting and political-economic organizations and their need to receive policy and institutional support.

**Africa:** 1) the region emphasized the importance of development of market-oriented infrastructures; 2) strengthening of sanitary measures and food safety systems to improve trade; 3) development and

implementation of commercial policies and regulatory frameworks governing inter-regional and international trade; and 4) the development of value-added agroprocessing industries.

***Challenge 6. Increase resilience of livelihoods to agriculture and food security threats and shocks***

64. Vulnerability to various threats and shocks due to natural and man-made causes, which are increasingly interconnected, are affecting rural populations with greater frequency and intensity, especially as population density increases. Economic shocks related to financial stability, employment opportunities and extreme price variability are associated to income losses and food insecurity that in the absence of appropriate policy responses become structural with high individual and social costs. Instruments to manage risk and safety nets to diminish the impact of these shocks are important. Countries in protracted crisis are particularly vulnerable because of the fragility of institutions and governance systems. Development of humanitarian strategies, policies and programmes needs to take into account, reduce and better manage the various and interconnected risks that increasingly affect peoples' livelihoods in order to help people adapt to, and better cope with, slow onset and sudden threats and shocks. Strategies for adaptation and resilience to climate change and developing capacities to respond to plant and animal diseases and in particular transboundary diseases are important elements of the overall challenge.

65. In considering the regional specificities and priorities, the Regional Conferences held during March and April 2012:

**Latin America and the Caribbean:** 1) expressed special concern and emphasis in relation to natural disasters related to climate change and the need to develop better instruments for its control.

**Asia and the Pacific:** 1) highlighted the growing importance and frequency of natural disasters related to climate change and the importance of developing early warning systems and development and dissemination of improved technologies and risk management tools.

***Challenge 7: Strengthen governance mechanisms for the needs for food, agriculture, forestry and fisheries systems at national, regional and global levels***

66. Addressing development challenges is complex because it involves multiple sectors, a broad range of stakeholders and must take into account transdisciplinary, as well as transboundary dimensions, such as the management of water resources and watersheds and of blue economy resources in the seas. Moreover, globalization requires that existing imbalances, like food insecurity, environmental externalities, sustainable management of common natural resources, including irrigation water, transboundary watersheds and ocean resources be addressed through concerted actions that are effective and fair. In addition, the adequate provision of public goods including services, information, knowledge and innovations, evidence-based policy advice, regulatory frameworks, codes of conduct, agreements for common action, and so on at local, national and global levels is essential for development. For the reasons, stronger and more effective local, national, regional and global governance mechanisms and processes are needed that are transparent, ensure accountability and fairness, enhance the participation of all stakeholders in a meaningful way, especially those that are weaker in terms of social and/or political representation, and lead to the creation of an enabling environment for policy and programme design and implementation. The creation of effective public, private and civil society cooperation at all levels in agricultural and food systems is an important component of this challenge.

67. In considering the specificities and priorities, the Regional Conferences held during March and April 2012:

**Asia and the Pacific:** 1) highlighted the interest in improving governance and regulation of the livestock sector to allow a rapid growth in a sustainable and environmentally-sound manner.

**Europe:** 1) indicated the importance of regional and public goods and the need to receive support in applied research in the areas of food, agriculture, fisheries and forestry.

**Africa:** 1) highlighted support for institutional reforms and regulatory enabling environment for better public-private partnerships.

## **E. FAO's Attributes, Core Functions and Comparative Advantages in relation to the Global Challenges**

### *Introduction*

68. The concepts of comparative advantages and core functions have been extensively used in FAO. Both are mentioned in a number of institutional documents, such as the Strategic Framework 2000-2015 and the Medium Term Plan 2010-2013. The use and usefulness of these terms has been revisited introducing two main analytical elements: the evolving development cooperation environment; and FAO's basic organizational attributes. As a result of the analysis, new core functions have been proposed. In addition comparative advantages have been defined in terms of the seven selected Global Challenges.<sup>9</sup>

### *The changing development cooperation environment and implications for FAO*

69. The development cooperation environment in which FAO operates has gone through significant changes since 2002. Through the Fourth High-Level Forum on Aid Effectiveness, the international community made commitments which reiterated the centrality of country-led strategies and programmes for development. At the same time, in the humanitarian domain, new approaches have also evolved, which stress the humanitarian-development continuum with stronger emphasis on disaster risk reduction and preparedness. The Transformative Agenda endorsed by the Inter-Agency Standing Committee in December 2011 focuses on enhanced country leadership, improved coordination and accountability, bringing humanitarian approaches more in line with the new development paradigm.

70. Embracing these changes, the United Nations Development Group (UNDG) adopted five new programming principles as guidance for effective UN-supported country programming. These principles are:

- Human rights based approach
- Gender equality
- Environmental sustainability
- Capacity development
- Results based management

71. Each principle applies to FAO's engagement with, and support to national development processes and frameworks, as well as its efforts in providing global public goods. These principles were fully reflected in the Rome Principles for Sustainable Global Food Security adopted in November 2009, which stressed the commitment to country-led development, interdisciplinary coordination and partnerships, capacity development, evidence-based policies and increased efficiency and effectiveness of multilateral institutions working on global food security.

72. With the year 2015 approaching, negotiations for the formulation of the post-2015 development agenda are in progress. Given the increasing number of middle-income countries, the scope of MDG 1 (poverty and hunger) is no longer considered as ideal for advocating for hunger reduction. FAO and partners need to find appropriate platforms within the new agenda to advocate for food and nutrition security and sustainable agriculture. As a result, FAO needs to increase its effort to frame its work in the context of human rights-based approaches and "equity" in countries, regions and at the global level. Concurrently, FAO has to further enhance the linkages between the new development agenda, such as climate change, sustainability and environment, resilience and disaster risk management, and the thematic areas in which FAO possesses technical capacities and a sound knowledge base.

73. In addition to the changes in the global political and economic landscapes, that have affected the UN and the development cooperation paradigm in which FAO operates, other organizations with overlapping mandates with FAO have also evolved. The other two Rome-based organizations, IFAD and WFP, initially created for different objectives, have changed their strengths; in reality their work has progressively overlapped that of FAO. Moreover, there has been a significant growth in numbers and strength of organizations in the areas of research and technology creation and diffusion, such as CGIAR, NEPAD,

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<sup>9</sup> A detailed analysis and conclusions are available in document "FAO's attributes, core functions and comparative advantages in relation to the Global Challenges" (<http://www.fao.org/bodies/council/cl144/en/>) prepared by an FAO working group composed of: A. Agostini, B. Benbelhassen, R. Grainger, D. Gustafson, K. Gallaher, V. Gitz, E. Hibi, R. Muthoo, S. Rudgard.

IICA,<sup>10</sup> civil society organizations and the private sector. In this more complex and competitive environment, the identification of FAO's unique attributes that confer to it special capacities to perform certain types of function becomes of great importance in the planning process.

#### *FAO's basic organizational attributes*

74. The most relevant basic attributes and strength of an organization are those that are intrinsic and unique to it and define its basic organizational characteristics. There are several basic attributes which are intrinsic and in combination unique to FAO:

- 1) the United Nations specialized agency in food and agriculture, with a comprehensive mandate from its member countries to work globally on all aspects of food and agriculture (including fisheries, forestry and natural resources' management), food security and nutrition across the humanitarian-development continuum;
- 2) intergovernmental status and neutrality and the authority to provide a neutral platform where nations can call on each other for dialogue and knowledge exchange;
- 3) the authority to request any Member Nation to submit information relating to the purpose of the Organization;
- 4) a regular budget derived from assessed contributions that provides a minimum guaranteed amount of resources that can be committed for medium-term programmed priority activities agreed upon by member countries in the governing bodies, complemented by significant voluntary contributions, increasingly mobilized in support of FAO's Organizational Results to leverage FAO's knowledge and enhance outreach;
- 5) staff with a broad range of expertise across its areas of mandate – albeit thinly spread - working in an interdisciplinary fashion; and
- 6) country level presence in most low-income countries, supported by regional and global teams of experts, to respond to demands articulated by countries and regions.

#### *Core Functions*

75. 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 through the years and in the different planning documents.

76. Taking into consideration the evolving development environment and a clear characterization of FAO's basic organizational attributes, a new set of Core Functions are derived. In the words of the Independent External Evaluation (IEE) of FAO these attributes provide the Organization a unique status, making it well placed to play a distinctive role in key areas. These are the 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 for which FAO may not be the only player, but is expected to play a lead 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 international agreements, codes of conduct, technical standards and other international instruments through global governance mechanisms and policy dialogue;
- 2) advise and support countries in their active and informed participation in the development of those global and regional international instruments and on developing the policies and institutional capacities necessary for their implementation at national and regional level;

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<sup>10</sup> Consultative Group on International Agricultural Research (CGIAR); The New Partnership for Africa's Development (NEPAD); Inter-American Institute for Cooperation on Agriculture (IICA)

- 3) assemble, analyze, monitor and improve access to data and information, in areas related to FAO's mandate, including global and regional trends and perspectives and associated responses by governments and other stakeholders (e.g. policies, legislation and actions);
- 4) facilitate, promote and support better governance and policy dialogue for development effectiveness at global, regional and country levels;
- 5) advise and support capacity development at country and regional level to prepare, implement, monitor and evaluate evidence-based policies, investments and programmes;
- 6) facilitate partnerships for food and nutrition security, agriculture and rural development between governments, development partners, civil society and the private sector;
- 7) advocacy and communication at national, regional and global levels in areas of FAO's mandate.

77. Importantly these Core Functions are consistent with the IEE's vision: "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".

78. To perform these tasks, and following recommendations made by the North American Informal Regional Conference, FAO should: a) focus on its technical expertise and knowledge, and use good practices available to FAO and member countries; 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 in terms of its organization and human resources to be able to fully implement the seven Core Functions.

79. In the next section, the issue of FAO's comparative advantages is addressed in relation to each of the selected development challenges.

#### *Comparative Advantages in relation to the selected Challenges*

80. Comparative advantage is a relative concept in three dimensions:

- 1) First, it is a special capacity relative to the end mission pursued. A comparative advantage is an advantage only if it is *relevant* to the *challenge* that needs to be addressed and to "*what needs to be achieved?*" (i.e. the objectives) to address this challenge.
- 2) Second, it depends on the *set of activities and instruments* that FAO is capable to pursue and implement to achieve the selected objectives. This goes two ways:
  - a) *from the activities to comparative advantages and capacities*: activities pursued over time by the Organization can lead to the creation of capacities and comparative advantages; and
  - b) *from comparative advantages and special capacities to activities*: the Organization shall seek to pursue activities in domains where it has a comparative advantage or special capacity to act.
- 3) Third, the notion is relative to other actors' roles and performance to address the same challenge and meet the established objectives, with the same or a different set of tools.

81. The analysis identifying FAO's existing Comparative Advantages in relation to each challenge is presented information in the document entitled "FAO's attributes, core functions and comparative advantages in relation to the Global Challenges", available on the Web at <http://www.fao.org/bodies/council/cl144/en/>. The table in the document illustrates four entries: a) the challenges; b) "what needs to be achieved" to contribute to the challenge; c) FAO's comparative advantages or capacity to act; and d) the potential focus areas for FAO's action in terms of activities, instruments and tools.

### **F. Toward FAO's Strategic Objectives**

82. The seven challenges identified and described in Section D, including the specificities and priorities identified in each region, are the basic consideration from where Strategic Objectives have been derived. The analysis has been complemented by three additional elements that have informed the analytical process leading to their selection:

- 1) Relevant MDGs, other broad mandates that have been approved by the UN governing bodies;
- 2) International agreements which are relevant to FAO's work; and
- 3) FAO's main organizational attributes, core functions derived from them and the comparative advantages that were identified in relation to each challenge.

83. These five Strategic Objectives will be developed into fully-fledged proposals including a clear characterization of the main issues. The identification of specific problems on which FAO will concentrate its work will be described. Then, FAO's priority areas of work will be translated into Action Plans including objectives, targets and instruments.

84. The proposed five Strategic Objectives are the following:

*Strategic Objective 1: Eradicate hunger, food insecurity and malnutrition*

**Problem statement**

85. The world produces enough food to feed everyone adequately, but hundreds of million people remain hungry each day, 178 million children under 5 years of age are chronically malnourished and micronutrient deficiencies affect over two billion people. At the same time, an estimated one billion people are overweight and 300 million are obese. In addition to its moral dimensions, the economic cost of food insecurity and malnutrition to society at large is enormous in terms of lost productivity, health and wellbeing. Such costs far outweigh the cost of dealing with the problem. The persistence of what is an entirely avoidable problem, particularly in the face of major strides made in other domains such as economic growth, science and technology, implies that what is needed is much stronger commitment, more purposeful action, and greater accountability. Food and nutrition security have not been mainstreamed as they should have in the strategic development frameworks, globally and at regional and country levels.

86. In addition to social and political commitment, a food and nutrition security focus is needed. This implies putting together a framework for mainstreaming food and nutrition security and ensuring coherence of policies and programmes across sectors representing the dimensions of food and nutrition security (availability, access, stability, utilization). Constructing such a framework requires the availability of proper data, food security and nutrition analysis and a system of monitoring, evaluation and accountability. Implementing it requires that the appropriate mechanisms and governance systems are in place. The challenge of putting together and implementing a comprehensive food and nutrition security framework is rendered complex as it involves a multitude of stakeholders and the emergence of a set of new, and not yet fully understood, challenges, such as the impact of rapid urbanization, climate change, globalization, and rising and volatile prices of food, energy and other essential commodities.

**What needs to be done to achieve the objective**

87. Strong political commitment and partnerships: a strong and effective political commitment to place food and nutrition security as a key goal of development policy at all levels is needed, as well as a high degree of collaboration and alignment among key decision-makers in governments, civil society, private sector, and development partners. Building political commitment among stakeholders implies awareness raising and advocacy on the one hand, and the establishment and strengthening of multi-stakeholder partnerships that would *inter alia* ensure monitoring and accountability on the other. The Committee on World Food Security (CFS) as a multi-stakeholder global forum could serve as a model.

88. Comprehensive policy frameworks and processes: the basis for a comprehensive food security and nutrition (FSN) framework for policy action is a solid understanding of the underlying causes of persistent hunger and malnutrition based on reliable data, statistics and analysis. Policy coordination across sectors and stakeholders on possible solutions should be tailored to the needs of different regions and populations. An FNS framework will ensure that development strategies and sectoral and spatial policies and programmes include explicit and measurable objectives for the eradication of hunger, food insecurity and malnutrition, as well as appropriate monitoring and impact evaluation mechanisms. Such policy frameworks will provide the guidance needed for allocating resources, monitoring progress and ensuring accountability.

89. Capacities commensurate to needs: to be effective and ensure rapid progress towards the eradication of hunger and malnutrition, policies and programmes need to be translated into action through a food and nutrition security lens, while adequate financial resources must be allocated and human and institutional

capacities are strengthened. Public investment in food and agricultural sectors must be nutrition-sensitive, while ensuring sufficient investment in other sectors critical to the eradication of hunger and malnutrition, including the health and social sectors.

*Strategic Objective 2: Increase production in agriculture, fisheries and forestry in an economic, social and environmentally sustainable manner*

### **Problem Statement**

90. Global production in agriculture has increased over the last fifty years between 2.5 and 3 times, as a result mainly from fossil fuel-based and input-intensive agriculture and irrigation and, to a limited extent, from expansion of agricultural lands. Crop and capture fishery yield growth rates have reached their limits and therefore have been slowing down for many years. These production increases are putting unprecedented pressures on most agricultural production systems in the world.

91. Already in many places, increases in food production have been associated with management practices that have degraded the land and water systems upon which production depends. One quarter of the planet's land resources are highly degraded and another 8 percent is considered moderately degraded. Unsustainable agricultural practices and land use change are the most important drivers of land degradation that result in the loss of ecosystem services and biodiversity crucial to food production.

92. Forests are a direct source of industrial round-wood, fuel-wood and non-wood forest products. They provide food and cash income for almost 1 billion of the world's poorest people. Although forests are key to soil and water protection and to mitigate climate change, deforestation and forest degradation remains a major problem.

93. In 2008 capture fisheries and aquaculture together delivered 142 million tonnes of fish and supported the livelihoods of about 540 million people. At the same time, 32 percent of fisheries are depleted, the number of overexploited stocks (52 percent) continues to increase and climate change is causing shifts of fishery stocks still poorly understood.

94. Global demand for food, feed and fibre will further increase, and production in agriculture, forestry and fisheries will have to meet this demand, especially in developing countries. On top of these challenges, climate change will be a multiplier of already existing risks in many parts of the world. Climate change is expected to alter the patterns of temperature, precipitation and river flows upon which the world's production systems depend, and to increase extreme climatic events which have a strong impact on production levels, availability of natural resources and livelihoods of populations.

### **What needs to be done to achieve the objective**

95. The agriculture, forestry and fisheries sectors need to make a transition towards sustainable food consumption and production systems - the area capable to respond to the growing demand, while safeguarding the ecosystems services on which it relies. Meeting environmental challenges, moving towards a greener economy, ensuring distributional equity, economic resilience and sustainability of production systems characterize the main context for attaining an increase in food and non-food production. Chiefly, production increases must be based on the diverse regional needs, potential and constraints.

96. Priority must be given to improving the effectiveness of production's systems while giving special attention to small-scale producers and women who already generate most of the world's food. Adaptation to climate change, efficient management of water, sustainable land management, conservation of genetic resources and mitigation of greenhouse gases are all key to the necessary growth of production. Technologies, that are informed by traditional ecosystem knowledge and take full advantage of modern science, have to support efficiency in resource use, recycling and reduced wastage. Adequate policies and good governance have to be at the centre of this development.

97. The natural resource base and ecosystems services are not only the foundation of all systems producing food, feed and fiber, but also the life-support systems for all human activities. The protection of the natural resource base is a guiding principle in their use. This can be achieved by creating the conditions of their sound and secure usage.

*Strategic Objective 3: Improve the livelihood of rural populations, in particular women and youth, through enhanced employment opportunities and increased access to production resources*

**Problem statement**

98. Rural poverty has been declining in most regions of the world. However, persistently high levels of poverty, especially among specific segments of the rural population continue to pose clear obstacles for the achievement of FAO's goals. In addition, the agricultural sector has suffered from neglect in the past several decades, resulting in the reduced capacity of agriculture to be a main engine of economic growth, and to generate the employment and income opportunities in the rural areas.

99. Adequate rural livelihoods are essential for people's food security and welfare. In a transforming rural context, livelihoods are derived from agricultural production, as well as from farm and off-farm employment. However, low productivity and poor conditions of employment create major obstacles for these livelihood modalities to become pathways out of poverty.

100. Rural women and youth face increased constraints to achieving sustainable livelihoods. Women constitute 43 percent of the agricultural work force in developing countries and yet in all regions they lack the access to resources and services they need to be productive in agriculture. Closing the gap on access to these resources could have a major impact on world food security, reducing the number of hungry people by as much as 150 million. Young people (aged 14-24) are nearly three times as likely as adults to be unemployed, account for a disproportionate share of poor workers and are typically employed in the most precarious conditions.

**What needs to be done to achieve the objective**

101. Governments need to ensure that agriculture, rural development and rural poverty reduction remain high on their priority policy agendas. Policies that create incentives for agriculture to become an effective engine of economic growth, while creating livelihood opportunities for all segments of the population according to their specific needs are of the utmost importance.

102. Improving the livelihoods of the rural poor requires a combination of policies to support productivity increases among the smallholders and family farmers, with a focus on women and youth, policies to promote decent rural on-and off-farm employment, and strengthened institutions. Livelihood-improving agricultural productivity increases include promoting adequate and more equal access to productive resources with a particular focus on closing the productivity gaps between rich and poor and between men and women. Ensuring access to technology is key.

103. Enabling environments (policies, legal frameworks, etc.) for producers organizations to thrive are essential to reduce rural poverty, to protect rural populations from the effects of economic and other shocks and to promote more effective and inclusive policy processes. Institutions that have a bearing on rural areas, both public and private, need to be strengthened in order to: address the obstacles that rural people encounter in their productive activities (financial and other services, access to markets, access to land and other productive resources); promote leadership and participation of all segments in the decisions that affect their lives; ensure access to essential services for rural development, such as health, education, extension, transportation, access to technology and energy, and to foster transition and diversification into more productive and competitive on and off-farm employment.

104. Specific policies to support small and family farms, cooperatives and farmers associations, especially for their better integration into markets and production chains, must be implemented, as well as exit strategies from agriculture to alternative sustainable rural and urban livelihoods. As these policies will have different relative importance and different types of interventions in different regions and countries, territorial approaches and decentralized planning processes should be supported. Social protection and productive safety nets for the rural population need to be promoted and improved.

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

**Problem statement**

105. Two billion people reside in about 450 million small farms, often with limited access to fair and competitive agriculture and food systems. Within this environment, large-scale, capital-intensive agro-industrial production chains, with varying degrees of small and family farm inclusion, are emerging with consequent changes in the structure of primary product demand and distribution of income across sectors and population groups. Similar changes are occurring in the agro-industrial sector where a growing share of the manufacturing, distribution and retail of food products is becoming concentrated in large, integrated, and in many cases transnational, agribusiness firms.

106. Agriculture and food product market creation and modernization are constrained by market entry barriers, insufficient access to knowledge and services, underdeveloped and non-inclusive (gender sensitive) producer organizations, weak produce competition and insufficient access to finance, other assets and domestic and international markets offers. Fair inclusion in agro-industrial market chains is also limited by land tenure policies that do not adequately protect small and family farmers, livestock keepers, forest holders and rural communities from land concentration processes. Inadequate policies, business incentives, legal frameworks, participatory processes and public infrastructure and services further constrain the emergence of transparent and competitive national and international markets. At the international level, importing and exporting countries must also establish differential strategies and policies to pursue their own food security and economic development objectives while complying with increasingly stringent international standards and taking into account food security needs elsewhere.

**What needs to be done to achieve the objective**

107. Addressing small-scale producers' constraints and strengthening their linkages with markets, including markets for environmental services and evolving value chains, is vital for their transition out of subsistence agriculture and for rural development. Economic growth and livelihood opportunities for small farmers must be created and promoted in a context of closer rural-urban linkages. Voluntary standards (e.g. land, fisheries, forestry and investment) broadly applied by both public and private sector are essential for the emergence of inclusive value chains. Public sector agencies must also have greater capacity for results-oriented dialogue with non-State actors and ensure that sector development programmes reflect the full range of participants in production, markets and the value chains, including input suppliers, agroprocessors, traders, transporters and distributors, and retailers.

108. Public private partnerships (PPP) must mobilize resources, management skills and technologies to meet the changing and growing demands for food, while also supporting the participation of small farms together with small- and medium-size enterprises in agriculture and food value chains. Private and public sector organizations must also promote and support the creation of commercially-viable, inclusive business models and defray the costs of small- and medium-scale producer, as well as enterprise participation in, and compliance with, the rapidly proliferating private standards. At national, regional and global levels, public and private sector stakeholders must deliver equitable, efficient and environmentally-sustainable policy and regulatory interventions that facilitate the agriculture sector development and ensure that trade policies and strategies enable all chain actors to take advantage of regional markets and promote import substitution of value added products at the national and regional levels.

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

**Problem Statement**

109. More than 2.5 billion rural people, including 450 million small-scale farmers, derive their livelihood and economic activities from agriculture. This agriculture-dependent rural population is exposed to disasters, economic shocks, transboundary animal and plant pests and diseases, violent conflicts and protracted crises. From homesteads and countries to the global community, the nature of multiple, interlocking crises is changing due to demographic factors, climate change, political processes, economic forces, ecosystem dynamics and environmental degradation. Agriculture is a source of resilience and vulnerability at the same time. Access to land, labour, water, markets, timber, fish resources and natural resources can be the source of

violent conflict, heighten disaster risks, or contribute to transboundary threats to food systems. In fact, the majority of today's poor (70 percent of which lives in rural areas) owe their poverty status due to shocks.

110. Resilience to these threats to agriculture, food security and resulting impact on welfare, economic growth and development, is embedded in the livelihood systems of poor, marginalized and at-risk populations. Such livelihoods are increasingly complex, diversified and multispatial between and within rural and urban areas. Livelihood opportunities and constraints are derived from household assets and attributes and the policies, institutions and public/private goods and services, which combined, determine the viability of livelihood strategies and related degrees of resilience or vulnerability.

#### **What needs to be done to achieve the objective**

111. Resilience is the ability of a system and its parts to anticipate, absorb, accommodate, or recover from the effects of a hazardous event in a timely and efficient manner, including the preservation, restoration or improvement of basic structures and functions. Resilient livelihood systems have the *ability to withstand* threats or the *ability to adapt* to new pathways in times of crises.

112. With livelihoods as the fount of resiliency, building resilience depends on measures to reduce risks, promote sustainable agriculture systems and natural resource use, and facilitate the reliable availability and accessibility of quality goods and services, including safety nets and other social protection measures. Human capital is central to livelihoods; hence, gender equity, nutrition, dignity, health, education, legal protection and decent employment are keys to resilience, supported by enabling policy and institutional frameworks. Protecting and promoting resilience and improving livelihoods must be the overarching goal and driving logic in the humanitarian-development continuum. Enhancing resilience requires commitment to proactive, integrated disaster risk management encompassing prevention, early warning, preparedness, mitigation, response, recovery and rehabilitation. While it would be too simplistic to assume an overarching cost/benefit ratio, it is clear that investment in increasing resilience pays. A "twin track approach", allowing to address both immediate needs and the root causes of problems, is essential. It should be supported by complementary humanitarian and development resources, approaches and expertise. Balancing efforts to meet the immediate priorities of vulnerable populations and build effective resilience for nutrition, agriculture and food security requires the best of science, technology and knowledge to identify and address threats and crises.

113. Governments, their partners, civil society and the private sector must aim to be relevant and meaningful sources of resilience as embodied in individuals, households and communities and buoyed by subnational, national, regional and global institutionalized systems of assistance and protection. Close, strategic and multidisciplinary partnerships with actors and authorities are critical to generate enabling environments, promote crisis risk management, and deepen the resources that households, community and countries can draw to prevent, prepare for, and mitigate the negative impacts of crises. Combined, these measures are vital for ensuring the most basic of human rights, the right to food and freedom from hunger.

#### **G. Suggested action by the Committee on Fisheries**

114. The Technical Committees play a critical role in shaping the main challenges and Strategic Objectives for the future, and in providing input for formulation of the new plans of action and programmes, through guidance on the technical priorities for the work of the Organization.

115. Accordingly, the Committee on Fisheries is requested to:

- a) advice on the extent to which the main challenges and proposed Strategic Objectives identified in this document are consistent with the technical priorities within the mandate of COFI and in the context of FAO's Vision and Goals and the major global trends; and
- b) suggestions on technical specificities that should be incorporated in each one of the identified main challenges and the proposed Strategic Objectives, and which should be taken into account in formulating action plans and programmes within the context of the reviewed Strategic Framework.

**ANNEX: Indicative roadmap of major planning documents and agenda items for governing body meetings – 2012-2013**

Date	Governing Body Meeting	Document
<b>2012</b>		
<b>March 12-16</b>	<b>31<sup>st</sup> Regional Conference for Asia and the Pacific</b>	<b>Areas of priority action for the region in 2012-13 and 2014-17</b>
March 26-30	32 <sup>nd</sup> Regional Conference for Latin America and the Caribbean	
April 17-20	28 <sup>th</sup> Regional Conference for Europe	
April 23-27	27 <sup>th</sup> Regional Conference for Africa	
To be determined	31 <sup>st</sup> Regional Conference for the Near East	
May 7	Joint Meeting of the 110 <sup>th</sup> session of the Programme Committee and the 143 <sup>rd</sup> session of the Finance Committee	Immediate Plan of Action - IPA annual report for 2011 and direction for 2012
May 7-11	143 <sup>rd</sup> session of the Finance Committee	
May 21-25	23 <sup>rd</sup> Committee on Agriculture	Global trends and future challenges for the work of the Organization
May 28-30	69 <sup>th</sup> Committee on Commodity Problems	
May 31	Joint Meeting of the 111 <sup>th</sup> session of the Programme Committee and the 145 <sup>th</sup> session of the Finance Committee	Programme Implementation Report 2010-11 Structure and functioning of the Decentralized Offices Further Adjustments to the Programme of Work and Budget 2012-13 Outline of the Reviewed Strategic Framework
1 June		

Date	Governing Body Meeting	Document
June 11-15	144 <sup>th</sup> session of the Council	Programme Implementation Report 2010-11 Immediate Plan of Action - IPA annual report for 2011 and direction for 2012 Structure and functioning of Decentralized Offices Further Adjustments to the Programme of Work and Budget 2012-13 Outline of the Reviewed Strategic Framework
July 9-13 September 24-28 October 15-20	30 <sup>th</sup> session of the Committee on Fisheries 21 <sup>st</sup> session of the Committee on Forestry 38 <sup>th</sup> session of the Committee on World Food Security	Outline of the Reviewed Strategic Framework Global trends and future challenges for the work of the Organization
October 8-12 November 26-30	Joint Meeting of the 112 <sup>th</sup> session of the Programme Committee and the 146 <sup>th</sup> session of the Finance Committee 145 <sup>th</sup> session of the Council	Outline of the Reviewed Strategic Framework and Medium Term Plan 2014-17
<b>2013</b>		
March 18-22 April 22-26 June 15-22	113 <sup>th</sup> session of the Programme Committee and 147 <sup>th</sup> session of the Finance Committee 146 <sup>th</sup> session of Council 38 <sup>th</sup> session of Conference	Reviewed Strategic Framework 2010-2019 Medium Term Plan 2014-17 and Programme of Work and Budget 2014-15