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JOINT MEETING

**Joint Meeting of the
Ninety-fifth Session of the Programme Committee
and the
Hundred-and-thirteenth Session of the Finance Committee**

Rome, 10 May 2006

**REVIEW OF PROGRAMME PLANNING AND BUDGETING:
OPTIONS FOR IMPROVED PROCESSES**

I. Introduction

1. At their Joint Meeting in September 2005, the Committees considered the results of a comparative review of planning and budgeting practices in other UN system organizations. The review indicated that FAO is virtually unique in having a series of complementary planning documents comprising a 15-year Strategic Framework (SF), a 6-year Medium Term Plan (MTP), and a biennial Summary Programme of Work and Budget (SPWB) followed by a full Programme of Work and Budget (PWB). Increasingly routinely, this is followed by a "revised" PWB after the Conference approves the budget level.

2. The review noted that no other organization had adopted the 15-year time horizon of FAO's Strategic Framework and in some cases the purposes of the Strategic Framework and Medium Term Plan appeared to be met in only one document. In other UN system organizations, these documents were rarely of a rolling nature and no document with a longer timeframe than the PWB contained detailed resource projections. FAO also seemed unique in having a Summary PWB and in its practice of *ex ante* presentation of two or more scenarios in PWB documents. Despite this, FAO suffered from disconnect between the substantial planning efforts and the eventual decision on the budget level. In any event, the Governing Bodies have already underlined the desirability of shorter documents, and efforts will be pursued in this regard, building on the progress made in the 2004-05 biennium, particularly through a more concise Summary PWB.

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3. In reacting to this information, the Committees: *agreed that the findings confirmed the influence of different management cultures in these organizations and the resulting diverse approaches. At the same time, useful lessons could be drawn, pointing to potential simplification of FAO's planning and budgetary practices, as well as to possible improvements and much desired enhanced effectiveness of the related Governance process. In particular, the Committees reiterated the importance of finding practical solutions to eliminate the "disconnect" between substantial planning efforts and eventual decision on the budget level.* The Committees requested the Secretariat to prepare a document for the present Joint Meeting with possible options for a "streamlined and improved planning process".

4. The Committees had also *underlined their expectation that the Independent External Evaluation of FAO should also address these important issues.* The Independent External Evaluation (IEE) is under way at the time of writing. The concerned team is to examine existing planning and budgeting practices as well as the governance process of the Organization. Recommendations on these topics are likely to be formulated and will need to be considered by the Governing Bodies in due course. It is assumed that the Committees would not wish to pre-empt the eventual findings of the IEE team, but rather to continue a discussion between Members of some options, which are presented below and are drawn from the comparative assessment of practices in other UN system organizations.

5. These options are restricted to the following aspects:
- the timeframe and scope of the Strategic Framework;
 - the rolling nature of the Medium Term Plan;
 - resource projections in the Medium Term Plan; and
 - the "disconnect" between planning efforts and eventual decisions on the budget level.

II. Timeframe and scope of the Strategic Framework

6. The current Strategic Framework 2000-2015, was endorsed for the first time by the FAO Conference in 1999. It was considered a useful long-term forward-looking policy document, and the possibility of a "mid-term" revised version of this SF or perhaps even a completely reformulated document, extending the period of coverage accordingly has been raised. Decision on this was postponed in the light of the IEE and possible recommendations on the future orientations for the Organization.

7. The comparative survey indicated that FAO was virtually unique in having distinct documents spanning various time horizons, i.e. fifteen years in the SF, six years in the MTP and the biennial PWB. It was noted that comparable organizations recognize the need for a longer-term policy document to guide in the first instance the formulation of PWB proposals, but there was a wide diversity of approaches and analytical contents. In any event, none of the documents of other organizations adopts the 15 year horizon of FAO's SF.

8. In addition, documents of similar nature tend in most cases to be shorter than FAO's SF and do not go into any detail regarding planned activities or actions, a purpose which is left to the MTP (when it exists as a separate document) or to the PWB. They, therefore, focus essentially on agreed broad strategic choices, objectives or targets. In some cases, the purposes of FAO's SF and MTP appear to be met by only one document.

Options for consideration

9. Three options are put forward, as follows.

10. *Option 2a):* Assuming that a separate SF is kept, shortening the time horizon of the SF to, for instance, 10 years, and keeping it very brief by covering only major objectives or targets for agreement by the Governing Bodies.

11. *Comments:* A ten year timeframe might be considered more realistic than the present fifteen, and this would bring FAO's practice closer to that seen in other organizations. However, this may still be considered too long to be of much practical use, and there could be impressions in the Membership of potential duplication or limited differentiation between the SF and the MTP.
12. *Option 2b):* If the current series of complementary SF, MTP and PWB is kept, considering a concise 8-year SF, coupled with two 4-year MTPs of a "one-off" nature, and the biennial PWBs.
13. *Comments:* This cycle may perhaps be considered appealing and logical. However, the practical implications would need to be studied further as the SF should normally be approved by the Conference, while the rolling MTP is currently submitted to the November Council in non-Conference years since the reactions of this Council (and of the preceding Programme and Finance Committees) to the contents of the MTP are meant to inform the preparation of the PWB proposals to be considered in the following year.
14. *Option 2c):* Combining the SF and the MTP as a single forward looking policy document with a 6-year horizon, informing the formulation of the three PWBs in this period.
15. *Comments:* This would lead to economy in documentation costs and discussion in Governing Bodies, while satisfying those delegates who may consider planning over such extended periods as eight or ten years not very realistic. Another advantage is that it would imply only one longer-term reflection effort from the Secretariat and the Governing Bodies. The implications would also need to be studied further, in terms of precise timing of submission and which Bodies should be involved.

III. Rolling nature of the Medium Term Plan

16. The timeframes of what could be considered the equivalents to FAO's MTP in other organizations are variable, from an identical 6-year in UNESCO to a 2-year timeframe in the UN. However, not all are of a "rolling" nature like FAO's MTP, where a version is issued every biennium.
17. The current arrangement of preparing and submitting to the appropriate instances an MTP document every biennium which is meant to address work over the following three biennia (the "rolling" plan concept) stemmed from a decision of the FAO Conference in November 1989 and was first put into effect for the formulation of the MTP 1992-97. The SF specified a radically different scope and contents of future MTPs and a modified timing of submission, (to the November session of the Council in non-Conference years instead of the Conference) while still keeping to the rolling nature of the document. Thus, four MTP documents were considered by the Conferences of 1991, 1993, 1995 and 1997, while three versions covering the periods 2002-07, 2004-09 and 2006-11 were considered by the Council respectively in the years 2000, 2002 and 2004, as specified in the SF.
18. There have been some concerns expressed in FAO fora about the potential repetition and waste of resources inherent in this practice. Two options are therefore put forward, which are to be seen also in the light of possible changes to the SF concept.

Options for consideration

19. *Option 3a):* Abandoning the "rolling" plan practice, i.e. having a "one-off" MTP, while keeping to the present six year coverage.
20. *Comments:* This is similar to option 2c above, and a formula which would be clearly more economical in terms of cost of documentation and discussion time in Governing Bodies. It would also lead to savings internally, as FAO units would no longer have to prepare both MTP and PWB

documents each biennium. Any significant change in substance from the approved MTP, if occurring in the last two biennia of the six year period of coverage, could be explained in the pertinent biennial PWBs (as it must be done in any event). The precise timing of issuance of this MTP would need to be studied further.

21. *Option 3b):* Considering the same “one-off” MTP concept with a shorter timeframe, i.e. 4 years.

22. *Comments:* This option may be more satisfactory for those delegates who consider that major changes in substance should be addressed more frequently by the Governing Bodies than once every six years, and separately from the discussion of biennial PWB proposals, which tend to be overshadowed by negotiations on the budget level.

IV. Resource projections in the Medium Term Plan

23. An attempt is made in every version of the MTP to include projections of resource requirements over the next six year period. When considering the MTP, there has always been much reluctance among many Members to commit themselves to any resource level over such a period, stressing in particular that this would be incompatible with decision-making processes for national public budgets. In addition, it is impossible to make meaningful projections regarding extra-budgetary resources in the MTP, as is done in the PWB. Moreover, as noted above, no document in other UN organizations with a longer timeframe than the PWB contains detailed resource projections.

Option for consideration

24. *Option 4a):* Irrespective of the periodicity or timeframe of the MTP, no attempt should be made to include projections of resource requirements in the document.

25. *Comments:* This would obviate the somewhat theoretical resource projection exercise, as done at present and the practice of leaving “unprogrammed reserves” in the MTP which has been criticized by the External Auditor. This arises because projects of limited duration end during the period of coverage of the plan, and decisions on future continuation or transformation of the work cannot be prejudged so far in advance and before the results of evaluations are known.

V. The “disconnect” between planning efforts and eventual decisions on the budget level

26. The decision on the FAO biennial budget level has hitherto been invariably the result of a “last minute” compromise among widely diverging positions of Members, after protracted informal discussions at the Conference.

27. On repeated occasions, including at the Joint Meeting in May 2005, the Committees have underlined that the resulting and so-called “disconnect” between planning effort and budget decisions was a major source of frustration among the Membership.

28. As reported to the Committees, the experience of ILO, WHO, UNESCO and UNIDO indicates that these organizations are able to remove to a large extent the uncertainty which prevails in FAO until final decision making by the Conference on the PWB proposals, basically because of either of the following two factors:

- the more favourable timing of sessions of the major bodies involved (e.g. the main bodies of WHO and ILO meet in the first half of the year);
- the established traditions of more decisive roles of bodies equivalent to the FAO Council and the Programme and Finance Committees, ahead of the formal decision by the supreme body.

29. Consequently, two options may be explored, at least at the level of principles.

Options for consideration

30. *Option 5a):* Bringing forward the timing of regular sessions of the FAO Conference, e.g. to June of odd-numbered years.
31. *Comments:* As in WHO and ILO, this would have the advantage of finalizing the decision of the Conference on the budget level more than six months before the start of the related biennium. Obviously, this change in timing would have many other implications for the entire Governance process which would need to be considered and reflected as appropriate in the Basic Texts.
32. *Option 5b):* Emulating traditions of some other Agencies by having the “compromise” decision on the budget level and attendant negotiations taking place at the June Council, also based on the advice from the preceding Programme and Finance Committees on the Summary PWB, while the Conference would still formally approve the PWB in November.
33. *Comments:* This would have the advantage for the Secretariat and the membership of knowing the expected budget level before finalizing the main PWB document, obviating the above mentioned uncertainties about available resources, eliminating also the need of presentation of two or more scenarios in the PWB and the need for “revised PWBs” to be submitted to the Programme and Finance Committees during the budget implementation cycle, which have been a hallmark of most recent biennia.

VI. Conclusions

34. The Committees may wish to express views on the merits of the above options.