

Table of Contents

Summary of reforms:

Implementation of reforms in FAO and proposals from the Director-General

Information Notes covering the following topics:

Information Note 1: Financial Challenges of the Programme of Work and Budget

Information Note 2: Programme Priorities and Critical Mass

Information Note 3: Cost Differential Between Headquarters and Decentralized Offices

Information Note 4: Shared Services Centre

Information Note 5: Streamlining and Administrative Procedures and Delegation of Authority

Information Note 6: One-time Transition Costs and Related Benefits

Information Note 7: Costs and Benefits of Reforms – First Phase of Reforms and Further Proposals

Information Note 8: Outposted Media Relations Officers

Information Note 9: Operating Relationships between Headquarters and Decentralized Offices

Implementation of reforms in FAO and proposals from the Director-General

The urgent need for decisive action to initiate reform measures in FAO became apparent in the context of discussions among UN chief executives concerning global challenges in late 2004, including how to address implementation of the Millennium Development Goals (MDGs). In early 2005, all FAO programmes were re-examined in the light of the MDGs and of the ongoing process of UN reform. Given FAO's mandate, much of its work was already contributing directly or indirectly to achieving the MDGs, especially MDG 1 – to eradicate extreme poverty and hunger – but more had to be done, particularly in terms of improved targeting of programmes, building strategic alliances and partnerships, and strengthening cooperation with UN system partners at the country level. An independent evaluation of decentralization had also just been completed, and its findings could be drawn upon to guide changes pertaining particularly to the Organization's field office network. At the same time, other reviews confirmed FAO's unique role in activities aimed at establishing and implementing international regulatory frameworks. Internal analysis was carried out to determine ways to strengthen FAO as a knowledge organization and to distil its major principles in order to shape its future. This context called for enhancing FAO's substantive contributions and for more effective structural arrangements, both at headquarters and in the field, as part of collective UN action. Therefore, comprehensive reform proposals were submitted by the Director-General to the FAO Conference at its session of November 2005, in the Programme of Work and Budget (PWB) for 2006-07.

Action by FAO governing bodies

The Conference approved a budget level for the current biennium requiring US\$ 39 million (5.2 percent) in real reductions, which have now reached 26% since 1994, despite an increase in membership from 169 to 189 during the same period. This has inevitably required reductions in staff, which total 31% since 1994 across all funding sources (including a 25% reduction in FAO's regular programme post establishment). The adjustments in the current biennium are to be achieved through further efficiency savings and programme cuts. The 2005 Conference also adopted a Resolution (6/2005) endorsing a first phase of reforms, authorizing: the implementation of progressive changes to the organizational structure at headquarters; as a first step, implementation of the Director-General's proposals for strengthened decentralization in one region and one other subregional office; and the establishment of a Shared Services Centre to handle processing of administrative transactions more cost-effectively. The FAO Council was mandated to decide on further implementation as soon as possible and appropriate.

Implementation of Conference decisions

Modifications to the headquarters structure as of 1 January 2006 included the transfer of the Nutrition and Consumer Protection Division to the Agriculture and Consumer Protection Department, to reflect more appropriately the "farm-to-table" approach. For the decentralized structure, three new subregional offices with multidisciplinary teams (MDTs) are being established, as well as a similar MDT in an existing subregional office and one co-located with the Regional Office for Africa. Very favourable conditions to cover some of the one-time and operating costs have been negotiated with the concerned host governments, and the offices are expected to become functional between October and December 2006. In establishing the Shared Services Centre, the preferred arrangement is to redistribute many administrative processing functions to three "hubs" complemented by a coordination centre in Rome, leading to substantial net savings of US\$ 8 million per biennium. Concrete actions are being pursued for achieving further efficiency savings within the authority of the Director-General, including increased flexibility and delegations of authority, process and systems improvements, and by capitalizing on joint action with UN system partners.

In May 2006, the Programme and Finance Committees approved a Revised PWB for 2006–07, thereby endorsing a refocusing of FAO's substantive work to ensure greater concentration and enhanced handling of multidisciplinary priorities.

Further proposals from the Director-General

FAO's organizational transformation is not a one-time effort, but a matter of continuous adjustment to events, such as decisions taken at the UN and the results of the Independent External Evaluation (IEE) of FAO that will be presented to the FAO Conference in November 2007. The Director-General's proposals and the IEE have different time horizons and scope, with the result that one initiative may serve to reinforce the other. The Director-General remains convinced of the need to continue the structural changes beyond the approved first phase, so that momentum is not lost in matching ongoing UN system-wide reforms, especially changes at the country level, while also building on the recommendations of pertinent reviews and independent evaluations.

Therefore, in accordance with Resolution (6/2005), further proposals from the Director-General are being submitted to the FAO Council in November 2006, through its subsidiary Programme and Finance Committees.

These take into account the views expressed by Members, including those at the FAO Regional Conferences during the first half of 2006 and the guidance received from the Programme and Finance Committees in May 2006, as well as the results of internal consultations and analysis within the Secretariat. The proposals seek to improve FAO's internal organizational mechanisms and response capacity, to ensure that the right mix of expertise is placed in coherent organizational groups, both at headquarters and in decentralized offices, and that the required inputs are secured from the most cost-effective geographical locations to achieve the objectives already defined in approved programme entities. The substantive priorities already recognized by the governing bodies will therefore be preserved.

The proposed headquarters structure maintains the current total of eight departments:

- The Knowledge and Communication Department, which would include the Information Technology Division stemming from the Administration and Finance Department (AF). This department would spearhead a more focused role for FAO as a knowledge organization.
- The Natural Resource Management and Environment Department, replacing the current Sustainable Development Department and allowing for more holistic coverage of such key dimensions as land and water, the environment, climate change and bioenergy.
- The Agriculture and Consumer Protection Department, which, beyond nutrition activities, would retain work on agro-industries and rural infrastructure, thus remaining fully aligned with the "farm-to-table" approach. This department would also coordinate responses to crises related to transboundary pests and diseases of animals and plants through a Crisis Management Centre.
- The Economic and Social Development Department, which would house a division addressing gender, equity and rural employment, to deal in an integrated fashion with the social as well as economic aspects of development.
- The existing departments covering the Forestry and the Fisheries and Aquaculture sectors would undergo some rearrangement so as to address their respective programmes more coherently.
- The Technical Cooperation Department (TC) would remain substantially unchanged, while AF would be renamed the Department of Human, Financial and Physical Resources.
- Among the units in the Office of the Director-General, the Office of the World Food Summit Follow-up and Alliances would be abolished and its major responsibilities transferred elsewhere. The small group entitled SAD (Special Advisers to the Director-General) would be replaced by the Office of UN Coordination and MDGs Follow-up, to give this function higher visibility and priority.

Two new subregional offices would be established, to serve the Central America and Gulf subregions, in line with calls made by the concerned Regional Conferences. The rearrangement of the staff in Santiago, Bangkok and Cairo to include MDTs within these regional offices would serve the countries not covered by the proposed or existing subregional offices. All the MDTs would have expanded provisions for non-staff human resources, to meet demands in the respective geographical areas beyond the expertise available within the teams. The proposed transfer of the Regional Office for Europe from Rome to Budapest would maximize synergies and realize cost savings through co-location with the subregional structure already placed there. In addition, since the decision of the Russian Federation to take up membership in the Organization in the early part of 2006, active contacts are under way to establish a liaison office in Moscow. The proposed professional posts in decentralized locations would rise from 34 percent to 37 percent of the total, while the overall net reduction in posts since 2004–05 would remain at 122, as in the Revised PWB for 2006–07.

The proposals reallocate resources towards high-priority areas, including for the Secretariat of the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-PGRFA) and the Secretariat of the International Plant Protection Convention (IPPC), food quality and safety, fisheries and forestry, while assuring a properly functioning system of internal financial control. Reallocation of resources would be facilitated, *inter alia*, by the savings generated by restructuring measures, higher expected income for FAO's support to projects, and anticipated host country contributions towards the establishment of all the new offices and their running costs, including the provision of junior technical officers and support staff.

The one-time costs of implementing the reforms are a necessary investment for achieving savings and for improving the organization's effectiveness. Pending further consideration by Members regarding voluntary contributions, the estimated one-time costs totalling US\$ 15 million for the reforms already approved, and US\$ 2.7 million for the additional proposals, are to be funded through a combination of internal and external funding sources.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 1 - September 2006

Financial Challenges of the PWB

FAO faces a triple challenge of declining resources from assessed contributions, unbudgeted cost increases for factors beyond its control, and delays in the receipt of assessed contributions which have exposed the organization to exchange rate losses and obliged FAO to borrow in order to implement its approved programme of work. Consequently, there has been an erosion of its post establishment.

Budget history

In 1996-97, FAO suffered its first, and its largest real budget reduction, of US\$ 57 million (8.5% in real terms). While all managers looked for economies and savings so as to protect programme delivery, administrative structures endured a larger share of the cuts, and FAO emerged as a more efficient organization.

In the six years to 2002-03, the Regular Programme budget declined by 4.6% in real terms. Over these years, FAO adjusted rationally, with priority-based programmatic changes and further efficiency gains as demands placed on the organization continued to increase.

In 2004-05, the Membership imposed a real decline of US\$ 51 million (6.4%) which was followed by a real budget reduction of US\$ 39 million (5.2%) voted for 2006-07. The 2005 Conference also authorized a progressive implementation of reforms and noted that part of the related transition costs would be met from extrabudgetary funding. The real reduction totalling 11.6% since 2004-05 is far beyond the capacity for absorption through efficiency savings. Indeed, it exceeds annual long-term productivity target benchmarks in national public sector organizations of 1% to 1.5%. The programmatic effect of these budget cuts is demonstrated, for example, in the Adjusted PWB 2004-05, where 9% of outputs were eliminated and 29% reduced.

Downsizing of FAO staffing and posts

Consistent with an overall 26% real budget cut since 1994, the overall reduction in FAO's regular programme post establishment has been 25%. This effort concentrated on reducing the layers of management as well as the number of higher-graded positions and increasing the proportion of junior-graded staff including national professional officers. Net post reductions reached 232 in 2004-05, and 122 in 2006-07.

Since 1994, the total number of staff employed by FAO at all locations (including field projects) has decreased by some 31%. Changing modalities of project delivery have resulted in a 72% reduction in field project staff, and efforts to reduce administrative costs have resulted in higher than average reductions in the Finance (32%), Human Resources Management (55%) and Administrative Services (49%) divisions.

Unbudgeted costs in 2006-07

The implementation of the 2006-07 programme of work will also be influenced by unbudgeted staff costs, which are estimated at US\$ 16 million (e.g. due to higher medical insurance coverage and unfavourable exchange rate fluctuations for posts outside headquarters). Furthermore, the International Civil Service Commission (ICSC) has recommended a 12.16% increase in the General Service salary scale for the Rome-based organizations, to be effective 1 November 2005. Although part of the increase was budgeted in the PWB 2006-07, the unbudgeted cost is US\$ 13.9 million. The November 2006 Council is expected to decide on the recommendation of the ICSC and on a means of funding including, as a last resort, reductions in the approved programme of work.

Information Note 2 – September 2006

Programme Priorities and Critical Mass

In 2005, the Conference approved a new Chapter structure for the Organization's programme of work, refocusing its substantive activities under sustainable food and agriculture systems; knowledge exchange, capacity building, policy and advocacy; and strengthening cooperation at international, regional and national levels. Increased attention was also given to multi-disciplinary action and strategic partnerships and alliances. At the same time, it approved a budget level that was 5.2% less in real terms than the previous biennium (and 26% less in real terms since 1994), which led the Programme and Finance Committees to recognize that as a consequence, *inter alia*, of successive budget cuts the critical mass of the Organization in certain key areas of its mandate was severely weakened.

FAO's programmes and its underlying 186 programme entities in 2006-07 articulate the substantive priorities and expected achievements of the Organization using a results-based, logical framework model. Programme entities are therefore the building blocks for developing and monitoring FAO's Programme of Work. Critical mass should relate to matching resources with the expected outcomes of programme entities.

Thus, for every programme entity, the concerned programme managers are required to examine the relevance of their plans to the Strategic Framework and the Millennium Development Goals, and to substantiate its clear focus on Members' expressed priorities. Specifically, programme entities are designed to:

- clarify FAO's comparative advantages in the work being planned, the needed collaboration with partner institutions and the potential leverage of extra-budgetary resources;
- identify the intended outcomes and results, the associated outputs to be produced and activities to be undertaken in order to make those results as sustainable as possible;
- identify the appropriate mix and location of inputs (i.e. staff and non-staff resources) from various units so as to ensure that sufficient resources are allocated to efficiently and effectively produce the outputs required to generate intended outcomes; and
- include arrangements for appraisal, evaluation and performance reporting to both management and governing bodies.

The Revised Programme of Work and Budget 2006-07 elaborated the programme of work at the programme entity level. It was approved by the Programme and Finance Committees in May 2006, which also provided some guidance on possible adjustments in 2006-07. Consequently, the further proposals put forward by the Director-General in document CL 131/18 provide additional resources for high priority work on plant and animal genetic resources, support to the IPPC, plants pests and animal diseases, food safety, forestry, fisheries, agricultural water management, the corporate statistical database FAOSTAT, and GIEWS. Internal financial controls are also strengthened.

Most of the 186 substantive programme entities have a global significance and may have a variety of intended end users (e.g. policy makers, local institutions, academic or farming communities). As befits a knowledge organization that processes and disseminates information, and promotes best practices, FAO's human resources continue to comprise the largest share of inputs across all locations (63% in the Director-General's proposals). An increasing share of these inputs (37% in the Director-General's proposals) will be provided at decentralized locations, ensuring efficiency without unduly compromising effectiveness. At the same time, adequate non-staff resources are important to allow for flexible implementation of programmes, including the acquisition of short-term technical expertise.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 3 – September 2006

Cost Differential Between Headquarters and Decentralized Offices

A key component of organizational and programme entity design in the Director-General's reforms is to place the right mix of expertise in coherent organizational groups to achieve programmatic objectives and to secure the required inputs from the most cost effective geographical locations. In fact, the requirement for more economical solutions has been repeatedly emphasised by the governing bodies and is essential during the present period of budgetary constraints.

As the majority of the resources needed to deliver FAO's programmes are human resources, it is essential to place staff in the most suitable geographical locations. The cost of staff varies substantially between locations. Staff cost comprises the salary and benefits paid by the Organization, including pensions, social security and expatriate entitlements (e.g. education grant, home leave travel) where applicable. The average cost of professional posts is generally considered comparable across major locations where FAO is present, while the average cost of general service posts is significantly lower in all decentralized locations than at headquarters.

An illustration of the savings in staff costs between headquarters and three new subregional office locations is given in the table below for a typical professional and general service post compared with the Headquarters cost level. A cost comparison of the composite staffing of a multidisciplinary team shows savings ranging from 14% to 24% compared with headquarters.

	Gabon	Ethiopia	Turkey
P-4	(4%)	2%	(9%)
G-5	(54%)	(77%)	(36%)
Sub-regional Office multi-disciplinary team	(20%)	(24%)	(14%)

In fact, the aggregate savings from favourable staff cost differentials pertaining to the establishment of the sub-regional offices in the Director-General's reforms amounts to US\$ 5.2 million per biennium.

Furthermore, it may be noted that the potential savings from executing functions in decentralized locations are larger where the proportion of support staff is greater. In the case of administrative processing work, which requires intensive use of General Service staff, the cost differential compared with headquarters can be in excess of 50%. For example, with regard to the proposed establishment of three "hubs" of the Shared Services Centre in lower cost locations (Budapest, Bangkok and Santiago), the biennial cost differential between the present structure and these locations would amount to over US\$ 7 million per biennium.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 4 – September 2006

Shared Services Centre

The Director-General is taking action to fully implement the decision of the 2005 Conference authorizing the establishment of a Shared Services Centre (SSC) for processing administrative transactions. Once implemented, the proposed configuration will result in savings of US\$ 8 million per biennium through efficiencies and favorable staff-cost differentials between headquarters and other locations (compared with a target of US\$ 7 million).

Under this approach, administrative transactions which are high in volume, routine in nature, based on agreed and documented rules and standard procedures, of low strategic importance and location independent, will be moved primarily from headquarters to lower cost locations. These transactions include personnel servicing, travel advances and expense claims, accounting journals, letters of agreement, accounts payable, clerical procurement transactions, inventory processes and help desk services.

The preferred configuration entails the redistribution of the functions to three SSC hubs in Bangkok, Santiago and Budapest – the latter to cover transaction processing for Headquarters, Africa and Near East. These hubs are in similar time-zones to the majority of staff generating the transactions, offer proficiency in the required working languages, good facilities and a reliable information and communications technology infrastructure. To ensure service quality worldwide, a coordination centre will be located at Headquarters, and non-headquarters SSC staff in the three hubs will report to this centre.

The proposal entails an overall reduction of 14 general service posts and one professional post, due partly to expected efficiency improvements in personnel servicing arising from the implementation of automated transaction flows in new computer systems from 2007. A reduction of 7 professional and 65 general service posts is anticipated at headquarters. This would be offset by the creation of 8 professional and 64 general service posts in Budapest, and the establishment of this new hub would be facilitated by favourable conditions for the transfer of functions offered by the Government of Hungary. Other changes comprise one professional and 12 general service post reductions in the Regional Office for Africa, and one professional and 6 general service post reductions in the Regional Office for the Near East and North Africa. Three general service posts in Santiago and 2 general service posts in Bangkok would be created to reinforce the pre-existing Management Support Units in these Regional Offices so that they can undertake the new administrative transaction processing functions for their respective regions.

The implementation of the SSC will be phased over the period 2006 to 2009 so as to: mitigate the one-time costs of implementation; minimize the social impact on the current staff; allow for the implementation of computerized personnel and payroll processing systems; and ensure availability of suitable premises, equipment, and staff training. With the implementation of the Human Resources Management Model in 2007 there will be further opportunities for streamlining and cost savings, as well as qualitative improvements in human resources management, through the rationalisation of service delivery functions.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 5 – September 2006

Streamlining of Administrative Procedures and Delegation of Authority

The governing bodies have consistently encouraged the Secretariat to seek improvements in efficiency and productivity gains, including greater empowerment of staff and adaptation of the Organization's human resource management practices. Conference Resolution 6/2005 on reforms in the Organization supported: "*streamlining of administrative and financial processes aimed at achieving further efficiency gains and enhanced human resources policy and management...*"

In 2005, the Director-General put in place a framework encompassing five over-arching principles for improving efficiency and securing productivity gains: inclusion of all areas of activity; targets set by managers who are held accountable for delivering and reporting results; appropriate levels of delegation and internal control; effective internal pricing strategy and greater interdisciplinary collaboration; and, auto-evaluation of all programmes using common criteria and procedures. As part of the process of identifying concrete streamlining and delegation measures, an inter-departmental working group was established to identify specific opportunities for streamlining and delegation within the Organization. The framework and process in place should also allow the Organisation to identify improvements and to build up a systematic record of productivity and efficiency improvements with appropriate benchmarks.

As an initial outcome of this work, in May 2006 the Director-General issued 31 delegations of authority to designated Assistant Directors-General and Divisional Directors (DG Bulletin 2006/19 of 5 May 2006) on a range of management and administrative actions. Furthermore, managers were encouraged to delegate authority to their staff as budget holders for the implementation of programme entities and projects, taking advantage of streamlined internal approval mechanisms in the areas of procurement, Letters of Agreement, recruitment of consultants and travel. Further delegations of authority have also been implemented for FAO Representatives in the recruitment of General Service Staff and increased flexibility in the management of the TCP facility, thereby improving the Organization's response at the country level. Additionally, increased procurement authority has been delegated to regional and sub-regional offices and selected FAORs.

The IDWG also made 55 proposals regarding other opportunities for streamlining of administrative procedures. Revised cost allocation rules and internal pricing of staff, use of long-term procurement agreements and revised rules for the employment of National Project Personnel have already been issued. Many of the remaining recommendations are being addressed through three ongoing administrative systems projects: the *Human Resources Management System*, which will introduce major changes to procedures and processes regarding all staff related transactions, including recruitment, appointment, entitlements, staff training and development, and payroll; the *Field Accounting System*, to meet the developing business needs and financial management functions of the world wide network of FAORs and project offices; and, the new *Travel System*, which will bring about significant streamlining of travel transaction processing.

Other measures being implemented include a new banking structure and automated banking system to reduce bank charges, the automatic import of import/export of project imprest data, the expected modifications to the lump-sum entitlement travel arrangements, joint procurement action to be undertaken with other UN partners, and the reorganization of internal structures, for example, the TCP unit. Savings in the region of US\$ 3.9 million per biennium are anticipated from the implementation of these measures.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 6 – September 2006

One-time Transition Costs and Related Benefits

One time transition costs represent the non-recurring investments and expenditures required to put in place the staffing, structural and process changes of the reforms approved by Conference in 2005 and the further proposals of the Director-General.

The estimated one-time costs to implement the changes authorized by Conference in 2005 total US\$ 15.2 million, as advised to all Member Nations earlier this year. Of this, US\$ 6.4 million will be used to put into place the approved structure at headquarters and the decentralized offices; US\$ 6.7 million will cover the implementation of the Shared Services Centre (US\$ 3.4 million) and streamlining of administrative processes (US\$ 3.3 million); and some US\$ 2 million comprises termination costs for general service posts abolished worldwide to comply with the Conference decision on the approved budget level.

A secure funding plan has been established to meet the one-time costs of reforms already approved by Conference:

- The 2005 Conference resolution on reforms noted that the Director-General intended to seek extra-budgetary support to meet part of the transition costs. Accordingly, US\$ 3.1 million are expected to be provided through contributions under host country agreements for MOSS compliant premises as well as vehicles and office equipment, and assistance towards staff relocation expenditure.
- staff separation costs totalling US\$ 4.4 million would be charged to the Terminal Payments Fund, avoiding adverse consequences on the programme of work
- resources are identified within the programme of work, including US\$ 3.2 million in training to be covered from staff development budgets, and US\$ 1.2 million from the *Capital Expenditure Facility*. The remaining US\$ 3.3 million would have to be funded from savings flowing from staff vacancies throughout the organization and non-staff provisions in regional and sub-regional offices, although further extra-budgetary contributions from Members would greatly facilitate the process and strengthen priority areas.

The implementation of further reform proposals is estimated to require one time costs totalling US\$ 2.7 million. Of this, US\$ 1.2 million is likely to be covered by host country contributions for the establishment of new subregional offices; staff separation costs totalling US\$ 0.5 million would be charged to the Terminal Payments Fund; US\$ 0.5 million would be covered from the dedicated staff development budgets; and the remaining US\$ 0.5 million would have to be funded from savings flowing from staff vacancies throughout the organization and non-staff provisions in regional and sub-regional offices.

The one time investment in the staffing, structural and process changes will yield significant benefits for the Organization in terms of savings, efficiency and effectiveness. For example, the SSC will result in more efficient delivery of administrative services and savings of US\$ 8 million per biennium, while other administrative streamlining measures will allow redirection of US\$ 3.9 million per biennium toward substantive work. The regrouping of expertise in headquarters structures will facilitate synergies in programme implementation and multi-disciplinary work. Restructuring of decentralized offices and their modes of operation will heighten capacity to respond to country needs in their achievement of the MDGs, while at the same time bridging the continuum between normative and operational work and strengthening knowledge sharing. Generous contributions made by host governments to cover operating costs of new offices will allow assessed contributions to be applied to priority programmes and services.

Information Note 7 – September 2006

Costs and Benefits – First Phase of Reforms and Further Proposals

The implementation of reforms approved by the 2005 Conference and further proposals from the Director-General are expected to yield quantitative benefits, as summarized below.

Major recurring Regular Programme savings and “monetised” gains (amounts are biennial)

Full-scale phased implementation of the Shared Services Centre (SSC) and related efficiency savings: Taking advantage of the capacity of the new information systems to deliver services at locations different from those at which the relevant decisions are taken, many administrative processing functions would be redistributed to three “hubs” (Bangkok, Budapest and Santiago), complemented by a coordination centre in Rome. **Savings:** US\$ 8 million.

Streamlining and efficiency measures: Examples include a new banking structure and automated banking system to reduce bank charges, automated import/export of project imprest data, expected modifications to lump-sum entitlement travel arrangements, joint procurement, and efficiency savings in the Technical Cooperation Programme unit. **Savings:** US\$ 3.9 million.

De-layering: Director-level and above positions at headquarters are reduced by 21 positions; associated General Service posts are also abolished. **Savings:** US\$ 10 million.

Increased reimbursements to the general fund from extra-budgetary projects, including a proposed increase in support cost rates for projects providing direct support to Regular Programme activities. **Savings:** US\$ 9.5 million.

Decentralized offices: Positioning multi-disciplinary teams (including related support staff) in decentralized offices and transferring the Regional Office for Europe and Central Asia to Budapest leads to favourable staff cost differentials compared with headquarters. **Savings:** US\$ 5.9 million.

Host governments will provide assistance in-cash and in-kind towards running costs of sub-regional offices, as well as junior technical officers and support staff. Estimated value: US\$ 17.3 million. (Amount excludes possible contributions by Government of Hungary, which are subject to ongoing negotiation.)

Regional Offices: Policy and operations groups in regional offices, as well as ancillary support services (e.g. drivers, clerks, registry) are downsized. **Savings:** US\$ 3.9 million.

Headquarters adjustments: Following guidance from the May 2006 session of the Programme Committee, non-staff resources allocated to communications and public information activities are reduced, and the Office of WFS Follow-up and Alliances is abolished (with most of the activities reallocated to other units). **Savings:** US\$ 1 million.

Selected areas of strengthening and benefits

Higher non-staff resources in regional and subregional locations are provided to allow for greater flexibility in meeting demands from Members and contribute to delivery of substantive programme entities. **Amount:** US\$ 10.1 million.

Strengthening of selected substantive priority programme areas occurs through increased provisions for non-staff resources allocated to multidisciplinary teams and internal shifts of staff time. **Amount:** US\$ 11.4 million.

A new liaison office in Moscow will be established following the decision of the Russian Federation to take up membership in the Organization. **Amount:** US\$ 1.3 million.

Internal controls are further strengthened, following guidance from the May 2006 session of the Finance Committee, by bolstering resources for the local audit programme, for the Office of the Inspector-General, and for the Finance Division. **Amount:** US\$ 2.4 million.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 8 – September 2006

Outposted Media Relations Officers

For many years FAO has had a policy of posting professional information and media relations officers in locations away from its Rome headquarters to support and enhance the Organization's outreach and public information campaigns. Currently such officers are stationed in Washington, Bangkok and Paris. Up to the end of 2005, there was also an information officer in Accra, and previously such officers have also been stationed in Cairo and Santiago.

Recent analysis of news coverage of the Organization and its priority areas of activity shows that there is now a need to focus outreach and public information efforts in developed countries, to improve understanding of the FAO's role, its unique contribution to the development process and its leadership of the fight against world hunger.

To address this "communication deficit", a number of existing positions will be relocated to European capitals, and more use will be made of non-staff resources, to enable an intensified information campaign, primarily carried out through the media, but also encompassing NGOs and civil society as a whole. This would be done in the context of an 8% reduction in the cost of media promotion and cooperation in the Director-General's proposals to the November 2006 Council, responding to the expectations of the Governing Bodies for more efficient use of resources allocated to communications work and reallocation of savings to substantive activities. The centres selected, in addition to Paris, which will have responsibility for the Benelux countries, are: London – covering the UK and Ireland; Stockholm – covering the Nordic countries; Berlin – covering Germany and Austria; and Madrid – covering Spain and Portugal.

Being locally positioned, these media relations officers will be well placed to identify and build relationships with specialist print and broadcast journalists and editors in leading media organizations. The approach is not to duplicate channels of communication, but to focus on delivery through existing media channels. The work of the media relations officers should result in the presentation and discussion in the established media of a comprehensive, balanced and proactive picture of FAO's - and thus the international community's - efforts in fighting world hunger.

The FAO media relations officers will be able to supply their contacts with information regarding the Organization's activities on a regular basis, arrange interviews and briefings with technical experts at headquarters and in the field, and propose stories for further elaboration. Through their relations with local current affairs programme producers and news editors on radio and television, the officers will make themselves available to ensure FAO's voice is heard when programmes are dealing with issues related to the Organization's mandate. They will also be able to negotiate co-productions with broadcasters and arrange for the placement and broadcast of public service messages. The media relations officers will take advantage of visits by the Director-General and senior FAO officers for media purposes. They will be well-positioned to provide briefing materials and propose promotional activities, including field visits, for FAO goodwill ambassadors, and improve communication with NGOs and Civil Society organizations.

CL 131/18: Implementation of Conference Decisions and Proposals from the Director-General

Information Note 9 – September 2006

Operating Relationships between Headquarters and Decentralized Offices

To be effective, FAO's expertise must be located where it is most relevant to Members' collective priorities and specific needs, in particular, to support development at the country, subregional and regional levels, including through stronger partnerships with other actors in food and agriculture (such as Regional Economic Integration Organizations) and with other United Nations entities.

The first step of decentralization authorized by Conference is being implemented and additional proposals have been made in response to demands by Members and to ensure coherence and consistency in the structure

Enhanced decentralization with coherent programme delivery

FAO's technical officers will continue to work on programme entities regardless of their geographical location through enhanced collaborative arrangements between FAO's organizational layers.

- Technical officers in headquarters devote most of their time to the global aspects of substantive programme entities. As necessary, they technically assist decentralized offices. They work in the line of command of their technical Division under the supervision of their Assistant Director-General.
- Technical officers in the Regional Offices also devote most of their time to substantive programme entities with a focus on their regional dimension. They assist other decentralized offices, complementing the skills in the subregional multidisciplinary teams. They work in the line of command of their technical parent division at headquarters and are guided on managerial and administrative issues by the Regional Representative.
- Subregional technical officers in the multidisciplinary teams devote about 50 percent of their time to substantive programme entities and the other 50 percent to assisting individual countries and organizations in the subregions. They work in the line of command of the Subregional Coordinator and receive functional guidance from their technical division. Subregional Offices are part of the regional set-up.
- FAO Representatives assure an effective response to country priorities in the context of Millennium Development Goals, the National Development plans and programmes and within the UN coordination system. They participate in the formulation and in the Government's poverty reduction strategy and joint endeavours of the UN country team. They contribute their technical expertise to the subregional multidisciplinary team for up to 30% of their time.

Main Arrangements for Coordination

Technical Departments continue to have responsibility for the technical quality of programmes and projects worldwide, coordinate knowledge management in their areas of expertise, and oversee the performance of technical officers in all locations. To this effect, they have authority for budget preparation, staff selection, performance appraisal and mobility.

Subregional Coordinators work in the line of command of the Regional Representative. A Regional Management Team, chaired by the Regional Representative and including the Subregional Coordinators will review the programmatic and managerial issues arising in the region.

FAO Representatives work toward internal and external consensus in support of the priorities of the government. They provide capacity-building and assistance to relevant departments for planning and programming, developing policies and adopting appropriate technical solutions in the areas of the Organization's mandate. They are an integral and proactive part of the UN country team. A Subregional Management Team, headed by the Subregional Coordinator with participation by FAO Representatives, will address the programmatic and managerial challenges of the subregion.