Chairs' Aide Mémoire of Joint Meeting of CoC-IEE WG I & WG III
Friday 13 June 2008
Vic Heard, Chair WG I, and Ramalingam Parasuram, Chair WG III

1) **Organizational Structure of FAO Headquarters:** The combined Working Groups discussed the management proposal for Headquarters restructuring (Annex 1). Many members expressed dissatisfaction with the proposals, which they considered had not been justified in the documentation and did not reflect the request made to management by the Working Groups or the principles discussed by them. These members reiterated, *inter alia* the principles elaborated in the Independent External Evaluation, as further refined in previous discussions of the Working Groups (see Annex II). Most other members generally accepted these views but made detailed suggestions, as well as raising a number of questions and some members supported the management proposal with adjustments as a first step. Members:

   a) reiterated their conclusion that there was a need for more rapid responsiveness through the decentralized structures and full responsibility for Decentralized Offices, including FAORs, should be assigned to Regional Representatives (ADGs). The corporate focal point in Headquarters should be with field development support services (TC Department)). Members noted that FAO Representatives, as with other senior FAO staff, would naturally report to the Director-General on certain specific matters where they were representing him personally but this did not conflict with their overall line of accountability. Members reiterated that the sub-regional offices should concentrate on technical support to countries and should not become an additional layer in the system or be assigned administrative and managerial responsibilities which should rest with the Regional ADGs;
   b) questioned whether technical support services and the technical support functions of the Technical Cooperation Department, including focal point functions for the Decentralized Offices should be placed under a DDG for administrative functions, as suggested in the management proposal in view of their close relation to the work of the technical departments;
   c) reaffirmed that the evaluation office should have a dual line or reporting to the Governing Bodies, through the Programme Committee and to the Director-General;
   d) restated the need for an Office of Strategy, Resources and Planning to advise the Director-General and provide central coordination; and
   e) restated the importance of mainstreaming cross-cutting matters such as capacity building, knowledge management, and climate change.

2) In conclusion, the combined Working Groups considered that Organizational change was essential for the Organization to improve its cost-effective service and responsiveness to members. Such change could not be achieved immediately and needed to be phased, but in order to reduce uncertainty, not least among the staff, the direction of change also needed to be clear. There would need to be adjustments in the light of the findings of the Root and Branch Review but the Strategic Objectives and overall direction of the Organization were now becoming clear. The combined Working Groups, thus requested management to provide for a joint meeting on 3 July, a proposal for the new Organizational Structure which could be decided by the Special Session of the

Conference in 2008 and put in place in a phased manner, with adjustments as necessary, for completion of implementation in the 2010-11 biennium:

a) this should reflect the principles discussed in previous Working Group sessions and could usefully start from the IEE suggestions as a basis;
b) provide explanation and justifications for the proposals, especially where these departed from the IEE;
c) provide numbers for each major unit, of Professional and General Service posts; approximate numbers of consultant months and the reduction in the number of ADG and D posts from the 2008-09 biennium; and
d) make proposals for Deputy Directors-General, or alternative coordination mechanisms and lines of responsibility, taking account of the views expressed in the Working Groups, including the preference for a DDG Chief Operating Officer, relieving the Director-General of day-to-day administration.

3)   **Technical Cooperation Programme (TCP) Criteria for Resource Allocation to Regions:** It was recalled that what was being discussed were the management proposed considerations (Annex III) for determining the regional allocations of TCP, not the individual approvals of requests from countries. The latter needed to be handled flexibly utilising the criteria agreed by the Council (Annex IV) which could be expanded to take better account of considerations emphasised by the Working Groups in their previous discussions. Members reiterated the view that allotments should be made at regional level to the Regional Representatives, who should be made responsible for the allocations to individual countries against an agreed set of considerations. The TCP should respond to needs and be demand driven.

4)   Management was requested to provide further proposals for consideration by the combined Working Groups on the 1 July, taking account of the discussion. These proposals should:

a) incorporate the already agreed principles of:
   i) all Member Countries being entitled to utilise the TCP but developed countries being required to reimburse any use of TCP (some members also considered that Upper Middle Income Countries should also be required to reimburse use of TCP and some considered that access to TCP without reimbursement should only be for LDCs);
   ii) allow for a greater proportion of resources to be allocated in line with the IEE recommendations to those regions with the largest number of:
      (1) Least Developed Countries, Low Income Food Deficit Countries and Small Island and Landlocked Developing States; and
      (2) Hungry and malnourished people and people directly dependent upon agriculture.

b) have a clear, transparent and simple formula based not on thresholds (absolute numbers) but on relative proportions and which recognised a minimum entitlement for each country regardless of size (some Members noting that as some countries are very small indeed and TCP resources are scarce, the calculation should not give excessive weight to this criteria in calculating the

regional allocation);

c) continue to reserve 15 percent of TCP for emergencies; and

d) allow for re-allocation of TCP resources to other regions if one region failed to utilise them.

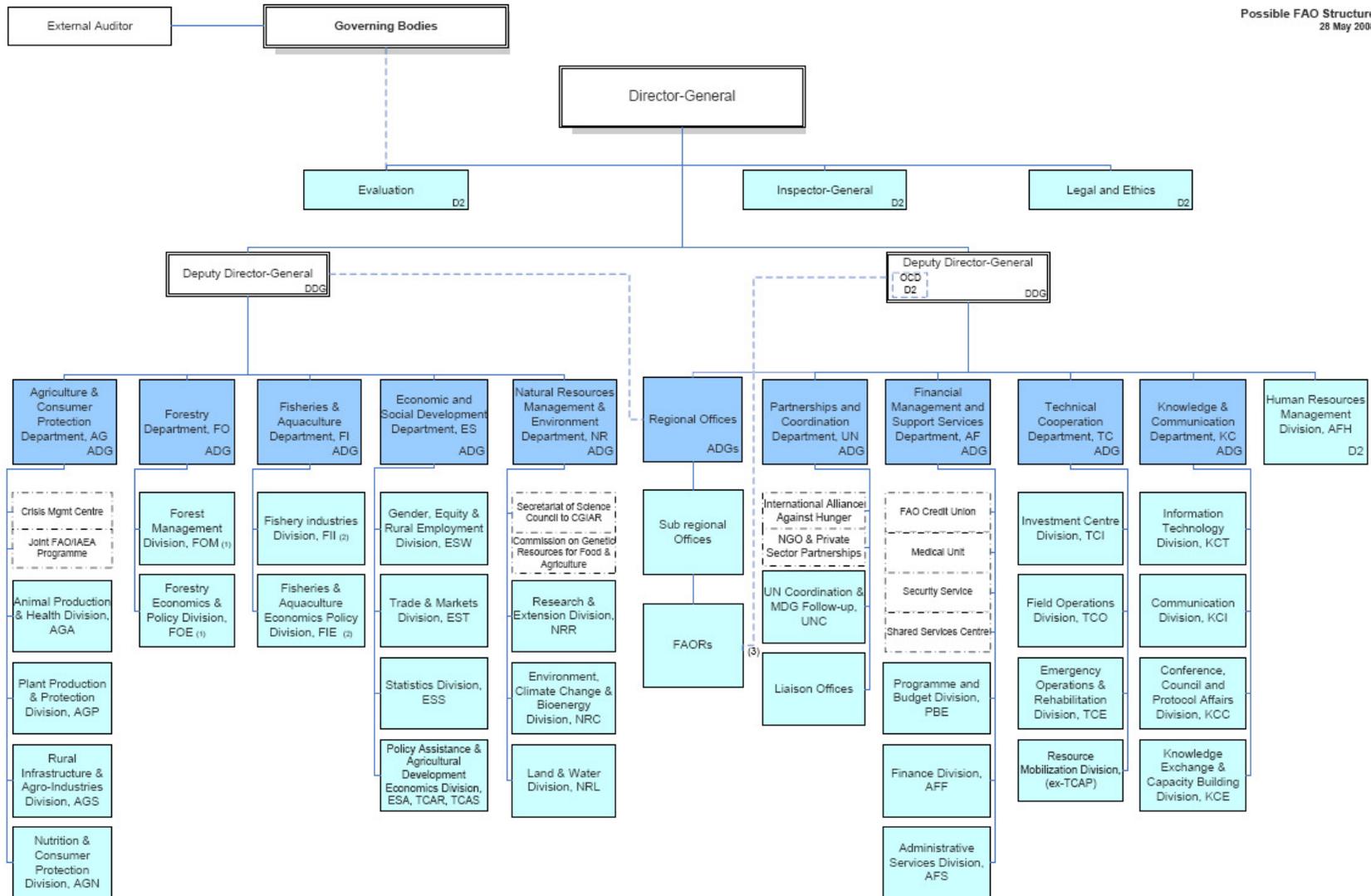**Annex I   Draft Organizational Chart – Management Presentation**

Following its discussion on 6 May on the Headquarters structure of FAO Working Group 3 of the CoC-IEE requested Management to provide its proposals for Headquarters restructuring, taking into account the views expressed by Members as a basis for further discussion and to aid its suggestions to the CoC-IEE.   The attached first draft organizational chart of FAO Headquarters is therefore submitted for discussion, together with the following observations:

- In line with the recommendations of the IEE, and the views of the CoC-IEE Working Groups, guidance from the Members on the Organization's priorities would be greatly valued as a basis for deliberating and revising Management's initial proposals on a new organizational chart of FAO Headquarters.

- The outcome of the Root and Branch review has just commenced. It is tasked, *inter alia*, to deliver by end-September 2008 a high-level business model covering administrative services *"and the implications of the business model on the organizational structure, programme delivery and delayering within FAO"*. It will include an *"initial presentation of a range of costs, savings and the implementation period for the delivery of this business model."* The recommendations of the consultants and views of Members thereon are also necessary before a well considered proposal can be finalised.

- This proposal incorporates the efficiency savings of US$22.1 million foreseen under the PWB 2008-09. Accordingly, the de-layering of 13 D-1 and D-2 level posts during this biennium, which followed a broad consultative exercise during the first part of 2008, is reflected in the attached draft organizational chart.

- It is noted that the attached draft organizational chart also takes account of changes in areas where clear guidance was communicated by Members, i.e.:

  • Establishment of an autonomous Evaluation Office headed by a Director at D-2 level, reporting directly to the Director-General and the Governing Bodies.
  • Establishment of an Ethics function.
  • The span of control is reduced to a manageable degree at all levels, including the Director-General, with the establishment of two Deputy Directors-General positions. Moreover, the primary line of reporting of the FAORs is indicated as the Sub-regional Offices.

- In order to better support the reform of Human Resources policies and practices called for by the Members, which is also a prerequisite for the culture change initiative, the Human Resources Management Division is structured as an independent office reporting directly to a Deputy Director-General.

In synthesis, Management wishes to point out that changes which could be required to achieve new savings (i.e. over the US$22.1 million foreseen in the PWB 2008-09) are best envisaged after the overall priorities of the Organization, and the Root and Branch review, are deliberated by the membership.

Management proposal for Headquarters restructuring

External Auditor

Governing Bodies

Director-General

Evaluation — D2

Inspector-General — D2

Legal and Ethics — D2

Deputy Director-General — DDG

Deputy Director-General — OCD — D2 — DDG

- **Agriculture & Consumer Protection Department, AG** — ADG
  - Crisis Mgmt Centre
  - Joint FAO/IAEA Programme
  - Animal Production & Health Division, AGA
  - Plant Production & Protection Division, AGP
  - Rural Infrastructure & Agro-Industries Division, AGS
  - Nutrition & Consumer Protection Division, AGN

- **Forestry Department, FO** — ADG
  - Forest Management Division, FOM (1)
  - Forestry Economics & Policy Division, FOE (1)

- **Fisheries & Aquaculture Department, FI** — ADG
  - Fishery industries Division, FII (2)
  - Fisheries & Aquaculture Economics Policy Division, FIE (2)

- **Economic and Social Development Department, ES** — ADG
  - Gender, Equity & Rural Employment Division, ESW
  - Trade & Markets Division, EST
  - Statistics Division, ESS
  - Policy Assistance & Agricultural Development Economics Division, ESA, TCAR, TCAS

- **Natural Resources Management & Environment Department, NR** — ADG
  - Secretariat of Science Council to CGIAR
  - Commission on Genetic Resources for Food & Agriculture
  - Research & Extension Division, NRR
  - Environment, Climate Change & Bioenergy Division, NRC
  - Land & Water Division, NRL

- **Regional Offices** — ADGs
  - Sub regional Offices
  - FAORs (3)

- **Partnerships and Coordination Department, UN** — ADG
  - International Alliance Against Hunger
  - NGO & Private Sector Partnerships
  - UN Coordination & MDG Follow-up, UNC
  - Liaison Offices

- **Financial Management and Support Services Department, AF** — ADG
  - FAO Credit Union
  - Medical Unit
  - Security Service
  - Shared Services Centre
  - Programme and Budget Division, PBE
  - Finance Division, AFF
  - Administrative Services Division, AFS

- **Technical Cooperation Department, TC** — ADG
  - Investment Centre Division, TCI
  - Field Operations Division, TCO
  - Emergency Operations & Rehabilitation Division, TCE
  - Resource Mobilization Division, (ex-TCAP)

- **Knowledge & Communication Department, KC** — ADG
  - Information Technology Division, KCT
  - Communication Division, KCI
  - Conference, Council and Protocol Affairs Division, KCC
  - Knowledge Exchange & Capacity Building Division, KCE

- **Human Resources Management Division, AFH** — D2

(1) Titles to be reviewed to incorporate forest products and industries
(2) Titles to be reviewed to incorporate fisheries and aquaculture management
(3) FAORs as direct representatives of the DG to the local authorities

Annex II - Principles and Considerations Previously Elaborated by the Working Groups

1) **Principles:**

   a) Resources should be freed by organizational change and redeployed to enhance the technical work of FAO, including support to cross-cutting issues;
   b) Units should be consolidated at all levels (Departments, Divisions, Services) to reduce fragmentation and silos as well as make savings on management costs;
   c) There should be flexibility in unit structure depending upon functions and size (e.g. small Departments without Divisions, Divisions not divided in Services);
   d) Realistic spans of control, especially at the most senior level and clear lines of reporting and accountability;
   e) Regional ADGs should be integrated into the planning and management structure;
   f) Dual grading should be introduced of D2 and D1 and D1 and P5 posts, with ceilings on the number of such posts in each Department;
   g) Cross-cutting work should be mainstreamed with small central coordination units, rather than separate Departments or Divisions for such areas as natural resources, climate change, knowledge management, capacity building and gender;

2) **Organizational changes** which had already been widely discussed and supported including establishing:

   a) an Office of Strategy, Resources and Planning reporting to the Director-General to integrate strategy development, programme planning and resource management and mobilization for the Organization as a whole, including assessed contributions and extra-budgetary resources;
   b) an Office of Intergovernmental, Interagency and Corporate Communications to enhance transmission of Corporate messages and provide a focal point for all forms of partnership and liaison, including with Members;
   c) a single Corporate Services Department bringing together all services; and
   d) evaluation as a separate office with dual reporting to the Director-General and the Governing Bodies and with operational independence.

Annex III
TCP criteria for resource allocations - Management Proposal

1. At their joint meeting of 16 May 2008, the CoC-IEE Working Groups I and III requested Management to further develop criteria and options for indicative allocation of TCP resources at regional and country level.

2. The model presented in this document follows the IEE recommendation to assign indicative amounts on a regional basis and to set transparent criteria for resource allocations to countries based on their specific needs.

Principles

3. The proposed model is based on the following principles previously defined by the Governing Bodies and confirmed by the IEE:

   i)   the universality of the TCP, taking into consideration that developed and high-income developing countries have access to the TCP on a reimbursable basis, currently leaving 156 member countries eligible for TCP assistance on a grant basis;

   ii)   the need to give special attention to LIFDCs, LDCs, LLDCs, and SIDS, currently 115 countries;

   iii)   the need to earmark an indicative global allocation of 15 percent for emergency assistance; and

   iv)   the demand driven nature of the TCP which implies that allocations are essentially indicative and reprogrammable according to needs.

4. In addition, the IEE suggested that criteria for the TCP allocation should take account of such factors as the absolute number of people suffering from hunger and poverty and the number of persons dependent on the agricultural sector. The CoC-IEE Working Groups I and III at their joint meeting on 16 May 2008 also considered that "*countries' needs, income status and the extent of rural poverty should feature among the criteria.*" In addition, Management recommends that criteria should be based on widely accepted standard data published by a recognized international institutions.

5. Finally, there will be a need to set aside a minimum amount for interregional projects to ensure flexibility as indicated in the Management Response In-principle.

Proposed model for regional allocations

6. Based on the above principles, regional allocations could be built on the following criteria:

i) The number of countries eligible for TCP assistance on a grant basis.
    The principle of universality requires that all 156 member countries eligible on a

grant basis should have access to a share of the resources that would allow for meaningful technical assistance under the various modalities (TCP Facility, national projects and (sub)regional projects). A regional allocation should therefore take account of the number of countries in each region with access to TCP on a grant basis.

ii) The number of countries falling under the "special attention" category **and** having a population depending on agriculture of at least 5 million people.
In addition to the number of countries in each region facing special needs due to their level of income, geographical isolation and resulting status of development, it is proposed to give due consideration to the absolute number of people dependent on agriculture for their livelihoods. A total of 42 countries meet this criterion.

iii) The number of countries for which the proportion of undernourished people is at least 15 percent of the total population.
In line with the recommendations of the IEE, this criterion would give additional priority in the allocation of resources to those regions with countries that face a particular difficult food security situation. A total of 63 countries meet this criterion.

iv) The number of countries with at least 10 million undernourished people.
This criterion is proposed in order to recognize the needs of regions with countries that have very large numbers of undernourished. A total of 13 countries meet this criterion.

7.   The thresholds related to the undernourished and population dependent on agriculture have been carefully chosen and tested for their impact on the allocations in an effort to ensure fairness and acceptability. It is noted in this regard that the lower a threshold is set, the more resources would be absorbed and leave less for other criteria.

8.   The distribution by criteria of member countries under the operational responsibility of each Regional Office is shown in Table 1 below.

Table 1: Regional distribution of member countries by criteria

Criteria	RAF	RAP	REU	RLC	RNE	Total
Countries eligible on a grant basis	46	34	27	34	15	**156**
"Special attention" countries	43	31	13	21	7	**115**
"Special attention" countries with an agricultural population ≥ 5 million	25	12	1	1	3	**42**
Countries with a proportion of undernourished people ≥ 15 %	35	16	3	8	1	**63**
Countries with a number of undernourished people ≥ 10 million	4	8	0	1	0	**13**

9.   In applying the above model to the 2008/09 TCP appropriation of USD 104 million as an example, and after having set aside an amount of USD 18 million for

emergency assistance and interregional projects, the distribution would be as shown in Table 2 below.

Table 2: Example of distribution of TCP resources by allocation criteria (excluding funds set aside for emergencies and interregional projects) – in million USD

Criteria	RAF	RAP	REU	RLC	RNE	Total
Countries eligible on a grant basis	18.4	13.6	10.8	13.6	6	**62.4**
"Special attention" countries with an agricultural population ≥ 5 million	5	2.4	0.2	0.2	0.6	**8.4**
Countries with a proportion of undernourished people ≥ 15 %	7	3.2	0.6	1.6	0.2	**12.6**
Countries with a number of undernourished people ≥ 10 million	0.8	1.6	0	0.2	0	**2.6**
Total	**31.2**	**20.8**	**11.6**	**15.6**	**6.8**	**86**

10.   The resulting regional distribution compared with the average distribution in past biennia is illustrated by the graphs in Box 1 below.

Box 1: Regional resources allocation in percentage

Example of allocation of 2008/09 appropriation three assuming similar distribution of emergency for assistance as the average of previous three biennia	Average regional distribution over last biennia, including actual use of funds emergency assistance

RLC
17%

RAF
37%

RNE
9%

REU
12%

RAP
25%

RLC
21%

RAF
38%

RNE
10%

REU
8%

RAP
23%
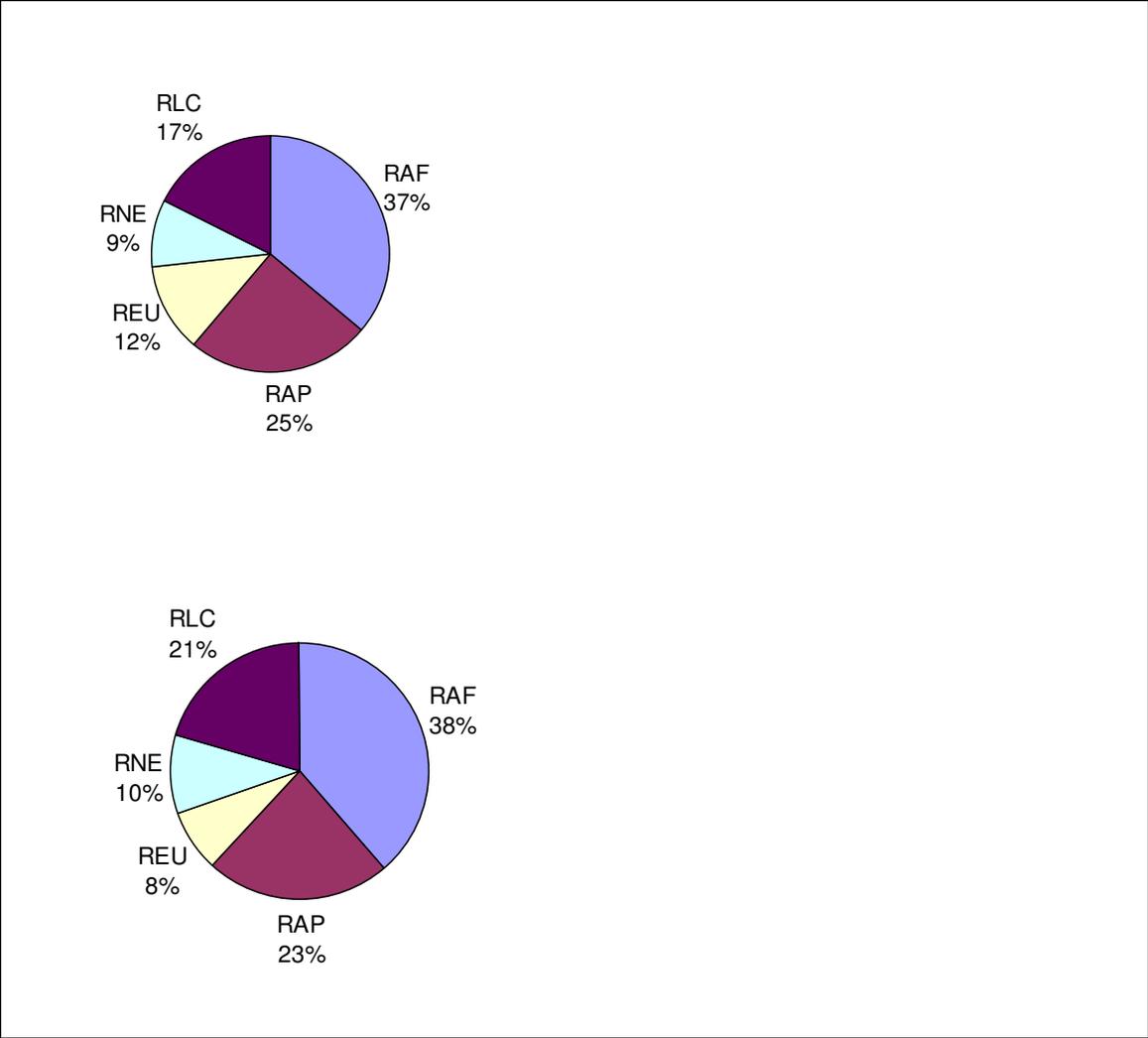
11.   When comparing the proposed regional allocation in the above example with the average distribution of the last three biennia, it should be borne in mind that the list of countries under the responsibility of each regional office has recently changed, e.g. Central Asian countries have moved under the responsibility of REU, while some countries have been transferred from RNE to RAF.

Management of regional allocations

12.   The regional allocation will be further allocated as follows:

13.   A share of the regional allocation will be set aside for the approval of regional projects to which all eligible countries in the region will have equal access. Similarly, a share of the regional allocation will be set aside for use by each of the subregional offices for approving subregional projects, to which each of the countries in the subregions will have equal access.

14.   The balance of the regional allocation will be allocated indicatively to countries in the region in accordance with the same criteria listed above.

15.   However, these regional, subregional and country allocations are only indicative and will not constitute an entitlement. It will be the responsibility of the SRCs and RRs and, as a last resort, of headquarters to re-programme any allocation which is not fully committed to other countries, subregions or regions according to the needs.

Annex IV   **Information note on criteria for TCP approval**

At the joint meeting of CoC-IEE WG I and WG III on 16 May 2008 related to the decentralization of the TCP and indicative regional allocations of TCP resources, clarifications were requested on the approval criteria of TCP projects.

Since the establishment of the TCP in 1976, all requests for TCP assistance have been subject to a process of appraisal for eligibility under the Programme. The appraisal consists of an analysis of each request against a set of approval criteria agreed upon by the Governing Bodies. These criteria represent the principle tool with which the Secretariat is able to ensure that the wishes of member countries are respected with regard to the type and scope of technical assistance that is provided to governments using TCP resources.

It is recalled that the TCP approval criteria, which had remained largely unchanged since the creation of the TCP, were revised in 2005 following a process of consultation with member countries through the Programme Committee at its 90th, 91st, 92nd, 93rd and 94th sessions, and with TCP users (government counterparts, FAO technical staff and FAO Representatives). The approval criteria were endorsed by the 129th session of the FAO Council in November 2005 (CL 129 REP) and have been applied since. They are summarized in the attached annex.

The TCP approval criteria

CRITERIA	DEVELOPMENT TCP ASSISTANCE	EMERGENCY TCP ASSISTANCE
1. Country Eligibility	All FAO Members are eligible for access to TCP-supported technical assistance. However, TCP gives special attention to assisting the neediest countries, especially the Low-Income Food-Deficit Countries (LIFDCs), Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and/or Small Island Developing States (SIDS). Access by high-income developing countries and developed countries to technical assistance through the TCP modality should only be on a full cost-recovery basis.	Fifteen percent of the TCP appropriation is indicatively earmarked for emergency and rehabilitation projects, accessible to all FAO Members.
2. Aims and Purposes	TCP-supported assistance should contribute to household or national food security, improved rural livelihoods and poverty reduction, in line with the World Food Summit target, the MDGs, and FAO's strategic goals and objectives, including those related to the provision of global public goods.	TCP-supported emergency and rehabilitation assistance should be provided in direct anticipation of or follow-up to emergencies that fall within FAO's sphere of action; assistance should be directed explicitly at restoring the livelihoods of the poorest and most vulnerable households affected by the emergency, and should seek to reduce the vulnerability of emergency-affected households in the future.
3. Country or Regional Priorities	TCP-supported assistance should be directed at national or regional priorities linked to the aims and purposes identified in Criterion 2 and, where they are in place, should be consistent with FAO's National Medium-Term Priority Frameworks and emerge from TCP priority-setting processes at the country level.	Emergency TCP assistance is not subject to any national priority setting process.
4. Critical Gap or Problem	TCP-supported assistance should be directed at a clearly defined critical technical gap or problem that has been identified by beneficiaries or stakeholders and which necessitates technical cooperation within the timeframe that can be provided by the Programme but which either cannot or should not be provided through other resources.	Emergency TCP assistance should be designed for very rapid response in support of interventions in thematic areas in which the Organization has a demonstrated comparative advantage.
5. Sustainable Impacts	TCP-supported assistance should result in clearly defined outputs and outcomes leading to impacts. It should have catalytic or multiplier effects such as increased mobilization of investment funds. The outcomes and impacts should be sustainable. TCP requests will not be accepted when they are a consequence of the ineffective follow-up to previous TCPs.	TCP emergency assistance should be directed at the provision of inputs for the sustainable rehabilitation of productive activities and of technical cooperation to support effective government (or donor) responses including the identification of necessary inputs. TCP-supported emergency and rehabilitation assistance should be directed at interventions that increase the likelihood of additional donor and/or government resources being directed to immediate relief and longer-term rehabilitation. Repetitive assistance to address recurrent types of emergencies in the same country should be avoided and be redirected towards more lasting impact assistance for the prevention of and preparedness for these same emergencies.

CRITERIA	DEVELOPMENT TCP ASSISTANCE	EMERGENCY TCP ASSISTANCE
6. Scale and Duration	No TCP project should require a budget of more than US$500 000 and should be completed within 24 months. The duration may be extended to 36 months, when justified, and on a case-by-case basis. The budget ceiling for a TCP Facility project is US$200 000 per biennium and the project should be completed by the end of the biennium in which it was approved.	
7. Government Commitment	Requests for TCP assistance should include a formal commitment by government/s or regional organizations to provide all necessary inputs, staff and institutional arrangements to ensure the timely and effective start-up, implementation and follow-up of the requested TCP-supported assistance.	
8. Capacity-building	Wherever possible, TCP-supported assistance should help build national or regional capacities to ensure that the critical gaps and problems to which they are directed would either not appear again or that they could be resolved effectively at the national or regional level.	TCP-supported emergency and rehabilitation assistance should increase the capacity of the government and affected communities and households to either withstand, or respond to, similar shocks in the future, without resorting to external assistance.
9. Gender-sensitivity	TCP-supported assistance must be gender-sensitive in identification, design and implementation, in line with the Organization's Gender Plan of Action.	
10. Partnership and Participation	Wherever possible, TCP-supported assistance should contribute to new or strengthened partnerships and alliances, including through co-financing, and should lead to the increased participation of food-insecure and poor men and women in key decision-making processes.	