Chair's Aide Mémoire – Fifth Meeting of CoC-IEE WG III
Wednesday 19 March 2008
Ramalingam Parasuram, Chair

1) **The Programme and Budget Structure and the Programme and Budget Process:** At the beginning of the discussion, it was noted that this topic would also be on the agenda of the Joint Meeting with WG II planned for 28 March where discussion will focus on the role of the Governing Bodies in the budget cycle. Members generally found that the approach presented by Management adequately reflected previous discussion by the Working Groups. The following points were raised:

   a) Early involvement of Governing Bodies in the priority setting process during the first year of each biennium;
   b) Flexibility: Procedures for flexible adjustment of resource allocations during the biennium with adequate Governing Body oversight in order to reflect changing and unforeseen needs in the work of the Organization;
   c) Oversight of execution: There should be regular reporting from management to the Governing Bodies (possibly every six months) on the actual expenditures and the purposes of expenditures;
   d) An active role for the Programme and Finance Committees as advisers to the Council at all stages of the priority setting, programming and budgeting process;
   e) Clear performance indicators: Strategic objectives as well as the Organizational results should include measurable targets. The importance of reporting on outcomes to the Governing Bodies through the Programme Implementation Report and of independent evaluation was further re-emphasised;
   f) Extra-budgetary resources:
      i) Incorporation of some form of information and pledging meeting into the programme and budget cycle;
      ii) Clear division between Regular Programme and extra-budgetary resources in the programme and budget documentation and the indication of where extra-budgetary resources were assured and where they were being sought.
   g) Clearly separating the administrative and programme budgets of the Organization; and
   h) Full participation of the decentralised offices in the internal secretariat processes for developing proposals to the Governing Bodies on priorities, programmes and budgets

2) **Financial Systems and Standards:** Members appreciated the informative presentations from Management on this complex set of issues and sought clarifications on various aspects. The WG was pleased to see that management was moving forward in line with the IEE recommendations which had very largely confirmed the lines of action already underway. Members welcomed the continued dialogue with the Finance Committee on further developments and stressed the importance of the root and branch review and the proposed corporate risk assessment study. Management was requested to come back to the Working Group with timelines on what is sought to be achieved in the run up to the Special Conference in November 2008 and what can be expected during the period thereafter.

3) **Arrears and late payments:** Following Conference Resolution 13/2007, the Finance Committee will be considering this issue at its next meeting in May. During discussion members reiterated their positions as expressed in the previous considerations of the

Working Group including that:

a) Countries status with respect to their payments to FAO should be prominently displayed on the FAO website;
b) Existing provisions on loss of voting rights should be rigorously applied;
c) The proposals by the IEE, to deny TCP assistance and recruitment of personnel for countries in arrears was not desirable.

4) Members considered that incentives for timely payment could be further explored: Individual suggestions for improvements, included:

a) payment schedules to smooth income and reduce the borrowing requirement;
b) charging interest on late payments;
c) permitting payments in local currencies;
d) reviewing arrears to see if any of these were in effect bad debts.

5) The Working Group decided to review its conclusions on this matter in the light of the May discussion in the Finance Committee.