Chairs' Aide Mémoire of Joint Meeting of CoC-IEE WG I & WG III
Tuesday 1 July 2008
Vic Heard, Chair WG I, and Ramalingam Parasuram, Chair WG III

1) **Resource Mobilization Strategy:** Members welcomed the draft strategy on resource mobilization (Annex I) and requested that the text be made more accessible to non-native speakers of English. Members emphasised:

   a) the importance of partnerships, where FAO would sometimes act as the implementer and at other times would only have a catalytic role. FAO should become more proactive in seeking to establish viable partnerships and in identifying policies and strategies of potential donor organizations. The private foundations could be a new important source of extra-budgetary resources;

   b) that more clarity was needed on the different approaches required to mobilise resources for different types of FAO work (integrated through the Impact Focus Areas; country and regional level activities; emergencies and treaties, conventions, etc.);

   c) that there was a need to ensure coherence with other UN organizations (in the context of One UN);

   d) that decentralization and delegation of resource mobilization was essential. At the same time, a strong central policy should be maintained to ensure coherence and focus on agreed priorities of the Organization;

   e) extra-budgetary activities should cover all incremental costs, including those for office space, technical inputs, etc.; and

   f) independent evaluation of FAO's work was important in giving confidence to providers of extra-budgetary funds.

2) Some Members, although recognising the importance of pool funding, noted that they intended to earmark at least part of their future extra-budgetary contributions.

3) **Technical Cooperation Programme (TCP) Criteria for Resource Allocation to Regions:**
Members considered the second suggestion by management on criteria for the allocation of TCP funds to regions (Annex II). They reiterated that TCP resources should be allotted to the Regional Representatives/ADGs with a high degree of delegation to the sub-regional and country levels for project approvals. Members considered that overall the most important consideration was that the allocation of resources should be transparent (i.e. not appear arbitrary) and reflect the policy decision of the Membership on resource allocation. Such policy considerations were complex and could not be decided with simple criteria (the proportion of resources which had been allocated in the past to each region had a bearing on expectations). There was some cohesion of views around the following:

   a) All developing countries had an entitlement to TCP without being required to contribute but there should be a clear priority to the LDCs. There should thus be a minimum amount available for each country in a region (some members considered that upper middle income countries should be required to contribute financially towards any TCP);

   b) Council could fix the proportions per region periodically taking account of the complex range of factors; and

   c) There should be a priority to Africa. Some suggested that it should receive 50% of resources. Others noted that at present it received around 38% and this could be raised to 40%. The regions in which there were more middle income countries and in which there were least

malnourished people could possibly receive slightly less resources than had been the case in the past; and

d) TCP should clearly embody principles which would motivate donors to support it with additional extra-budgetary funding.

4) Management was requested to provide further suggestions for consideration by the combined Working Groups, taking account of the discussion, on 28 July. In addition to the suggestions for regional allocations, this needed to cover the criteria on which Regional Representatives would allocate resources to sub-regions and individual countries and the provisions and considerations for use of the TCP Facility at country level and the approval of individual projects.

Annex I   **Draft Resource Mobilization Strategy**

1. Analysis of needs and FAO's comparative advantages

1.   The resource mix at the disposal of the Organization to carry out its work has been evolving, with extra-budgetary expenditure having risen to the same level as that under the Regular Programme (RP) in 2006-07. Nonetheless, the IEE found that: a) there are gaps in the funding of key areas; b) proposals for use of extra-budgetary resources do not systematically demonstrate how they will contribute to the Organization's agreed outcomes and outputs, and that improvements are needed to ensure that extra-budgetary funds complement the Regular Programme to achieve corporate targets and results; c) there is the need to better integrate requirements arising from national, sub-regional and regional programmes; and d) there are issues about the volatility and earmarking of current extra-budgetary funding.

2.   The IEE recommended that a coherent and dynamic Resource Mobilization Strategy should be put in place around Impact Focus Areas (known as Priority Themes in the IEE Report) and national medium-term priority frameworks. This document presents a possible strategy for consideration by CoC-IEE Working Groups I and III.

3.   FAO's requirement for a sound, stable and strengthened funding base derives from its role as a centre of technical excellence in the areas of its mandate. FAO's main *comparative advantages* for resource mobilization are:
- Role in providing balanced, evidence-based contributions to complex and sensitive debates at global, regional, sub-regional and national level;
- Function as a neutral forum for the negotiation of international agreements;
- The quality and calibre of technical staff who can become active catalysts of 'best practice' development in the areas of the Organization mandate at country level;
- Extensive presence at country, and sub-regional and regional level.
- Field programme and implementation capability in complex situations and its access to Governments;
- Recognized role with regards to emergency and transition/exit strategies from rehabilitation to development and investment;
- Demonstrated capacity to partner.

Vision and objectives

4.   FAO aims for resource mobilization and communication efforts to be undertaken at all levels of the Organization to secure resources required for it to carry out its core functions and achieve the planned Organizational Results, at global, regional, sub-regional and national level.

5.   The objectives of the strategy for resource mobilization are:

- **Adequate funding** and **support** for the achievement of Organizational Results at the global, regional, sub-regional and country level;
- **Timely** and **predictable** voluntary funding to be able to **plan effectively** FAO's work;
- Increase the share of **broadly earmarked** funding.

2. Charting the way forward - elements of the strategy

6.   To achieve these objectives, the elements of the strategy will include a set of actions, some with external partners of FAO, and others of a more internal nature, based on two main principles

- incorporation of the planning and use of extra-budgetary resources in the new programming model covering all sources of funds, contributing to the achievement of Organizational Results;
- delegation of authority for resource mobilization at decentralized level, with strong coordination from Headquarters based on a clear definition of roles.

7.   The type of extra-budgetary resources that would support achievement of FAO's Organizational Results include: partnering and support in kind; official donor assistance whether through projects or programmes[1], partnership programmes or direct reimbursement of expenditure; application of direct budget support and unilateral Trust Funds.

Elements of implementation:	Description of actions	Result
A. *Embed the resource mobilization strategy in the new programming model, with regional and sub-regional programmes and NMPTFs to provide strategic focus to resource mobilization at regional, sub-regional and country level.*	• The planned results of FAO activities should give all members, donors and beneficiary countries confidence that the activities for which the Organization requests financial support have been subject to thorough review and directly contribute to the formulated results of the Organization for the biennium. The resource envelopes presented Medium Term Plan and Programme of Work and Budget will provide the estimate of the extrabudgetary resources envelope. • Regional and sub-regional programmes and NMPTFs to catalyze FAO resource mobilization at the regional, sub-regional or country level, in line with other country specific approaches[2], including the "Delivering as One" pilot process.	Increase transparency and Members' and donors' confidence in FAO
B. *Engage Members and donors in the process of defining the resources envelope ranges from*	Agree dedicated steps in the planning process: a) Members to examine the overall extrabudgetary requirements emerging from the MTP/PWB process as part of the	Increase predictability of extrabudgetary resources by

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[1] e.g. SFERA

[2] UNDAF, PRSPs where relevant.

voluntary contributions	proposal preparation, in a proposed Meeting of Members in the early part of year 2 of the biennial cycle; b) Inform and engage donors in support of the needs of FAO advocacy, normative, development or emergency and rehabilitation activities, and report on the level of resources pledged, received and allocated versus planned requirements through a set calendar of consultations during the implementation cycle.	planned Organizational result.
C. *Present Impact Focus Areas, in the context of the new SF/MTP planning process for Members' review*	• Impact Focus Areas help catalyze the mobilization of extrabudgetary resources. They represent 'flagship' areas of work defined for the immediate future or to reflect emerging challenges. • They contribute to the achievement of the SOs, and relate to resources for uptake of products and services FAO commits to deliver to Members, as generally defined in the Organizational Results. • Impact Focus areas can represent areas of comparative advantage or core functions of the Organization where there is a known resource gap for the attainment of results at regional, sub-regional and country level at the level expected.	Facilitate and increase pooled and un-earmarked funding
D. *Significantly raise awareness among policy makers, potential donors and the general public of FAO's unique contribution to the development process, its comparative advantage in emergency operations and rehabilitation, and its effectiveness in implementing donor-funded projects and programmes.*	• Develop a comprehensive marketing communication strategy and plan focusing on key donor audiences and based on concrete success stories. • Widely promulgate the marketing communication strategy and plan to ensure coherent communication of key messages related to resource mobilization. • Develop a related set of communication guidelines for staff in all units to assist them in engaging in communication activities related to resource mobilization.	Enhanced recognition and appreciation of the FAO "Brand" among key donor audiences[3].
E. *Reach out and engage a broader range of and new emerging donors,*	• Document and monitor donors' trends and share the information with all offices involved in resource	Enlarge funding base, taking account of partnership

[3] Linked to an understanding of the Organization's comparative advantages as an implementer of donor-funded projects and programmes

including consideration of the private sector; Coordinate closely with relevant partners and expand partnerships	mobilization. Regional and Sub-regional Organizations and institutions, and other UN Organizations especially at country level, are partners for possible resourcing of Joint Programmes under FAO's areas of mandate. • Examine pragmatic opportunities arising from the private sector; develop guidelines for review by Governing Bodies for engaging in resource mobilization with the private sector. • Develop the resource mobilization component of the Partnerships Strategy. • Recipient Governments to demonstrate their engagement in full partnership with FAO activities by honouring their financial commitments such as GCCC.	contributions.
F. *Encourage donors to move gradually from project approach to multi year strategic /partnerships and/or to support the impact focus areas.*	• Determine a programme of recognition and ensure donor visibility suitable for the donor and the circumstances. • Develop new frameworks for multi-year and/or multi-donor longer term and less conditioned funding, unilateral trust funds, joint programmes, national execution and other non-traditional emerging donors including the private sector; • Improve business intelligence reporting internally and to Members and donors on results achieved, resources, beneficiaries leveraging the/or in complementarity with Organizational monitoring and assessment systems.	Facilitate a results based approach and increase pooled and un-earmarked funding
G. *Articulate clear roles for Decentralised Offices and Headquarters in support of Resource Mobilization*	• Decentralized offices to: a) advocate FAO comparative advantage at regional, sub-regional and country level; b) contribute to and inform the formulation of Organizational Results and identification of Impact Focus Areas; c) Mobilize resources for the results formulated for the regions, sub-regional and the country offices; d) Allocate resources received and results and provide feedback to central coordination and to local partners and donors. • Headquarters to: a) develop the vision of resource allocation	Achieve effective organizational arrangements in support of resource mobilization, including among regional, sub-regional and country offices.

	based on the formulation of Organizational Results and Impact Focus Areas and consolidate the funding requirements for the MTP/PWB; b) Support the process of Members and donors review of extrabudgetary resources proposals; c) coordinate the risk management of the un-predictability of voluntary contributions; d) coordinate resource mobilization through new policies, communication and tools (including training, financial mechanisms, new partnership agreements and support to decentralized offices); and, e) overall implementation reporting.	
H. *Review internal policy setting, review and oversight mechanism for extrabudgetary funding*	• Review the policy setting and oversight to leverage the application of the new programme model principles. • Replace current operational/management rules and procedures with new harmonized tools.	Improve oversight of extrabudgetary resources and reporting procedures and transparency to Members.
I. *Confirm the policy of full cost-recovery for activities funded by extra-budgetary contributions*	Extra-budgetary Support costs will be kept under review. FAO Support Cost Policy is based on the concept of full cost recovery of *indirect variable costs*. However, with voluntary contributions reaching the level of assessed contributions, the policy should move towards recovering the relevant portion of indirect fixed costs as well. A proposal will be presented to the Finance Committee at its October 2008 session.	Ensure balanced funding of activities and expand the funding base of the Organization.

8.   The general recommendation of the IEE Report to develop a resource mobilization strategy included six sub-recommendations. Sub-recommendations a), b) c) and e) are addressed in the elements of the strategy and related high level actions above.

9.   With regards to the sub-recommendation 7.6 (d)[4] and particularly on the conditions of implementation, Management undertook a preliminary review, taking into account the experience gained by FAO and by other UN organizations over the past ten years. As previous indicated in a meeting of Working Group III, Management finds that this would not be a cost effective approach for the Organization. In the course of discussions references were made to the possibility to examine the UNICEF model and determine the extent to which it could be used. FAO has in the past made limited

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[4] Extract of recommendation 7.6 (d) "*...with the aim of building and reinforcing FAO support from the public and small businesses, a new, independent foundation should be established. This should be entirely outside the Organization's bureaucracy. The foundation should replace TeleFood and funds raised should go to the priority themes. FAO should support the start-up of the foundation but there should be a strict limit of three to four years (a so-called 'sunset provision') for the success of the venture. After this, support would cease;*"

review of this possible model and the preliminary conclusion reached at the time was that it would not be appropriate to extend this scheme to FAO. Management remained however prepared to commission a study which would review the matter in depth if Members felt this option required more analysis.

10. Finally, with regards to sub-recommendation 7.6(f), Management will await further guidance that may arise from WG II.

Annex II   <u>Criteria for the regional allocation of TCP resources based on the principles proposed by the CoC-IEE Working Groups I and III</u>

1.   At their joint meeting of 13 June 2008, the CoC-IEE Working Groups I and III requested Management to provide further contribution for the regional allocation of TCP resources in applying a set of agreed principles (see Chairs'Aide-Mémoire).

2.   As comparison and reference to the IEE observation that *"…the spread of allocations between regions has, broadly speaking, reflected relative needs, in terms of generally accepted criteria to measure and compare food security, poverty and dependence on agriculture"* (C 2007/7 A.1, par. 340), table 1 provides the average regional distribution of TCP funds over the last three biennia.

Table 1: Average regional distribution of TCP funds over the last three biennia

Regional Office	RAF	RAP	REU	RLC	RNE
Average share of TCP appropriation	38%	23%	8%	21%	10%

3.   The present note provides a possible option for the regional indicative allocation using the criteria below, in line with the indications provided by the Working Groups. The weight that could be assigned to each criterion, expressed in terms of percentage of the TCP appropriation, is also suggested.

a) **The number of countries eligible for TCP assistance on a grant basis (weight 40%).**
    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. A lower weight would reduce the resource availability per country under this criterion below the level of the TCP Facility (USD 200 000 per country and biennium) which was established by the Council in November 2005.

b) **The number of countries falling under the "special attention" category as defined by the Governing Bodies – LIFDC, LDC, LLDC and SIDS (weight 40%).**
    The importance of the TCP giving particular attention to countries facing special needs due to their level of income, geographical isolation and resulting status of development, was confirmed by the Council in November 2005. It is therefore given the same weight as criterion one.

c) **The number of undernourished in each region (weight 10%)**

d) **The number of people dependent on agriculture (weight 10%)**

4.   Giving a higher weight to criteria 3 and 4 would lead to a regional allocation that would significantly differ from the average effective allocation in the last three biennia (table 1) and in particular favour one region due to the high number of undernourished and people dependent on agriculture. Table 2 shows the numbers for each criterion and region.

Table 2: Allocation criteria and numbers for each region

Criteria	RAF	RAP	REU	RLC	RNE	Total
Number of countries eligible for TCP assistance on a grant basis (universality)	46	34	27	34	15	**156**
Number of countries falling under the "special attention" category	43	31	13	21	7	**115**
Undernourished in the region (in mill. people)	207	532	27	51	18	**835**
Population dependent on agriculture (in mill. people)	424	1 878	79	107	82	**2 569**

5.   In applying the above model to the 2008/09 TCP appropriation of USD 104 million as an example, the distribution of resources would be as shown in Table 3 below. In line with the Working Groups and Governing Bodies' proposal to earmark 15 percent for emergency assistance and the need to also reserve a minimum amount for inter-regional projects, USD 18 million are set aside for such projects. The remaining USD 86 million are distributed between criteria according to their respective weight (shaded cells to the right). This amount is then distributed between regions in proportion to the numbers in table 2.

Table 3: Example of distribution of TCP resources – in million USD

Criteria	weight	RAF	RAP	REU	RLC	RNE	Totals
Countries eligible for TCP assistance on a grant basis (universality)	40%	10.1	7.5	6.0	7.5	3.3	34.4
Countries falling under the "special attention" category	40%	12.9	9.3	3.9	6.3	2.1	34.4
Undernourished in the region	10%	2.1	5.5	0.3	0.5	0.2	8.6
Population dependent on agriculture	10%	1.4	6.3	0.3	0.4	0.3	8.6
Subtotal		*26.6*	*28.5*	*10.4*	*14.7*	*5.9*	***86.0***
Emergencies/Interregional (based on average over last three biennia)		7.1	5	0.9	3.3	1.7	**18**
Totals		**33.7**	**33.5**	**11.3**	**18.0**	**7.6**	**104.0**
Totals (in percent)		**32%**	**32%**	**11%**	**17%**	**7%**	**100%**

6.   The above represents an open proposal to be utilized as a basis for discussions particularly concerning the weight to be assigned to each of the four above mentioned criteria and the actual number of criteria to be maintained.

7.   As regards the management of regional allocations, a share of the indicative regional allocations will be set aside for the approval of regional and subregional projects to which all eligible countries in the region will have equal access. The balance of the regional allocation would be allocated indicatively to countries in the region in accordance with the same criteria listed above. However, allocations would only be indicative and would not constitute and 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 needs.