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JOINT MEETING

**Joint Meeting of the Hundred and Twentieth Session
of the Programme Committee and Hundred and Sixty-fourth Session of the
Finance Committee**

Rome, 7 November 2016

**Enhanced Technical Capacity and Consolidation of Programme
Management Arrangements in 2016-17**

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Summary

1. The Adjustments to the Programme of Work and Budget 2016-17 approved by the Council in December 2015 introduced measures to strengthen programme delivery through enhanced internal management arrangements and a rationalized headquarters capacity. The Council in June 2016 considered the Programme Implementation Report 2014-15, the conclusions of the 2016 sessions of the Regional Conferences, and the Coverage of Decentralized Offices, and provided guidance to strengthen further FAO's programme delivery related to Agenda 2030, climate change, statistics, partnerships and technical capacity.
2. At the same time, the international community agreed the Agenda 2030 for Sustainable Development with an ambitious set of 17 Sustainable Development Goals (SDGs). The landmark Paris Agreement on climate change will enter into force on 4 November 2016, and the Port State Measures Agreement came into force in June 2016. These binding commitments require that international organizations focus on helping countries put in place and monitor national action to achieve the SDGs, the nationally determined contributions (NDCs) to climate change adaptation and mitigation, and the measures for the elimination of illegal, unreported and unregulated fisheries. Food and agriculture are recognized as playing a critical role in these efforts.
3. In this context FAO is reviewing its Strategic Framework and preparing its Medium Term Plan 2018-21 and Programme of Work and Budget 2018-19, through the normal cycle of consultation with the governing bodies that will culminate at the Conference in July 2017. As part of this process, in September 2016 the Director-General requested and received advice from a Panel of distinguished external experts on the developments, trends and challenges in the food and agriculture sector, including ways to improve FAO's programme delivery. The Panel appreciated the measures put in place so far and recommended further consolidation of programme management arrangements to better link technical knowledge to operations and the food system approach, while giving greater visibility and coordination to work on climate change and statistics and reinforcing capacity in key technical areas.
4. There is urgency and opportunity for FAO to act now within available resources. In light of developments and experience over the past year, and taking account of the advice and guidance provided, the Director-General is taking three sets of actions on a budget-neutral basis to consolidate management arrangements and improve FAO's programme delivery, as summarized below and set out in this document:
 - a) Putting in place measures that have resulted in efficiencies of about USD 4.5 million for reinvestment in technical work through the conversion of some 46 administrative positions to technical and programme positions in critical and new areas, mainly at headquarters, and accelerating recruitment of professional staff so that the vacancy rate falls to not greater than 15% by end-2016.
 - b) Proposing to raise the profile and strengthen FAO's work on climate change by establishing a Climate, Land and Water Department under the Deputy Director-General (Climate and Natural Resources) encompassing the Climate and Environment Division and the Land and Water Division.
 - c) Proposing to elevate and strengthen the programme management function and consolidate linkages to partnerships, resource mobilization, investment, liaison and Chief Statistician functions under a new Deputy Director-General (Programmes).

Suggested action by the Joint Meeting

5. The Joint Meeting is invited to:
- a) take note of actions taken by the Director-General under his authority concerning efficiency measures and recruitment; and
 - b) recommend that Council, within its authority, approve the proposed changes in organizational structure (*Annex 1*) on a budget neutral basis, as follows:
 - i. new Department of Climate, Land and Water (CL) headed by an Assistant Director-General reporting to the Deputy Director-General (Climate and Natural Resources), including related adjustments described in this document;¹
 - ii. new Deputy Director-General (Programmes) (DDP), including related adjustments described in this document;²
 - iii. new Office of Chief Statistician in DDP.

¹ Move of the Land and Water Division from AG to CL and changed reporting line of the Climate and Environment Division from DDN to CL.

² Move of the Partnerships, Advocacy and Capacity Development Division from DDO to DDP, changed reporting line of Liaison Offices from DDO to DDP, changed reporting line of Strategic Programme Management Units from TC to DDP, renamed TC as Technical Cooperation Department and changed TC reporting line from the Director-General to DDP.

A. Programme management arrangements – need for action

6. This section highlights the programme management arrangements put in place in late 2015, the guidance provided by the Council in June 2016 and action taken by the Director-General, and the compelling need for further action now.

Measures put in place to improve programme delivery in late 2015

7. The Adjustments to the Programme of Work and Budget 2016-17 approved by the Council in December 2015 put in place measures to strengthen programme delivery through enhanced internal management arrangements and a rationalized headquarters capacity.³ In particular, five dedicated Strategic Programme Leaders (SPLs) were established and their small management teams put in place to support the design, planning, implementation and monitoring of the Strategic Programmes, overseen and coordinated by the Assistant Director-General, Technical Cooperation and Programme Management Department. Service Agreements were concluded between SPLs, Regional Representatives and Technical Division Directors to guide the provision and monitoring of technical and operational support to country, regional and corporate programme delivery mechanisms.

Significant international commitments

8. Three significant developments have gained momentum in 2016. The international community agreed the 2030 Agenda for Sustainable Development including an ambitious set of 17 Sustainable Development Goals (SDGs) with 169 targets and 230 indicators for national action. At the same time, the Paris Agreement on Climate Change was adopted by the UN Conference of Parties (COP21) and enters into force on 4 November 2016, and the Port State Measures Agreement entered into force in June 2016. These commitments require that international organizations focus on helping countries put in place and monitor national action to achieve the SDGs, the nationally determined contributions (NDCs) to climate change adaptation and mitigation, and measures for the elimination of illegal, unreported and unregulated fisheries. Food and agriculture are recognized as playing a critical role in this effort.

9. Furthermore, FAO has been designated as the custodian of 21 SDG indicators. This will require action by FAO to coordinate and share information with the UN Statistical Commission and the UN Regional Economic Commissions, develop indicator standards and methodologies, build capacities in countries, and report on the 21 SDG indicators.

Guidance provided by Council in June 2016

10. The Council in June 2016 considered the Programme Implementation Report 2014-15, the conclusions of the 2016 sessions of the Regional Conferences, and the Coverage of FAO Decentralized Offices. It provided guidance to strengthen further FAO's programme delivery in relation to the SDGs, climate change and statistics, strategic partnerships, migration, etc.⁴

³ CL 153/3 paragraphs 48-70; CL 154/REP paragraphs 6-15, 18-19

⁴ CL 154/REP paragraphs 6-12, 15, 18-19

Further action taken by the Director-General in 2016

11. In this context, the Director-General has taken the following action on a budget-neutral basis during 2016:

- a) prepared a Climate Change Strategy and Action Plan, taking account of the views of the Technical Committees, for consideration by the Programme Committee and Council in November-December;⁵
- b) prepared an Action Plan for FAO's work on antimicrobial resistance (AMR), which was presented to, and supported by the Programme Committee and the Committee on Agriculture;⁶
- c) streamlined the work of the Shared Services Centre (CSS); the Conference, Council and Protocol Affairs Division (CPA); and the Corporate Services Department (CS), resulting in efficiencies of about USD 4.5 million for reinvestment in technical areas through the conversion of some 46 administrative positions to technical and programme positions, mainly at headquarters, including to support work on antimicrobial resistance, climate change, fisheries, geospatial information systems, statistics, SDGs, investment, partnerships and programme coordination; and
- d) accelerated the recruitment of technical staff, resulting in the appointment of 141 professional staff on budgeted posts so far (112 at headquarters and 29 in decentralized offices), so that the vacancy rate of professional posts has reached the target level of not greater than 15%.

12. At the same time, FAO is reviewing its Strategic Framework and preparing the Medium Term Plan 2018-21⁷ and Programme of Work and Budget 2018-19, through the normal cycle of consultation with the governing bodies that will culminate at the Conference in July 2017. As part of this process, in September 2016, the Director-General requested and received advice from a Panel of distinguished external experts⁸ on the developments, trends and challenges in the food and agriculture sector, including ways to improve FAO's programme delivery.

13. The Panel appreciated the measures put in place so far, and recommended further consolidation of programme management arrangements to:

- a) elevate and strengthen the Programme Management function to better link technical knowledge to operations and the food systems approach;
- b) better connect work on resource mobilization, partnerships, South-South Cooperation, investment and project formulation;
- c) give greater visibility, coordination and resources for work on climate change and statistics; and
- d) reinforce capacity in key technical areas: AMR, fisheries (blue economy, oceans), geospatial information systems, formulation of investment plans (particularly with regional institutions).

⁵ PC 120/2

⁶ PC 119/3, COAG 2016/16

⁷ CL 155/3 Reviewed Strategic Framework and Outline of Medium Term Plan 2018-21

⁸ Strategy Experts Panel for Implementation: Alain de Janvry, Ismahane Elouafi, Shenggen Fan, Gustavo Gordillo, Marion Guillou, Mulu Ketsela, Martin Piñeiro

B. Proposed consolidation of programme management arrangements

14. In light of recent developments, and taking account of the advice and guidance provided, there is urgency and opportunity for FAO to act now to further strengthen programme delivery within available resources. In addition to the measures taken under his own authority as outlined above, the Director-General proposes three budget-neutral measures to consolidate management arrangements that require approval of changes to the organizational structure by the governing bodies:

- a) raise the profile and strengthen FAO's work on climate change by establishing a Climate, Land and Water Department headed by an Assistant Director-General reporting to the Deputy Director-General (Climate and Natural Resources) (DDN), encompassing the existing Climate and Environment Division (NRC), and the Land and Water Division (AGL);
- b) elevate and strengthen the Programme Management function and consolidate linkages to partnerships, resource mobilization, South-South Cooperation, investment and statistics under a new Deputy Director-General (Programmes) (DDP), encompassing the five Strategic Programme Management Teams, the Technical Cooperation Department (TC), the Partnerships, Advocacy and Capacity Development Division (OPC), and the Liaison Offices;
- c) create a new Office of Chief Statistician reporting to DDP.

15. These measures will result in having three Deputy Directors-General (DDN, DDO, DDP) and one Assistant Director-General (ES) reporting to the Director-General, instead of two DDGs (DDN, DDO) and two ADGs (ES and TC) reporting to the Director-General as at present. The selection and appointment of a third DDG would be carried out during the course of 2017.

16. The Council has direct authority to approve these proposed changes to the organizational structure, as reflected in *Annex 1*. This authority is well established in the General Rules of the Organization and is confirmed by practice in the course of the past few years, as described *inter alia* in two detailed notes submitted to the Council in June 2012 and December 2015.⁹

Climate, Land and Water Department (CL)

17. In the face of climate change, FAO's mandate, goals and strategic objectives have never been more relevant and the need for action greater.

- a) The Paris Agreement on climate change, which enters into force on 4 November 2016, calls upon countries to present nationally determined contributions (NDCs) and develop National Adaptation Plans, and obliges the United Nations to support the development and implementation of these plans. FAO's recent analysis reveals that 90% of developing countries' NDC pledges include adaptation measures in the agricultural sectors.
- b) The recent evaluation of FAO's work on climate change and subsequent development of the FAO Climate Change Strategy and Action Plan lays a firm foundation for consolidation of natural resources capacity towards supporting the SDGs.
- c) The Strategy Experts Panel for Implementation recommended to further consolidate FAO's work on climate change in order to take full advantage of its policy and technical capacity and its strong presence in the field to respond to the new global development context and framework.

18. Therefore, it is proposed to establish a *Climate, Land and Water Department (CL)* under the Deputy Director-General (Coordinator for Natural Resources), whose function will be renamed *Deputy Director General (Climate and Natural Resources)*, to reflect the strategic importance of FAO's support to climate change adaptation and mitigation. The CL Department will include the present Climate and Environment Division and the Land and Water Division (moved from AG Department), and host various climate- and environment-related international conventions.

⁹ [CL 153/3 Information Note no. 1](#) - Respective authority of the Governing Bodies and Management concerning the proposed adjustments to the PWB 2016-17

19. The CL Department will play an important role in supporting Member States' drive for action on climate, land and water at scale. It will facilitate the delivery of FAO's cross-cutting work on climate change adaptation and mitigation, climate policy and finance, and environment, geared towards supporting countries in mobilizing transformative investment.

20. In addition, land and water are critical for agricultural systems to adapt to climate change, as identified by the Intergovernmental Panel on Climate Change (IPCC) and FAO's own work. Climate projections provide abundant evidence that fresh water resources are vulnerable and have potential to be strongly impacted by climate change with wide-ranging consequences for human societies and ecosystems. Changes in water quantity and quality due to climate change are expected to affect food availability, access and utilization in all sectors, but specifically in agriculture. To link FAO's work on climate change and land and water, it is proposed to move the Land and Water Division from the Agriculture Department (AG) to the Climate, Land and Water Department (CL).

21. FAO's engagement should be anchored in broader political processes and commitments Member States make under relevant international conventions. The CL Department will support investment to drive climate action to scale through strengthening the Organization's capacity to leverage funding from the Green Climate Fund (GCF), Global Environment Facility (GEF), Carbon Fund and Adaptation Fund. Member countries and FAO's decentralized offices will require considerable technical support, capacity-building and financial resources to build climate finance readiness and implement and report on their NDCs. This will be undertaken in close collaborations with the Technical Cooperation Department (TC).

22. The 25th session of COAG (2016) welcomed the FAO Strategy for Climate Change and requested that it encompass issues relating to biodiversity, exploring synergies between adaptation and mitigation, as well as fostering collaboration among countries.¹⁰ The CL Department will bring together support for the three Rio Conventions (Convention for Biological Diversity, Climate Change Convention, and the United Nations Convention to Combat Desertification) and will facilitate cross-departmental work on environmental and sustainability issues, including biodiversity and ecosystem services. It will also house the Secretariats of the Commission for Genetic Resources for Food and Agriculture (CGRFA) and the International Treaty on Plant Genetic Resources for Food and Agriculture (IT-GRFA), as well as the geospatial information function and the social and environmental impact assessment function.

Deputy Director-General (Programmes) (DDP)

23. From the start, the reviewed Strategic Framework and its implementation arrangements have had the overarching aim of applying FAO's technical knowledge more effectively to help countries achieve their goals of eradicating hunger, reducing poverty and producing environmental sustainability. The complexity and interconnectedness of these challenges is illustrated by the Agenda 2030 and its 17 Sustainable Development Goals. Given the breadth and scope of the SDGs, there are a large number of areas in which FAO's knowledge, policy advice and technical support could be applied. Consequently, to be effective the Organization must focus and prioritize its efforts, and it needs to work across disciplines and in partnership with others.

24. FAO is, for example, the custodian of 21 SDG indicators, which will require action to coordinate and share information with the UN Statistical Commission and the UN Regional Economic Commissions, develop indicator standards and methodologies, build capacities in countries, and report on SDG progress. FAO's Chief Statistician coordinates all FAO's statistical programmes and ensures corporate consistency and alignment in statistical practices across the Organization. The scope and scale of this coordination work will significantly increase with the SDGs.

25. FAO's organizational structure likewise needs to facilitate this results-based process, organizing and shaping the way in which its component parts interact with each other, with countries and with other partners. The introduction of the five Strategic Objectives and the corresponding Strategic Programme Leaders are key developments in this regard, as are FAO's expanding financial and knowledge partnerships with member countries and non-state actors. These are useful, however, to

¹⁰ C 2017/21

the extent that they support and help organize the application of FAO's information and knowledge. Similarly, FAO's knowledge and experience only generate real value in supporting countries' national action to achieve the SDGs when they are turned into concrete results. The Strategic Programmes and FAO's partnerships need to be seen as catalysts in the application of FAO's technical capacity, leading to the production of norms and standards and operational results on the ground.

26. Based on experience to date and recent advice, changes in FAO's programme management structure are required. In order to enhance the impact of the Strategic Programme teams and the mobilization of external resources, both financial and institutional, at their disposal, it is proposed to place these existing elements together under the responsibility of a new *Deputy Director-General (Programmes) (DDP)*. This is expected to increase their capacity to design interdisciplinary responses to identified problems and consequently their utility and effectiveness as a bridge between FAO's technical knowledge units and its operational ones. The new DDP will encompass:

- a) The five Strategic Programme Management Teams as they are currently constituted, but reporting directly to DDP.
- b) The offices that contribute to "resource mobilization" in the broad sense: the Technical Cooperation Department (including TCP unit, TCE, TCI, TCS), OPC, and the Liaison Offices. This includes the collaboration with financial contribution partners, investment mobilization working with multilateral financial institutions, partnerships with civil society and the private sector, and South-South Cooperation with governments and non-state actors. The roles of the Liaison Offices in this regard will also be supported.
- c) A new *Office of Chief Statistician (OCS)*, to separate the current coordination functions of the Chief Statistician from the line functions of the head of the Statistics Divisions (ESS), without changing the existing approach to producing statistics across departments and offices. This would allow the Chief Statistician to better focus on coordination of corporate functions that cut across technical and operational work and contribute to the Strategic Programmes: statistical governance, oversight of the development and implementation of statistical standards and methodologies, and monitoring the quality of statistical processes, including those related to the 21 SDG indicators.

27. DDP would, in this sense, sit between the DDG for Operations that consolidates the operations' capacity and network of decentralized offices of the Organization, and the technical arms of DDN, which consolidates FAO's technical capacity relating to climate and natural resources, and the Economic and Social Development Department.

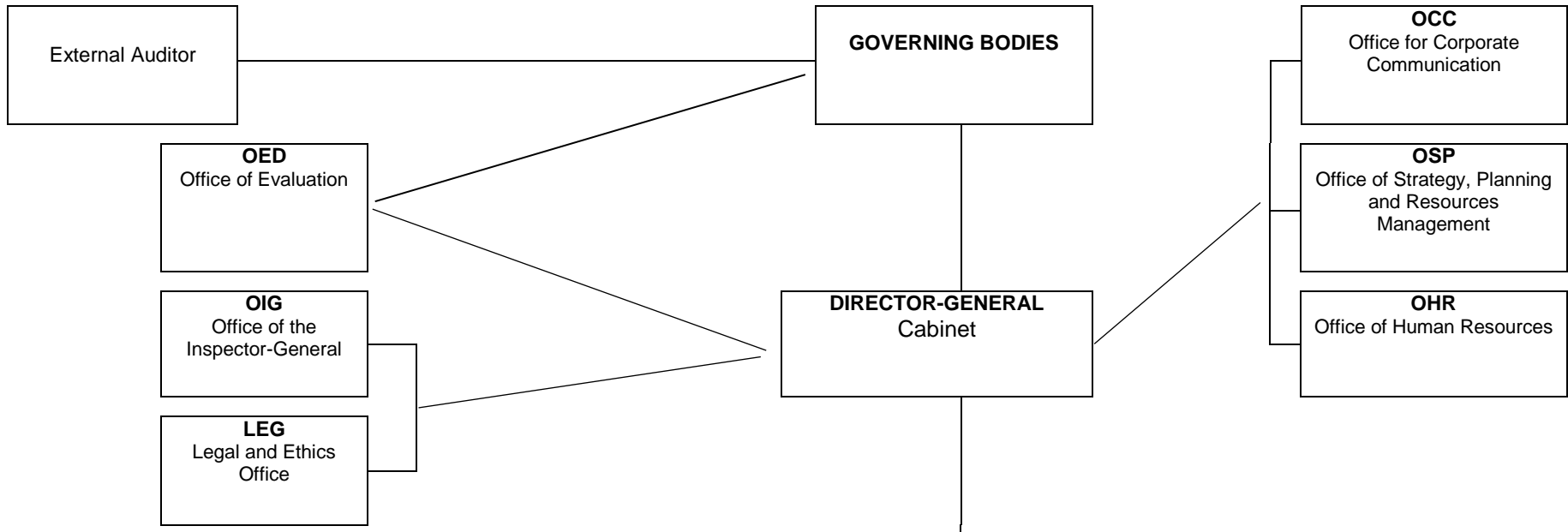
Budgetary Impact

28. The enhanced technical capacity and structural changes can be covered within the currently approved 2016-17 budgetary appropriation and budgeted post count.

29. The streamlining of CSS, CPA and CS is expected to result in biennial efficiency savings of about USD 4.5 million for reinvestment in technical work through the conversion of 46 administrative positions to technical and programme positions. The new DDG post (DDP), ADG post (CL) and D2 post (OCS) associated with the structural change have a biennial cost of USD 1.86 million and will be handled within these savings. The resulting increase in the Director-and-above post count will be offset by a rationalization of the grades of FAO Representative posts to reflect the actual situation, by regrading at least three FAOR D1 posts to Professional level.

30. As usual, any resulting shifts of resources among budgetary chapters during the current biennium will be reported to the March 2017 session of the Finance Committee for approval in the *Annual Report on Budgetary Performance and Programme and Budgetary Transfers 2016-17*. The distribution of budget and posts, as well as the organizational structure, will be reflected as part of the Programme of Work and Budget 2018-19.

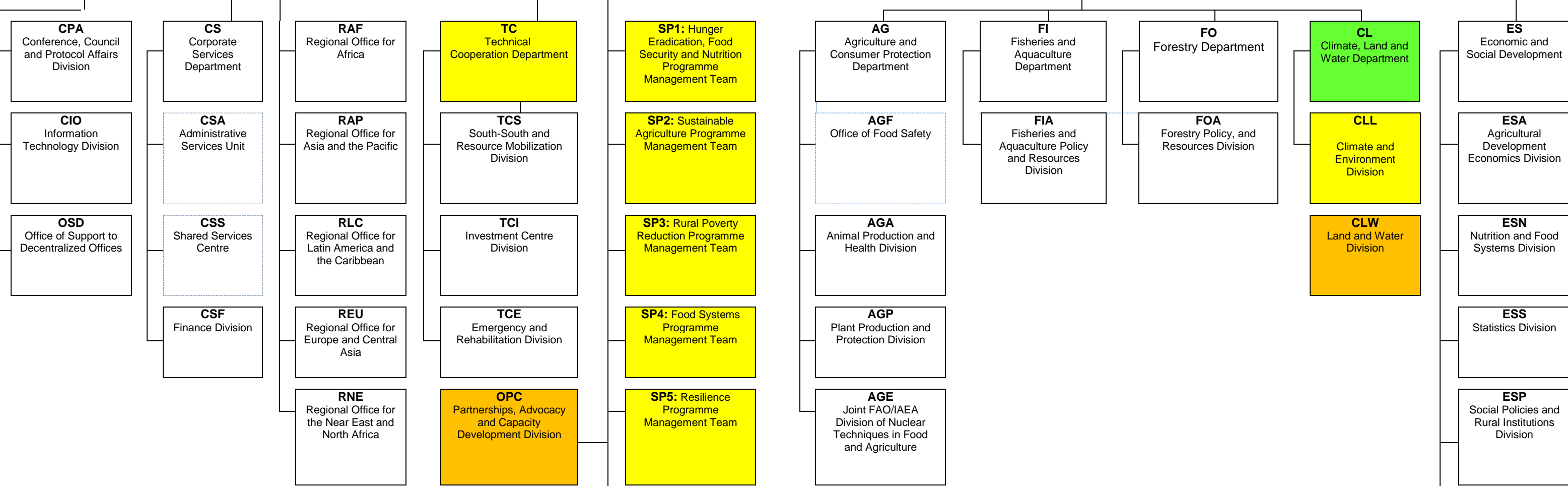
ANNEX 1: ORGANIGRAMME HEADQUARTERS OFFICES



DDO
DEPUTY DIRECTOR-GENERAL (Operations)

DDP
DEPUTY DIRECTOR-GENERAL (Programmes)

DDN
DEPUTY DIRECTOR-GENERAL (Climate and Natural Resources)



Legend:

	New unit
	Moved existing unit
	Changed reporting of existing unit

OCS
Chief Statistician

Liaison Offices