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Food and  
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para la  
Alimentación y la  
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## TWENTY-EIGHTH FAO REGIONAL CONFERENCE FOR EUROPE

**Baku, Azerbaijan, 19 and 20 April 2012**

### Agenda Item 10

#### Update on the Status and Vision of Decentralization in the Region

#### Guidance Sought

In considering actions arising from the Vision and Strategy of the Decentralized Offices (DOs) network, the Member States have recognized the distinct roles of the Governing Bodies and Management in moving forward with the endorsement and speedy implementation of the proposals. The FAO Conference in 2011 requested that “the Regional Conferences which will be held in 2012 should review FAO’s country coverage in their region, with a view to enhancing the Organization’s effectiveness and efficiency at country level and make recommendations to the Council in 2012 on the most suitable structure and skills mix of the DOs network in their region, including close alignment to country needs in line with country frameworks.” (C2011/7 paragraph 158). In line with this guidance the 28th Regional Conference for Europe is invited to advise on:

a) The proposals to make the Organization work more effectively and efficiently at country level through improved planning and priority setting as set out in paragraphs 9–11, and for Europe and Central Asia in paragraphs 25–32:

The five elements of the “business model” to achieve sustainable impact in this region;

b) The overall proposals for positioning FAO resources in the region to achieve maximum impact as set out in paragraph 12, and specifically for Europe and Central Asia in paragraphs 33–38:

i) The general proposition that FAO in this region should work out of two offices providing technical and operational support with strengthened country presence in countries most in need using a flexible approach, as resources allow;

ii) The proposal in paragraph 34 for positioning FAO resources in the region to achieve greater impact.

c) An integrated approach to programme delivery as set out in paragraphs 13–18, as well as the proposals for the Europe and Central Asia Region that include:

i) a phased transfer of responsibility for emergency operations at country level to FAO Representatives or Subregional Coordinators (SRCs)/senior officers in the absence of resident FAO Representatives, and, where there is need, for regional or subregional emergency projects to the Assistant Director-General (ADG)/Resident Representative (RR), Regional Office for Europe and Central Asia (REU) and the SRC in the Subregional Office for Central Asia (SEC); the overall authority for the emergency programme in the region will be with the ADG/RR;

ii) and further delegations of authority to Decentralized Offices accompanied by appropriate training, as outlined in paragraph 40.

## I. Introduction

1. FAO is a knowledge organization with its feet on the ground. In order for FAO to maximize its impact on the lives and livelihoods of people in its member countries, the Organization's normative and standard-setting work must be translated into country-level impact; its global knowledge products must lead to tangible change in policy and practice; and its programmes in the field must produce measurable and valued results. Significant changes are required to improve the performance of FAO to produce knowledge, norms and standards that are translated into country-owned policies, strategies and programmes, while also learning from national and regional experiences. This also requires a deeper partnership with governments, civil society and the private sector, as well as the United Nations system, other development organizations and research institutions, working together to make the most of available resources to eradicate hunger.

2. The Organization has been working over the past four years on reforms to improve its impact and ensure that all parts function as one in an efficient and effective manner. As highlighted in the Independent External Evaluation, agreed by Members through the Immediate Plan of Action and reiterated in a number of evaluations and other documents, decentralization is a critical element in improving the Organization's performance and impact. It is not an end in itself but a means to achieving greater efficiency, accountability, transparency and impact in providing support to member countries. It is a process that aims at fundamentally changing the way FAO works, refocusing, as appropriate, the Organization's programmes and activities to achieving development goals at country level. There is both urgency and opportunity in how the Organization implements this process.

3. A flexible and responsive country-impact-centred network is needed. This, along with empowered Assistant Directors-General/Regional Representatives and FAO Country Representatives who will have greater latitude in dealing with resources within the region and countries, entails a significant change in organizational culture, processes and information systems. The first step is clearly to make the best use of those human and financial resources that currently are available within each region. Members and the Secretariat of the Organization have been working together on a renewed vision of the structure and functioning of FAO's decentralized offices and on how they relate to other parts of the Organization. The proposal, and the plan for its implementation, will be presented for consideration by the Finance and Programme Committees in May 2012, and for endorsement by the Council in June 2012. The Regional Conference for Europe is invited to make recommendations and to offer guidance, in line with its new role as a Governing Body, with full awareness of the financial implications of the programme it endorses.

4. The changes outlined in this paper represent implementation proposals by FAO Management in response to the expressed wishes and expectations of Members for improvements integral to larger FAO reforms. They also embody the elements of the agreed organizational culture change strategy and take its implementation forward. The Culture Change Strategy, approved in 2011, stated that *"FAO aspires to a culture that is less hierarchical, more results-focused, more collaborative, entrepreneurial and accountable; and one which makes the best use of the skills of its people, creating mutual respect among employees at all levels."* Decentralization has major implications for

FAO's organizational culture and touches directly on all the actions recommended in the Culture Change Strategy, building renewal around *people, performance* and *partnerships*. Drawing on elements of the Strategy, the decentralized office network is critical, for example, for *career development* and an *inclusive work environment*; the selection, evaluation and succession planning of country representatives is necessary to *ensure professional excellence* of the Organization; *enhancing the performance of FAO* depends on the prioritization, results, efficiency and accountability of what it does in the field; "*Working as One FAO*" can only be accomplished if this extends to the country level; and the real test of *strengthened partnerships* will depend on knowledge-sharing, learning and stakeholder orientation on the ground.

5. Many of the changes introduced below will have significant behavioural and mindset impact in decentralized offices, but actions are also required at Headquarters. In the past, moving out of Headquarters to work in the field was often seen as undesirable or detrimental to professional advancement. Now, however, many FAO career development paths are expected to include a rotation in a decentralized office. Promotions, particularly at the higher levels, will take this into consideration, on a merit basis. Furthermore, greater technical support is required from headquarters officers to assist in the translation of normative work to country actions and to respond to requests from decentralized offices in a timely fashion. Similarly, feedback from field experience is necessary to enrich headquarters normative work and headquarters staff must be fully engaged in Functional Technical Networks (FTNs), on an equal footing with colleagues in the field. New human resource policies and new administrative processes are being introduced and new information systems and a strengthened global information and communications technology (ICT) network are needed. There are a number of ways in which FAO may encourage this shift in mindset, such as requirements that work plans make interaction with field activities an explicit requirement, or that decentralized staff are included in Headquarters staff evaluations, and vice versa, among others discussed below. How this is achieved will vary across departments and technical units, within Organization-wide policy guidelines. At all locations there will be a "clear line-of-sight" from global goals through Strategic Objectives, results and outcomes all the way to individual annual work plans. Efforts to implement these changes are currently underway and should be seen as part and parcel of decentralization.

6. Based on the advice of the Joint Meeting of the Programme and Finance Committees of 12 October 2011, the 143<sup>rd</sup> Session of the Council (November–December 2011) endorsed two related sets of actions<sup>1</sup>. The first aims at making the Organization more responsive to the needs of Members through an improved results-based planning and priority-setting. They reiterated "the lead role of decentralized offices in the country programming process, the development of their capacities in this regard, the necessity of the engagement of member countries, and the close linkages between FAO's resource mobilization strategy and the country programming process." The second proposes adjustments to the "the structure and functioning of FAO's decentralized offices network and the urgent need to carry through the process of decentralization" to make the Organization more efficient and effective in delivering results.

7. The next section of the present paper builds on three key themes identified by Governing Bodies in Rome in 2011 for consideration by the Regional Conferences in formulating their guidance: i) improved planning and priority-setting in which the countries and regions play a greater role; ii) a more flexible decentralized office network with a new balance between regional, technical hubs and country offices; and iii) an integrated model for programme delivery, including improved human resources management for enhanced performance, accountability and country-level impact.

8. Section C of the paper outlines regional considerations related to food security and poverty, the existing status of FAO's presence in the region, and highlights changes to make FAO more effective. The paper also seeks guidance of the Regional Conference on key decisions required to carry this process forward.

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<sup>1</sup> CL 143/7 paragraphs 5-10, CL 143/REP paragraphs 12–14

## II. Key Themes Identified by Governing Bodies at the Global Level

### A. *Improved Planning and Priority Settings*

9. A key theme of the Governing Bodies is the need for improved planning, priority-setting and resource mobilization. It requires a revamped process, now underway, that builds both from the bottom up planning at the country and regional levels, and from the top through the global-level guidance of the Members. This places new demands on the Regional Conferences, to provide input that lays out clear priorities and provides guidance on the allocation of FAO resources. Regional priorities need to be based on an assessment of the existing and emerging regional trends and challenges, build on consultations at subregional level and take into consideration the global goals and overall Strategic Objectives of FAO. The Regional Conferences also need to consider the priorities of Regional Economic Integration Organizations and the recommendations of Regional Technical Commissions. These regional priorities will guide the work, and have an impact on the structure, of FAO in the region, as well as contribute to the formulation of the Organization's global Medium Term Plan and Programme of Work and Budget.

10. For this to happen, strengthened Country Programming Frameworks (CPFs) are required. In order to improve focus and coherence of FAO's actions they will be prepared in close alignment with the planning cycle of the Government and its priorities, the work of other United Nations system organizations through the United Nations Development Assistance Framework (UNDAF) process, as well as linkages and partnerships with the Rome-based agencies. The CPFs will provide the basis for FAO to engage with Member governments on jointly agreed priorities and results, consistent with regional, subregional and global priorities. The CPF will also help define the rationale and priorities in FAO's resource mobilization efforts.

11. A number of countries are well advanced in preparing CPFs with the quality and strategic analysis required. It is, however, a complex challenge for which not all countries are currently equally prepared. During 2012, these successful CPF formulation experiences will be followed closely and lessons synthesized and applied elsewhere. It is also important that the work coincide and build upon the analysis and priorities that emerge from the government's own planning cycle. Taking this into consideration, it is expected that, by the end of 2012, all countries will have at least the CPF outline under discussion with the government. Countries with annual delivery of less than USD 1 million and those without international staff, may opt for a "light version" for the CPF listing four to six priorities, with a plan for its implementation initially endorsed by government.

### B. *A More Flexible Decentralized Office Network with Strong Country Office Leadership*

12. A more flexible and adaptable structure of decentralized offices is needed in order to better address the needs of the Member States, particularly the most vulnerable countries and populations, as well as take full advantage of the knowledge and resources that each country has to offer. This will require FAO presence of the highest quality in all countries, who are able to lead the CPF process, coordinate technical inputs, mobilize resources, form strategic partnerships and manage sizeable integrated development and emergency programmes. A guiding principle of this more flexible structure is that all FAO's human and financial resources in a particular region must be used to ensure more efficient and effective delivery at the country level. There are also important regional and transboundary activities that will continue to be carried out by officers based in regional offices, who also play a important role in supporting county programmes. Within this overall approach a number of actions, most of which will be completed within 2012, are set out below.

**a) At the Country level:**

- a.1 Renewal of FAO Representative contracts will be dependent on satisfactory performance, with a strengthened performance evaluation system; the posts of FAO Representatives are now integrated into the Organization's mobility and career development programmes; as part of the selection process, all finalists will undergo professional management competency testing prior to appointment; and a succession planning process is being implemented to ensure the smooth and timely transition between accredited FAO Representatives.
- a.2 Increased use of cost-sharing agreements with the host governments, in particular those of large and middle income economies, will be explored. This could open up the opportunity to reallocate resources to the vulnerable countries in the same region.
- a.3 There will be greater collaboration with other United Nations system organizations, particularly the Rome-based agencies, as well as the International Financial Institutions, the private sector and civil society at the country level.

**b) At the Regional or Subregional levels:**

- b.1 The Regional Office serves the countries and provides support and services to the country offices in the region. It is the operational hub of the region, providing overall administrative and managerial support to the decentralized offices network, as well as strategic coordination, including the most efficient use of staff and resources. This strategic coordination also includes more effective policy advice and the systematic exchange of experiences between countries of the region and participation in various regional and subregional fora dealing with food security, agriculture and rural development issues. As with other aspects of decentralization, one size need not fit all and appropriate management models may be designed according to regional capacities and specificities, the number of countries to be serviced and the size of the field programme.
- b.2 The Assistant Directors-General/Regional Representatives will be empowered in several ways: politically as representatives of the Organization in their region and, as managers, they are responsible for the FAOR network in their region. They will be involved in the selection of FAO Representatives (FAORs) and are responsible for the performance evaluation of the FAORs and their offices.
- b.3 As FAO moves to define its comparative advantages and plans of action around more cross-cutting themes for execution at the global, regional and country levels, it is important to maintain a critical mass of technical expertise, in multi-disciplinary teams that are able to interact easily with each other. While keeping this in mind, technical posts and technical staff will be considered to be 'mobile' within the region and depending on the priorities and changing needs of countries or groups of countries, may be allocated to different duty stations. These duty stations would effectively become technical hubs that country offices can access based on their needs and requirements. The job descriptions of these technical staff will be amended to clarify that their primary function will be support to country level actions guided by CPFs, subregional and regional priority frameworks, and higher level strategic frameworks of the Organization.
- b.4. In small Regional Offices, such as in Europe and Central Asia, the further decentralization of technical staff into technical hubs or to the country level should be weighed carefully. With only two senior professionals in the Regional Office, any further decentralization would have serious deleterious effects on the management and critical mass within the office.
- b.5 Current Subregional Offices will become technical hubs in the sense that they will no longer have a strict subregional coverage. Country offices could thus access technical support from any of the technical hubs located in the region.

**c) In general:**

- c.1 The technical skills and resources in different regions will be strengthened to better provide technical support to countries. Programmatic adjustments will facilitate integrated programme planning, operations and resource mobilization support. Administrative support

for procurement, human resources management and finance will be established at the regional level and strengthened.

- c.2 Transfer of functions and associated resources that are within the authority of Management will be implemented over the 2012–13 biennium.
- c.3 Human resources will be used more efficiently and effectively through, among other things, the introduction of the new mobility policy in 2012, to increase greater exchange of experiences between Headquarters and decentralized offices. In addition, the new competency framework will help clarify expectations and define staff development needs, as well as provide a sound basis for consistent and objective performance standards and competency-based recruitment. It will also assist in strengthening the performance appraisal process.
- c.4 Increased flexibility will be provided to decentralized offices through enhanced use of non-staff contractual instruments, increased recruitment of national experts, junior professionals, volunteers, South-South Cooperation experts/technicians. In addition, the Organization will expand its agreements with national and international universities and research centres for the provision of fellows/volunteers.
- c.5 FAO Country Representatives, Assistant Directors-General/Regional Representatives and Subregional Coordinators will be empowered to undertake more operational responsibilities, which will require a higher level of delegated authority and training, especially with regard to procurement, as well as improved integration with corporate financial and administrative systems.
- c.6 Guidelines for the provision of administrative and operational support (AOS) to projects, and the allocation of project support cost recoveries, will be reviewed to ensure that decentralized offices have the flexibility and operational capacity to provide AOS services to projects that they support.

### ***C. An Integrated Model for Programme Delivery***

13. Integrated programme management is required to ensure results and accountability in a coherent manner for all FAO's programmes and projects at the country level. This includes the integration of development, emergency and rehabilitation activities. The responsibility, management and accountability for operations related to emergency and rehabilitation activities will be transferred from the Director, Emergency Operations and Rehabilitation Division, to the DOs, under the overall authority of ADGs/RRs. Following this transfer, the role of the Emergency Operations and Rehabilitation Division will shift from operational management to one of policy development, global coordination, provision of upstream support, resource mobilization and monitoring and reporting of the emergency and rehabilitation activities of the DOs. This requires the building of capacity in the field for delivering one integrated emergency, development and policy assistance programme under a single authority, together with the necessary operational and accountability framework. The target date to complete the roll-out of this new management model is the end of the 2012–13 biennium.

### ***D. Risk, monitoring and oversight***

14. The extent and scope of the process of change outlined above will have a major impact on FAO's operations and effectiveness, and implementation will imply financial, reputational and operational risks which cannot be underestimated. Recent assessments and evaluations have identified some of the most important of these risks and challenges associated with decentralization and these have been brought to the attention of the Members together with proposed measures (see for example CL141/15). Some of the most critical risks and challenges relate to how to determine the optimal scale and scope of the country offices network, ensure an adequate level and allocation of core resources and income for decentralized offices in line with their expanded responsibilities, and reap the synergies between the Organization's emergency and development work – proposals on these issues are contained in this paper. Building on the findings of recent reports by the FAO Inspector General on financial management and administration (AUD 2811), and on decentralization of reform

activities in field offices (AUD 3711), the Organization will address the weaknesses which undermine the capacity of country offices to manage operations. It will do so by ensuring that decentralized offices are staffed with well trained individuals, with the skills mix and experience required to manage a complex programme. Common characteristics of well performing offices are now clearly understood: adequate staffing and funding for posts; leadership and “tone at the top”; commitment to competence and real-time response to policy opportunities; and information and communication. Strong and reliable communication and information will also be pursued in connection with the implementation of the Culture Change Strategy described in paragraph 4 above. Furthermore, the virtualization of FAO’s work and the increase of responsibilities to decentralized offices will increase the exposure of key FAO financial, administrative and technical processes to the risk of disruption in the event of a natural or man-made disaster or crisis. Such risks are addressed in the FAO Business Continuity Framework Plan (BCFP) developed in 2011 and to be implemented in 2012.

15. The current administrative and operations structure, including programme monitoring and oversight of activities in the region, subregion and countries, has evolved over the years as different functions were incrementally decentralized. For example, field programme operations were decentralized a decade ago, a Shared Services Centre hub was established in 2008, and since 2010 the Technical Cooperation Programme (TCP) and country offices network support and monitoring responsibilities have been delegated to the regions. This decentralization experience is the focus of a series of ongoing or planned regional level evaluations, of which an evaluation of the Near East Region has been completed. It appears from the evaluation that while there have been clear benefits, there have also been problems of incremental changes leading to a fragmented structure that can inhibit the integrated support, management and oversight of field activities. These aspects need to be implemented and managed thoughtfully and carefully.

16. Opportunities therefore exist to make the most effective use of available resources by rationalizing the execution of administrative and operational functions and sharpening the focus towards integrated monitoring and oversight of country, subregional and regional programmes. The deployment of a new Global Resource Management System in 2012–2013 will provide all regions with improved tools to carry out delegated functions in managing field operations and supporting decision-making. It will facilitate the establishment of an integrated operational support unit in the Regional Office covering all field activities in the region, irrespective of the source of funding.

17. In 2012, adjustments will be implemented to strengthen the TCP criteria on meeting priorities in the region, in particular the needs of the countries, in line with the CPFs and regional priority frameworks. This will allow TCP projects to be used more strategically and be upscaled into programmes that have significant national/regional impact and can leverage more resources.

18. To ensure accountability, the Assistant Director-General/Regional Representative has the authority for the work planning and implementation of the approved Programme of Work and Budget for the Regional Office, technical hubs and country offices in the region. In order to achieve this, the policies and procedures governing decentralized office resources management will be reviewed and oversight mechanisms put in place to allow for the necessary flexibility.

### **III. Considerations for the Europe and Central Asia Region**

19. As highlighted in the ERC document on the Programme of Work and Budget 2012–13 and areas of priority actions for Europe and Central Asia for the following biennium 2014–15, the Organization is undertaking, together with its Members, a thorough strategic review of what it is best placed to provide, working with many other partners, to meet our shared Global Goals. How FAO applies its efforts will necessarily vary across regions and across countries within a region. As we move forward, and as the Organization makes choices, we need to consider carefully where it should concentrate its efforts and resources. This longer-term perspective requires fundamental input from the Regional Conferences. This section of the paper outlines several proposals specific to the Europe and Central Asia Region which may imply adjustments to the current PWB 2012–13.

20. These proposals, which have been discussed with Members, including at the informal meeting held in Budapest 26–27 January 2012, include:

- a) a country and thematic refocusing of FAO's work in the region;
- b) a transition for some countries from being solely recipients of assistance to becoming resource and technical assistance partners for the region; and
- c) new arrangements for strengthening the policy dialogue with Member countries between Regional Conferences.

21. With regard to country focus, Members which would most benefit from a FAO country presence are those with the highest incidence of undernourishment and poverty (**Table 1**). The main countries of concern for undernourishment in the region are in Central Asia and the Caucasus with the exceptions of Kazakhstan and Azerbaijan.

**Table 1. Selected economic and food security measures by country**

Countries in order of priority	(1)	(2)	(3)	(4)
	USD/cap GDP (PPP) (2010)	World Bank income class (2010)	Under-Nourishment (%) FAO (2006–08)	Latest World Bank Poverty Head Count (%)
Tajikistan	1,924	LI	26	51
Kyrgyz Republic	2,200	LI	11	52
Uzbekistan	3,048	LMI	11	77
Georgia	5,074	LMI	6	30
Armenia	5,100	LMI	21	44
Turkmenistan	6,805	LMI	7	50
Azerbaijan	10,063	UMI	<5	0.3
Kazakhstan	12,015	UMI	<5	17

Sources:

1. Column 1. USD per capita: International Monetary Fund September 2011 World Economic Outlook database (<http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>)

2. Column 2. Income class: World Bank

LI=lower income; LMI=lower middle income; UMI=upper middle income; HI=high income.

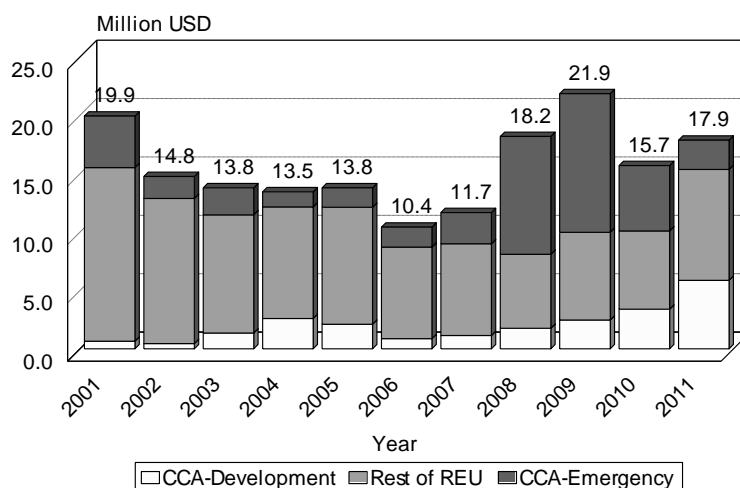
3. 2006–08 Undernourishment: FAO State of Food Insecurity in the World (October 2011).

4. Poverty data. PovCalNet PPP from: <http://go.worldbank.org/JIO7WY61V0>.

22. The need for strong action was a primary reason for the opening of the Subregional Office for Central Asia, in 2007 in Ankara. The effect of the opening of this office can be clearly seen in **Figure 1**. From its nadir in 2006, development support to the Caucasus and Central Asian countries grew fivefold by 2011. However, more needs to be done, both in terms of enhanced project and programme delivery, as well as with policy dialogue and assistance, institutional strengthening and donor coordination.

**Figure 1. Total Annual Field Programme Delivery in the REU Region**





Note: CCA= Caucasus and Central Asia (Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan).

### ***FAO's Presence, Structure and Functioning in the Europe and Central Asia Region***

23. The decentralized offices network in the Europe and Central Asia Region currently comprises a Regional Office (REU), one Subregional Office (SEC), no resident FAO Representatives (FAORs), but 5 Assistant FAO Representatives (AFAORs) with the Regional Representative (temporarily due to the vacant Deputy Regional Representative position) and the Subregional Coordinator acting as non-resident FAORs. The Regular Programme (RP) currently funds a total of 79 posts comprising 29 internationally recruited professionals, 10 National Professional Officer (NPO) posts, and 40 General Service (GS) posts in the decentralized offices network (see **Table 2**). The budgeted cost of the Regular Programme in 2010–11 in the Region was US\$18.7 million of which US\$11.8 million was for the Regional Office, US\$4.4 million for the Subregional Office, and US\$2.5 million for the Country Offices network. The work, structure and functions of the decentralized offices are set out in **Annex 1**.

**Table 2: Europe and Central Asia - Staffing and Regular Programme Resources at summary level**

Office	2010-11 Regular Programme Resources							Remarks
	Biennial RP Budget <sup>(1)</sup> (US\$ '000)	Staff costs only (% of RP budget)	Percent of total RP budget	Posts (C 2009/15, Annex X)				
				Prof (INT)	National Programme Officer (NPO)	GS	Total	
REU (Regional Office, including SEU)	11,845	63%	63	20	2	21	43	Five senior officers: ADG, D-2, three P-5s. Excludes Junior Professional Posts (2)
FAOR Network	2,529	48%	13	0	6	11	17	
SEC (Subregional Office)	4,424	73%	24	9	2	8	19	One senior officer: D-1*.
Total Europe and Central Asia	18,798	63%	100	<b>29</b>	10	<b>40</b>	<b>79</b>	Total of six senior officers for the region.

<sup>(1)</sup> Includes cost increases and is after distribution of unidentified further efficiency gains and one-time savings (data from C 2011/3)

\*A P-5 post has just been transferred (2012) from REU to SEC.

24. In recent years there have been considerable discussion about how to improve the impact of the Organization in the region. This has involved two separate strands of thought—the first on improved priority setting in order to focus FAO efforts, and a second on how to position FAO resources in the best way to assist the most food insecure countries of the region.

### ***A. Improved Planning and Priority Setting***

25. Greater focus and coherence of FAO actions requires country level priority setting that is well linked with FAO's regional and corporate strategic actions through the result-based programming and budgeting process. In the case of the Europe and Central Asian Region, this process is now well advanced. A Regional Priority Framework for the period 2014–15 has been prepared through a series of staff retreats, stakeholder consultations and informal consultations with Member countries. Six main priority areas of work for the 2014–15<sup>2</sup> biennium have been identified<sup>3</sup>:

- a) Strengthening food and nutrition security, both within the region and abroad;
- b) Policy advice to governments in support of sustainable intensification for small farms;
- c) Natural resource management, including climate change mitigation and adaptation;

<sup>2</sup> Implementation of the PWB 2012–13 is already influenced by this revised priority area framework.

<sup>3</sup> Further details are explained in the document ECA 37/12/2 – Implementation of the Programme of Work and Budget (PWB) 2010–2011 and document ECA 37/12/5 - Programme of Work and Budget for 2012/13 and Areas of Priority Action for the Region for the biennium 2014–15 as presented to the 37<sup>th</sup> Session of the European Commission on Agriculture under Agenda item 3.

- d) Control of animal, plant and foodborne pests and diseases;
- e) Policy and institutional support for entry of Member States into regional and global trade, standard-setting and political-economic organizations;
- f) Supporting and building global and regional public goods through applied research in the areas of food, agriculture, fisheries and forestry.

26. A "business model" has also been identified whose aim is to focus the work of the office to achieve greater impact. This business model includes the following elements:

#### **1) Upstream work to focus on policies and capacity development to enhance institutions and**

27. The main *raison d'être* for a FAO presence in the Region is the continuing need for advice to governments on agricultural, forestry, fisheries and food security policies, provision of rural public goods and institutional capacity-building. While the International Financial Institutions (IFIs), bilateral donors, non-governmental organizations and other United Nations organizations all have a role to play in agriculture and rural development in this region, FAO should build on its reputation of a neutral broker and knowledge organization to offer both policy analysis and advice in the technical areas that cover the mandate of the Organization. FAO's policy assistance is to be guided by Country Programming Frameworks agreed between FAO and the countries.

#### **2) Strengthen Partnerships in the region for a better programme and resource mobilization**

28. FAO cannot succeed in its efforts to provide capacity development in the Europe and Central Asia Region without partnerships with public institutions, research institutes, the private sector and non-governmental organizations (NGOs)/civil society organizations (CSOs). Important in this context is to identify and develop new and innovative modalities for collaboration. Thematic and stakeholder networks, such as the European System of Cooperative Research Networks in Agriculture (ESCORENA) and the FAO Agriculture-Related Information Network for Central and Eastern Europe and the former USSR (AGROWEB), are models to share knowledge and networking with multiple stakeholders. In addition, FAO will continue to partner with the UN country teams. Partnerships are also part of resource mobilization for the region, in as much as partners can identify shared programme goals. Systematic review of resource partners' activities would need to be undertaken in order to identify the most appropriate partners for resource mobilization.

#### **3) Focus Countries**

29. The focus of policy and technical support will be on 12 countries of the region. For two additional countries<sup>4</sup> negotiations are still ongoing on the provision of FAO support. In addition, and in line with the increased efforts for resource mobilization, collaboration with countries such as Turkey, the Russian Federation, Kazakhstan and Azerbaijan, should also be extended for both strategic as well as resource partners issues. The focus countries of the region are:

- (a) Highest priority countries – Kyrgyzstan, Tajikistan, Uzbekistan
- (b) Selected European Union Eastern Partnership countries – Armenia, Georgia, the Republic of Moldova and Ukraine
- (c) Selected European Union potential accession countries – T FYR Macedonia, Montenegro, Bosnia-Herzegovina, Albania and Kosovo<sup>5</sup>.

30. "Focus countries" does not mean that there will be no resources for other countries, but it does mean that the overwhelming majority of resources will be devoted to the 12 countries noted.

#### **4) Skill Mix and decentralization**

<sup>4</sup> These are Turkmenistan and Belarus, where efforts are being made to launch FAO activities, including through a recent mission by senior staff from the Regional Office.

<sup>5</sup> Kosovo is not yet a member country of FAO, but FAO and other United Nations agencies have a mandate to work in the country on the basis of the United Nations Security Council resolution 1244.

31. Adjusted priorities will also require corrections in the skill mix in the European and Central Asia Region. The skill mix is under constant review, and changes are implemented as opportunities arise. A Policy Officer has already been moved from REU to SEC. At the same time, further efforts to train existing staff regarding communication, country programming and resource mobilization will be emphasized.

#### 5) Effective use of available resources and identification of efficiency savings

32. Actions will include:

- Improving the monitoring system and full roll-out of the results-based framework for projects
- Establishing regional and subregional task force country teams to review field activities and suggest corrective measures
- Formulation of Country Programme Frameworks and full integration of the programme frameworks into the results-based framework both at country, regional and subregional level.

#### ***B. Positioning FAO Resources in the Region to Achieve Maximum Impact***

33. While improved planning and priority setting is part of the key to increasing the impact of the Organization in Europe and Central Asia, it may not be sufficient to achieve the type of impact required at the country level in the countries most in need in the region. As noted before (**Table 1**), there are two low income, high priority countries with significant food insecurity and poverty in Central Asia. Though the development-related field programme has increased in these countries since 2006, a growing field programme is not adequate to ensure the type of policy, institutional and donor coordination effort that is needed in these countries (see **Annex 2** for an example of what is needed). In the absence of additional resources, consideration will be given to the establishment of additional positions at country level through reallocations within the region.

#### Structure

34. In order to increase the impact of the Organization at the country level of the region, REU proposes to implement changes that would allow FAO to adequately assist the 12 focus countries proposed in paragraph 29. The proposed changes will be funded through a combination of resources within REU, limited resource transfers from within the Organization (if possible), and extra-budgetary resources would be welcomed to complement these efforts. The main changes from the current structure of the regional decentralized network will be:

- Two full-fledged FAOR offices would be established in the countries with the strongest needs for FAO assistance to increase the presence and the impact of the organization e.g. in Tajikistan and Kyrgyzstan .
- Two Assistant FAORs would be established in Moldova and Uzbekistan to replace national correspondents.

35. The current situation and the new scenario are presented in more detail in **Annex 3**.

### *Staffing and Resources*

36. These proposed changes will have implications both in terms of overall resources for the Region and for staffing of the Regional and Subregional Offices. The total staff cost for the 2012–13 biennium for the offices in the European and Central Asia Region is about USD 8.8 million, of which the cost of the FAO Representative (FAOR) Network is around USD 2.0 million (in **Table 2** for 2010-11 this is labelled “biennial RP budget for the FAOR Network”, staff costs only). The changes proposed in paragraph 34 will require a staff cost increase of approximately USD 1.228 million, raising the staff costs of the FAOR Network to a total of USD 3.219 per biennium. These sums do not include non-staff costs, such as non-staff resources and initial investments to establish offices (equipment, refurbishment of premises, etc.), nor do they include office operational expenses. Initial investments to establish offices and operational expenses are often requested from the host countries.

37. As is clear from this description, implementation of these changes will involve using existing resources and more. In the absence of additional funding REU will need to undergo a major reshuffling of resources (Human Resources and financial) within the region. This can be done, but at the cost of the technical capacity of the regional and perhaps subregional office teams.

38. Greater effort will be needed to both mobilize more resources for the region and to utilize existing resources in a flexible way to achieve greater impact. For example:

- Negotiation of Trust Fund Programmes similar to the Hungarian and Turkish Trust Funds in resource partner countries that have an interest in addressing hunger, poverty and agricultural development issues in the region.
- In order to enhance its technical skills and expertise, FAO will promote the hosting and secondment of technical expertise from external organizations or development partners to be based in REU, SEC or country offices. This could include posts funded through Trust Fund project arrangements, Memoranda of Understanding or through partnership agreements with research institutions in the region.
- FAO will also continue to play its catalytic role in promoting a range of South-South Cooperation activities and will work closely with countries to provide expertise to other countries within the Europe and Central Asian Region from resources partners such as Turkey, Russia or Kazakhstan.
- With regard to FAO’s own core staffing, these will be flexibly allocated in line with the agreed priorities. As outlined above, this may include, where appropriate, expanding the scope of work of technical officers to include assistance to the Assistant Director-General with strategic planning, as well as assignments to regularly assess country needs and priorities. In addition, staff will be deployed between the two offices according to where their expertise is particularly critical at a given time.

### *C. An Integrated Model for Programme Delivery*

39. To achieve coherence of FAO's programmes at the country level all component parts of FAO must function as one under the overall leadership of the FAO Representative. FAO Representatives will be the managers and budget holders of all national projects and programmes that will be formulated and implemented in the context of the CPF, thus ensuring greater synergy and impact. Similarly, in the European and Central Asia region where there are no FAO Representatives, FAO Representatives budget holder responsibilities will be delegated to regional and subregional staff.

40. As mentioned in paragraph 12 above, the empowerment of FAO Representatives (where they exist), as well as of REU and SEC, to undertake more operational responsibilities will require a higher level of delegated authority as well as improved integration with corporate financial and administrative systems. In order to do this, the following steps have been implemented or are in the process of being implemented:

- Procurement Units, working under the responsibility of the ADG/SRC or FAO Representative, where they exist, but with functional guidance of the FAO Administrative Services Division (CSA), will be posted in countries where there are large operations.

- The ongoing training programmes on operational and administrative aspects, particularly in view of the deployment of the new Global Resource Management System in 2012–2013, will include procurement, financial systems, human resource management and travel. The creation of an integrated operational support unit will cover all field activities in the region. Training on project design and formulation, will continue and will be reinforced, particularly for FAO field staff. Management and leadership training for Heads of DOs and for staff with managerial responsibilities will also continue. Wherever possible, this training will be conducted in collaboration with other United Nations system agencies (e.g. the United Nations High Commissioner for Refugees (UNHCR) Global Training Centre, Budapest).

#### ***D. Cost implications***

41. The above proposal, which aims at enhancing FAO capacity at country level and increasing its efficiency and response capacity for the entire region, will also require resources for increased mobility, staff training and development and strengthening FAO's support in some offices. The possible reassignment of staff and posts within the region may facilitate the transfer of resources to country offices. As mentioned previously, the proposed changes will be funded through a combination of resources within REU, resource transfers from within the Organization (if possible), and extra-budgetary resources would be welcomed to complement these efforts. A detailed implementation plan will need be prepared.

**Annex 1****Structure and Functions of the Decentralized Offices in the Europe and Central Asia Region**

a) **The Regional Office.** REU is responsible for identification, formulation and implementation of regional priorities, as well as the planning, implementation, monitoring and reporting of FAO's response to the priorities of Members in the context of agreed corporate Strategic Objectives and the approved Regional Priority Framework; and for providing technical, administrative and operational support to the Subregional Office (SRO) and country offices (COs). REU supports the SRO in their response to technical support at country level, which exceeds the capacity or availability in the SRO. The Regional Office has the overall responsibility to provide also any operational and administrative support needed for the offices in the region. There are 20 Professional, 2 National Programme Officers (NPOs) and 21 General Service (GS) posts in REU. REU has carried out a review of its structure and has formulated a new institutional structure by creating multi-disciplinary teams. The staff skills mix has been kept under review with staffing and structure being progressively aligned to emerging needs and priorities.

b) **The Subregional Office.** The Europe and Central Asia Region has one Subregional Office (Subregional Office for Central Asia (SEC)) which is based in Ankara (Turkey) and covers seven (7) Member countries in the region with a biennial (2010/11) Regular Programme budget of US\$ 4,424,000. SEC has 9 international professional officer posts, 2 NPOs and 8 GS posts. The office is headed by the Subregional Coordinator and works as a subregional hub for the countries in the subregion and is the first port of call for technical support at country level. The Subregional Office should focus on the technical aspects of support to the countries and leads FAO's response to priority areas in the subregion in close collaboration with subregional organizations. The Subregional Coordinator is accredited as the FAO Representative to 4 countries in the subregion (Turkey, Azerbaijan, Tajikistan and Kyrgyzstan).

c) **The Country Offices (COs) Network.** FAO has no resident FAO Representatives in the region. Because of this, currently the ADG/RR (temporarily due to the vacant Deputy Regional Representative position) and the SRC are non-resident FAORs in a number of countries of the region, where there are national assistant FAORs. In the present situation, the ADG/RR appoints members of the senior management team in REU to assist her to serve the countries under her authority.

### **Why Country Level Policy Dialogue is Important: The Case of Tajikistan**

In January 2002, five years after the end of the Tajik civil war, FAO opened a project coordination office in Dushanbe with an international coordinator. At that time all projects were of an emergency character, and the Organization continued to operate many emergency projects through 2010, though most FAO coordinators spoke of the need to move from an emergency to a development agenda. Finally, in early 2009 the Organization rethought its presence in Tajikistan, and appointed a coordinator with proficiency in agricultural policies and language expertise.

The new FAO coordinator quickly set about changing the role of FAO in Tajikistan from implementing projects to establishing a genuine policy dialogue with the Government and establishing itself as a trusted interlocutor between the Donor Coordination Council and the Government. The new FAO Coordinator contributed to the joint government-donor resolution of the farm debt problem in Tajikistan of May 2009, which contained an obligation to develop an action plan for agricultural reform (Resolution 406).

As a follow up to Resolution 406, in October 2009 the Donor Coordination Council asked FAO to coordinate two joint government/donor reform working groups for agricultural and water reform. The FAO coordinator moved quickly to push the reform agenda both with the Government and with donors and by June 2010 these two working groups had agreed on road maps for radical reform in the two sectors. Impressed with this progress, the Deputy Prime Minister and the Donor Coordination Council asked FAO to assume leadership of the remaining 4 working groups which presented their radical reform agendas in April 2011 in an international reform conference. The formulation stage of reform programmes for the water, agriculture, land and other sectors are now coming to a conclusion. But now starts the difficult task of coordinating donor actions to support the implementation of genuine reforms in all these sectors for the improvement of life in Tajikistan.

Tajikistan demonstrates that, given the right coordinator, FAO is capable of assuming a leadership role in policy reform issues in agriculture and related sectors. Though the process took many years, there have been significant changes both in the role of FAO in Tajikistan and in the government's attitude to agricultural reform. Since 2009 FAO grew from a provider of emergency support to a leading player in the process of agricultural reform, with direct access to the most senior government officials and strong influence on the policy views of the donors. Tajikistan's new policies since 2009 have ensured effective resolution of the cotton debt burden, a dramatic increase in the number of individual and family dehkan farms due to distribution of land use certificates and reorganization of collective dehkan farms, considerable progress toward freedom to farm and increased awareness of legal rights, and drafting of some reform-oriented laws. Furthermore, the reform attitudes are not restricted to the top echelons of government in Dushanbe: oblast and raion hakims appear to be universally committed to the programme of transforming the remaining collective dehkan farms into individual and family farms and safeguarding their freedom to farm. Reform efforts along these lines must continue unabated until their successful completion.



## Annex 3

**The Proposed Structure of Country Offices and Country Presence in the Region in the future.**

	<b>Current structure</b>	Proposal to allow FAO to achieve greater impact at the country level <sup>6</sup>
Kyrgyzstan	AFAOR	FAOR*
Tajikistan	AFAOR	FAOR*
Kazakhstan	Request for AFAOR	FAO presence to be defined***
Turkmenistan	-	FAO presence to be defined***
Uzbekistan	National Correspondent (NC) in process	AFAOR**
Azerbaijan	AFAOR	AFAOR
Armenia	AFAOR	AFAOR
Georgia	AFAOR	AFAOR
Republic of Moldova	NC (with non-resident FAOR)	AFAOR (with non-resident FAOR)*
Ukraine	Request for NC	NC
Belarus	NC	NC
Russian Federation	Bilateral discussions with the country on FAO presence	FAO presence to be defined***
Bosnia and Herzegovina	NC	NC
Albania	NC	NC
TfYR of Macedonia	Request for NC	NC
Montenegro	-	
Serbia	NC	NC
Turkey	SEC +FAOR (SRC also FAORep)	SEC +FAOR (SRC also FAORep)
Romania	NC	Focal point if host of ERC 2014

\* Establishment of an Assistant FAO Representative (AFAOR) or FAO Representative post would require REU member countries' agreement and a country agreement or an amendment of the existing country agreement.

\*\* AFAOR could be replaced by a National Programme Officer (NPO) in case of limited funds.

\*\*\*Nature of FAO presence still under discussion.

<sup>6</sup> Implementation of these proposals is subject to agreement on funding. Funding could be through use of resources currently allocated to the region through reduction in technical capacity in REU; provision of additional resources in view fact that there is currently no almost network of FAO Representatives in the region; or from extra-budgetary funds provided through voluntary contributions by member countries.