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COMMITTEE ON COMMODITY PROBLEMS

Sixty-ninth Session

Rome, 28–30 May 2012

WAY FORWARD FOR THE CCP SUB-COMMITTEES: SECRETARIAT RECOMMENDATIONS

Executive Summary

The Report of the Open-ended Working Group on CCP Reform (CCP 12/9) requested the Secretariat to propose recommendations for consideration by the CCP on the way forward for the CCP's sub-committees - the intergovernmental commodity groups (IGGs) and the Consultative Sub-Committee on Surplus Disposal (CSSD). The Secretariat's recommendations are presented in this information document. They are based on the analysis described in document CCP 12/INF/7, Review of the CCP Intergovernmental Commodity Groups. Some further relevant background information is provided in document CCP 12/INF/8, International Commodity Bodies. In the case of the CSSD, the recommendation is based on the reports of the Sub-Committee and on previous discussion in the CCP itself, notably at its 65th Session.

Guidance sought from the Committee

- IGG meetings should normally be held outside FAO headquarters and with host government support to contain organizational costs.
- The practice of holding separate meetings of IGGs in some cases should cease. It is recommended that meetings on hides and skins should be subsumed by the IGG on Meat, and that the possibility of combining the IGGs on Citrus, Bananas and Tropical Fruits into one IGG on Fruits should be explored.
- If the IGGs are to be maintained in their present form, then the performance of the weaker ones should be raised to match that of the strongest. Specifically, it is recommended that the scope for creating multi-stakeholder fora should be explored following the highly successful prototype for bananas.
- The current practice whereby IGGs meet as needed or requested should be continued, while alternative modalities must be found for them to dispense their essential functions.
- The future of each IGG should form an agenda item for its next meeting, or in the absence of a meeting an electronic survey to canvas opinions should be conducted.

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- The regular meeting cycle of the CSSD should be dropped in favour of meeting on an ad hoc basis as the need arises or that a formal review of the CSSD undertaken to determine whether it should continue.

I. Intergovernmental commodity groups

1. The IGGs are all serviced by secretariats in the FAO Trade and Markets Division, which is in any case charged with providing information and analysis on developments in agricultural commodity markets. They all provide a forum, usually through periodic meetings, for consultations on matters of interest related to the specific commodity concerned. The additional work and resource cost of the IGGs relates to the organizing and servicing of meetings, preparing documentation (based on the secretariats' technical work) and, in most cases, to their statutory role as the relevant international commodity bodies (ICBs). The latter role involves preparing and supervising Common Fund For Commodities (CFC)-funded commodity development projects. This CFC-related work is compensated by the CFC. Therefore, the marginal cost of the IGGs is essentially the cost of their meetings.

2. By following the recommendation of the IEE that the IGGs should meet as required rather than according to a regular biennial cycle, the Secretariat has cut total meeting costs of the IGGs to a minimum. *It is recommended that this practice should be continued.* The maximum cost of an individual IGG meeting is around USD40 000. Where meetings are held outside FAO headquarters the cost can be further reduced by support from the host country. It is recommended that IGG meetings should normally be held outside FAO headquarters and with host government support. Further economies have been made by holding joint meetings of two or more IGGs. However, some IGGs have continued to meet separately. *It is recommended that in some cases this should cease: meetings on hides and skins should be subsumed under the IGG on Meat; and the possibility of combining the IGGs on citrus, bananas and tropical fruits into one IGG on Fruits should be explored.*

3. The function of the IGGs as ICBs overlaps with the meetings since project proposals are discussed and endorsed by the IGG at those meetings. Review and endorsement of project proposals can also be undertaken outside meetings by the concerned IGG bureau although reliance on this mechanism can raise questions of impartiality and transparency. More transparent and democratic procedures could be devised perhaps using electronic means, and these alternatives should be explored.

4. There are significant differences between IGGs in terms of the level of interest and activity they sustain, including in terms of attendance at meetings and especially activities between formal meetings. While there is no "one size fits all" solution, if the IGGs are to be maintained in their present form then ideally the performance of the weaker ones needs to be raised to match that of the strongest. In the past, the emphasis has been on cost-cutting rather than quality improvement. *It is recommended that the scope for creation of multi-stakeholder fora should be explored following the highly successful prototype for bananas.* These can broaden appeal and participation, specifically to include the private sector and civil society organizations. Any essential formal business of IGGs/ICBs could be conducted in a short closed session.

5. If improving effectiveness cannot be done or if Members do not support such a strategy, then the question arises as to whether the IGGs concerned should be abolished or, at least suspended. However, it is clear that there may be occasions when an international forum for discussing developments in a particular commodity sector is needed – periods of extreme price volatility or plant or animal disease outbreaks, for example. In such cases, attendance at IGG meetings has been far greater than under normal circumstances which suggests that Members do see a potentially important role for IGGs. Complete abolition is therefore not desirable. Suspending an IGG would make no material difference to the current situation. *It is recommended that the current practice whereby IGGs*

meet as needed or requested should be continued. However, alternative modalities must be found for them to dispense their essential functions.

6. Any changes to the nature and functioning of an IGG should be agreed by its Members. *It is recommended that the future of each IGG should be an agenda item for its next meeting or in the absence of a meeting an electronic survey to canvas opinions should be conducted.*

II. Consultative Sub-Committee on Surplus Disposal

7. The role of the CSSD was discussed in detail at the 65th Session of the CCP. Concerns were expressed about the continuing relevance of the CSSD and its ability to meet its mandate. Its monitoring of food aid transactions was increasingly compromised as major donors failed to make timely notifications, new donors emerged, other agencies increased their monitoring of aid transactions and reforms changed the nature of food aid. Members have continued to express their concerns about the difficulties faced by the CSSD in meeting its mandate and about the efficiency of its working methods. In its 43rd Report to the CCP, the CSSD noted the suggestion that the CSSD should meet on an ad hoc basis when there were issues to be discussed. *It is recommended that the regular cycle of meetings should be dropped in favour of this suggestion or that a formal and definitive review of the CSSD undertaken to determine whether it should continue.*

III. Guidance sought from the Committee

8. The Committee is invited to provide guidance on the following recommendations:
- IGG meetings should normally be held outside FAO headquarters and with host government support to contain organizational costs.
 - The practice of holding separate meetings of IGGs in some cases should cease. It is recommended that meetings on hides and skins should be subsumed by the IGG on Meat, and that the possibility of combining the IGGs on Citrus, Bananas and Tropical Fruits into one IGG on Fruits should be explored.
 - If the IGGs are to be maintained in their present form, then the performance of the weaker ones should be raised to match that of the strongest. Specifically, it is recommended that the scope for creating multi-stakeholder fora should be explored following the highly successful prototype for bananas.
 - The current practice whereby IGGs meet as needed or requested should be continued, while alternative modalities must be found for them to dispense their essential functions.
 - The future of each IGG should form an agenda item for its next meeting, or in the absence of a meeting an electronic survey to canvas opinions should be conducted.
 - The regular meeting cycle of the CSSD should be dropped in favour of meeting on an ad hoc basis as the need arises or that a formal review of the CSSD undertaken to determine whether it should continue.