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FINANCE COMMITTEE

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**Annual Report on Budgetary Performance and Programme and Budgetary
Transfers in the 2020-21 Biennium**

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EXECUTIVE SUMMARY

- The Finance Committee in November 2021 reviewed the Programme and Budgetary Transfers in the 2020-21 Biennium. It took note of the 2020-21 budgetary performance arising from implementation of the Programme of Work and the use of the 2018-19 unspent balance; noted the previously approved transfers to Chapters 1, 2, 3, 4, 5, 8 and 10; and looked forward to the final report at its May 2022 session.¹
- This report presents the final 2020-21 budgetary performance based on the unaudited accounts of the Organization. Final 2020-21 spending represents 99.6 percent of the biennial appropriation, resulting in an unspent balance of USD 4.2 million.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

Draft Advice

The Committee:

- **took note of the final 2020-21 budgetary performance based on the unaudited accounts of the Organization, and the unspent balance of USD 4.2 million;**
- **noted the information provided on the use of the unspent balance of the 2018-19 appropriation;**
- **recalled that any unspent balances in the Technical Cooperation Programme (Chapter 7), Capital Expenditure (Chapter 13) and Security Expenditure (Chapter 14) would be transferred to the 2022-23 biennium as per the Financial Regulations; and**
- **approved the final budgetary transfers in favour of Chapters 1, 2, 3, 4, 5, 8 and 10 as shown in Table 2.**

¹ [CL 168/9](#) paragraph 16

Introduction

1. Conference resolution CR 13/2019 approved the 2020-21 budgetary appropriation of USD 1 005.6 million and authorized the Director-General, notwithstanding Financial Regulation (FR) 4.2., to use any unspent balance of the 2018-19 appropriations for one-time uses in 2020-21, based on a proposal to be submitted to and agreed by the Joint Meeting of the Programme and Finance Committees and the Council at their meetings in April-May 2020.² The Council in July 2020 endorsed the Further Adjustments to the Programme of Work and Budget (PWB) 2020-21³ and approved the one-time uses of the unspent balance of the 2018-19 appropriations of USD 3.6 million.⁴
2. The Finance Committee in March 2021 took note of the forecasted 2020-21 budgetary performance and factors driving forecasted budgetary transfers, and authorized the forecasted budgetary transfers to Chapters 1, 2, 3, 4, 5, 8 and 10 from Chapters 6, 9 and 11.⁵ The Finance Committee in November 2021 noted that the previously authorized transfers continue to be requested and encouraged Management to take measures to ensure full implementation of the PWB 2020-21.⁶
3. This report presents, for discussion and approval, the final budgetary performance against the 2020-21 net appropriation.

Overall Biennial Performance

4. *Table 1* summarizes overall budgetary performance versus the 2020-21 net appropriation. The performance is based on the actual expenditure in the unaudited accounts of the Organization, adjusted for the budget United States Dollar/Euro exchange rate of 1.22 established in the PWB 2020-21.

Table 1: Overview of 2020-21 Regular Programme Performance (USD 000)

2020-21 Net Appropriation (CR 13/2019)	1 005 635
2020-21 Net Expenditure at Budget Rate	1 001 418
Balance against 2020-21 Net Appropriation	4 217
Carry Over of 2018-19 Unspent Net Appropriation Balance (C 2019/REP)	3 579
2020-21 Net Expenditure at Budget Rate funded from 2018-19 Carry Over	3 579
Balance against 2018-19 Carry Over	0

5. As shown in Table 1, the Organization expended a total of USD 1 001.4 million against the 2020-21 net appropriation. An unspent balance of USD 4.2 million is recorded against the 2020-21 net appropriation of USD 1 005.6 million (99.6 percent spent).
6. In addition, as forecast in November 2021 and reported in the PIR 2020-21,⁷ the Organization fully spent the carryover of the 2018-19 unspent net appropriation balance made available for one-time uses in 2020-21.
7. Actual expenditures in 2020-21 are affected by the favourable staff cost variance, i.e. the difference between budgeted and actual staff costs. The final favourable variance, previously estimated at USD 12 million,⁸ was USD 14.4 million, with the main factors being lower-than-budgeted increases in the professional staff net remunerations in some decentralized locations, the freeze on salary scales for general service staff in Rome and several other duty stations, the appreciation of the United States Dollar, and the COVID-19 pandemic which caused the postponement of the place-to-place (cost-of-living) surveys.

² [C 2019/REP paragraph 73.b](#) and [Conference resolution 13/2019](#)

³ [CL 164/REP](#) paragraph 14

⁴ [CL 164/REP](#) paragraph 17.a)

⁵ [CL 166/10](#) paragraph 24

⁶ [CL 168/9](#) paragraph 16

⁷ C 2023/8

⁸ [FC 188/5](#) paragraph 14

Budgetary Transfers between Chapters

8. The final budgetary chapter transfers against the 2020-21 biennial appropriation are presented in *Table 2*. All transfers fall within those chapters authorized by the Finance Committee in November 2021.

9. It is recalled that factors driving forecasted budgetary transfers⁹ include: support to emerging cross-cutting areas of programmatic priority through the Multidisciplinary Fund (Chapters 1 through 6); additional expenditure to support multilingualism, document production and the surge in virtual meetings (Chapters 8 and 10); progressive implementation of the new cost recovery model (Chapters 9 and 11); COVID-19 related expenditures (Chapter 11); and variances between budgeted and actual staff costs in the biennium (all Chapters).

10. It is recalled that expenditure in Chapter 10 includes additional resources allocated to the Office of the Inspector General (USD 0.4 million) to ensure sufficient funding for its work plan, in particular for investigations.

11. As previously anticipated,¹⁰ some variations by chapter occurred due to percentages of final expenditure in Euro being at variance with those forecasted, mainly in Chapters 10 (FAO Governance) and 11 (Administration).

Table 2: 2020-21 Budgetary Performance by Chapter (USD 000)

Ch	Strategic or Functional Objective	Further Adjusted PWB 2020-21 (CL 164/3)	Forecasted Net Expenditure from November 2021 (FC 188/5)	Final Net Expenditure funded from 2020-21 Net Appropriation (at Budget Rate)*	Balance vs. Appropriation	Budgetary Chapter Transfers
(a)	(b)	(c)	(d)	(e)	(f=c-e)	(g)
1	Contribute to the eradication of hunger, food insecurity and malnutrition	85 795	90 360	90 001	(4 206)	4 250
2	Make agriculture, forestry and fisheries more productive and sustainable	202 407	204 855	205 529	(3 122)	3 150
3	Reduce rural poverty	66 929	70 442	69 625	(2 696)	2 700
4	Enable more inclusive and efficient agricultural and food systems	113 766	113 902	114 708	(942)	950
5	Increase the resilience of livelihoods to threats and crises	55 823	56 013	55 967	(144)	150
6	Technical quality, statistics and cross-cutting themes (climate change, gender, governance and nutrition)	67 225	57 382	56 898	10 327	(10 300)
7	Technical Cooperation Programme	140 788	140 788	140 788	0	
8	Outreach	72 877	75 841	75 036	(2 159)	2 200
9	Information Technology	36 378	34 747	34 451	1 927	(1 900)
10	FAO governance, oversight and direction	58 836	61 400	59 643	(807)	850
11	Efficient and effective administration	64 898	60 592	59 459	5 439	(2 050)
12	Contingencies	600	0	0	600	
13	Capital Expenditure	16 892	16 892	16 892	0	
14	Security Expenditure	22 421	22 421	22 421	0	
Total		1 005 635	1 005 635	1 001 417	4 217	

* The Net Expenditure total in column (e) excludes USD 3.6 million funded from the 2018-19 carryover.

⁹ [CL 166/10](#) paragraph 24, [FC 188/5](#) paragraphs 7 through 13 and C 2023/8

¹⁰ [FC 188/5](#) paragraph 15

12. The unspent balances in the Technical Cooperation Programme (Chapter 7), Capital Expenditure (Chapter 13) and Security Expenditure (Chapter 14) are transferred for use in the subsequent financial period in line with the Financial Regulations, and are therefore shown as fully spent in Tables 1 and 2. Additional information on these special chapters is provided below.

13. Under Chapter 7 (Technical Cooperation Programme) total expenditure at budget rate against the appropriation for the 2020-21 biennium of USD 140.8 million is USD 51.5 million. The unspent balance against the 2020-21 appropriation of USD 89.3 million is available for TCP obligations until 31 December 2023 in accordance with Financial Regulation 4.3. In addition, during 2020-21, USD 85.9 million in project expenditures were charged against the unspent balance carried forward from the 2018-19 TCP appropriation which is now fully spent.

14. Chapter 13 (Capital Expenditure) and Chapter 14 (Security Expenditure) had unspent balances of USD 3.8 million and USD 2.3 million, respectively, to be carried forward for use in subsequent biennia as per the Financial Regulations.

15. In accordance with the FR 4.5 (b), the Committee is requested to approve the required transfers from budgetary Chapters 6, 9, and 11 in favour of Chapters 1 (USD 4.25 million), 2 (USD 3.15 million), 3 (USD 2.70 million), 4 (USD 0.95 million), 5 (USD 0.15 million), 8 (USD 2.20 million) and 10 (USD 0.85 million) as shown in column (g) of Table 2.

Use of the 2018-19 unspent balance

16. The unspent balance of the 2018-19 net appropriation of USD 3.6 million was allocated for one-time uses in 2020-21, as authorized by the Conference in July 2019, based on a proposal submitted to and agreed by the Joint Meeting of the Programme and Finance Committees, and confirmed by the Council in July 2020.¹¹ As previously anticipated to the Finance Committee,¹² the full USD 3.6 million was used in 2020-21 as shown in *Table 3*.

Table 3: 2020-21 Budgetary Performance by Chapter (USD 000)

Item	Final Net Expenditure
1. Global food systems and food security - FAO's Comprehensive Response to COVID-19:	1 923
Economic Inclusion and Social Protection to Reduce Poverty: supporting governments in addressing child labour for sustainable agricultural transformation in COVID-19 economic recovery	523
Data for Decision-making: harmonization of dietary statistics across FAO and creation of a fit-for-purpose "Food and Diet" on FAOSTAT	480
eTrade and Food Safety Standards. Food Price Monitoring and Analysis (FPMA) tool and Global Agricultural Stress Index System (ASIS)	424
Boosting Smallholder Resilience for Recovery: strengthening governments' capacity for enabling an economic and social recovery post-COVID-19 through investments in agri-food sectors	496
2. Digitalization improvements	618
3. Information security and geospatial data	334
4. Emergency Operations Centre	223
5. Security and crisis management control facilities	482
Grand Total	3 580

¹¹ [CL 164/REP](#) paragraph 17.a) and 17.b)

¹² [FC 185/9](#) and [FC 188/5](#)