



CONFERENCE

Forty-second Session

14-18 June 2021

Strategic Framework 2022-31, Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23 (Draft Resolution)

This document provides: I) an extract from the Report of the 166th Session of the Council¹ on i) the Strategic Framework 2022-31, ii) the Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23, and iii) the draft Budgetary Appropriations Resolution²; and II) reflects Council guidance in the reading of tables and annexes of document C 2021/7 Strategic Framework 2022-31. Management will reflect the same considerations in reading of specific paragraphs, tables and annexes of document C 2021/3 Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23 in future adjustments.

I. Extract from the Report of the 166th Session of the Council (26-30 April 2021)

Strategic Framework 2022-31³

10. The Council reviewed document C 2021/7, *Strategic Framework 2022-31*, and in particular:
- appreciated the extensive, inclusive and transparent consultation process followed in the development of the Strategic Framework 2022-31, and that it reflected the guidance and priorities stemming from the Regional Conferences and Technical Committees;
 - welcomed that the Strategic Framework 2022-31 builds on the momentum and harmonized transformations already taking place in the Organization, including increased efficiency, streamlining, and innovative approaches; a modular and flexible organizational structure; and initiatives such as the Hand-in-Hand Initiative and the COVID-19 Response and Recovery Programme, supported by the Food Coalition, avoiding potential overlapping with the mandates of the Rome-Based Agencies;
 - welcomed that the strategic narrative of transformation should be encouraged in a coherent manner, as appropriate, in accordance with, and dependent on national contexts and capacities,

¹ CL 166/REP

² Note that budgetary chapters are renumbered sequentially in the final draft Conference Resolution (chapter numbering in C 2021/3 was non-sequential for comparison purposes with 2020-21 as explained in C 2021/3 paragraphs 65-67).

³ C 2021/7; CL 166/8 para.9; CL 166/9 paras.8-9; CL 166/10 paras.17-18; CL 166/PV/1; CL 166/PV/2; CL 166/PV/3; CL 166/PV/4; CL 166/PV/11

to achieve MORE efficient, inclusive, resilient and sustainable agri-food systems⁴ for *better production, better nutrition, a better environment, and a better life*, leaving no one behind, to support the achievement of the 2030 Agenda and FAO's three Global Goals of Members;

- d) appreciated that the Strategic Framework aligns itself with the 2030 Agenda for Sustainable Development (the 2030 Agenda) and its Sustainable Development Goals (SDGs), with the guiding lens of SDGs 1, 2 and 10 and requested stronger linkages between the SDGs and the *four betters*;
- e) highlighted the importance of a balance between the three pillars of sustainable development (economic, social and environmental) throughout the Strategic Framework, including in the number of Programme Priority Areas (PPAs) and allocation of budget between the *four betters*;
- f) stressed the need to duly consider in a neutral, balanced, science- and evidence-based manner, all the available approaches, systems, and tools to leverage FAO's comparative advantages to promote working at scale for greater sustainability and long-term impact in response to Members' needs;
- g) supported the four cross-cutting/cross-sectional "accelerators" (i) technology, (ii) innovation, (iii) data, and (iv) complements (governance, human capital, and institutions);
- h) welcomed that the Framework, anchored in the SDGs, allows FAO to articulate its mandated targets and respective results in alignment with the goals of the United Nations (UN) development system at country level and with partners;
- i) took note that United Nations Food Systems Summit 2021 and its expected outcomes could support the achievement of the 2030 Agenda and its SDGs, especially SDG 1 and SDG 2, and should be considered by Members, as appropriate, through the Governing Bodies as well as other key events such as the Tokyo Nutrition for Growth Summit;
- j) welcomed FAO's cross-cutting themes of gender, youth, and inclusion and recognized their role in achieving the 2030 Agenda and leaving no one behind, and looked forward to open, transparent and inclusive consultations with Members on the Gender Action Plan and the Rural Youth Action Plan prior to their submission to the next Session of the Programme Committee to ensure *inter alia* effective and efficient mainstreaming of gender equality and women's empowerment in all of FAO's work with targets, outputs and indicators;
- k) highlighted the need to further showcase FAO's work, within its mandate, on commodity markets and trade and appreciated the importance of its inclusion in the new Strategic Framework, and highlighted the importance of global food supply chains and open, transparent and predictable international trade taking into account the mandate of FAO in this respect;
- l) highlighted the importance of climate change and biodiversity within FAO's mandate in the Strategic Framework;
- m) highlighted the importance of the One Health approach, the Tripartite Partnership and the cooperation with the United Nations Environment Programme (UNEP) and other relevant international organizations, in line with their respective mandates in this regard;
- n) welcomed the PPAs, formulated as inter-disciplinary, issue-based technical themes, to guide the programmes that FAO would implement under the *four betters*;

⁴ The agri-food system covers the journey of food from farm to table - including when it is grown, fished, harvested, processed, packaged, transported, distributed, traded, bought, prepared, eaten and disposed of. It also encompasses non-food products that also constitute livelihoods and all of the people as well as the activities, investments and choices that play a part in getting us these food and agricultural products. In the FAO Constitution, the term "agriculture" and its derivatives include fisheries, marine products, forestry and primary forestry products.

- o) highlighted the importance of ensuring an equitable focus on fisheries and forestry across the PPAs and the Strategic Framework;
- p) highlighted the importance of smallholder and family farmers, in particular rural women, indigenous peoples and local communities, as critical stakeholders for the future of food and agriculture and sustainable food systems;
- q) underlined the importance of all forms of innovation, including digitalization, while ensuring protection of data privacy and intellectual property rights, as a driving force in agriculture, environment, commodities and food trade, and food security and nutrition;
- r) reiterated the strategic and catalytic importance of the Technical Cooperation Programme (TCP) and other technical work of FAO within the context of FAO's institutional architecture, tailored to country-specific needs, in the efforts for the achievement of the SDGs and the 2030 Agenda;
- s) acknowledged the important role of scientific and evidence-based normative work of FAO and welcomed the increased visibility of the Organization's normative work, and support to the standard setting work of Codex Alimentarius and the International Plant Protection Convention (IPPC) in the Strategic Framework;
- t) underlined that the Strategic Framework incorporates the conclusions of the Regional Conferences, especially mainstreaming the food systems approach into national planning processes including social protection, reinforcing the role of agriculture in ending hunger and eradicating poverty;
- u) stressed the importance of partnerships in the implementation of the Strategic Framework, including with other UN agencies, financial institutions, the private sector, as well as by means of instruments such as South-South and Triangular Cooperation;
- v) underlined the need for alignment with the repositioning of the UN development system and recommended the inclusion of FAO's Country Programming Frameworks in the strategic results framework;
- w) supported FAO's commitment to strengthen risk management while also ensuring that the Organization is agile and flexible, particularly in the context of the COVID-19 pandemic and other known and unknown future challenges in agri-food systems; and
- x) appreciated the elements of the reinvigorated, fit-for-purpose FAO business model, underlined the importance of innovative financing mechanisms and sources to complement traditional funding modalities and encouraged FAO's efforts to expand its voluntary funding base and requested Management to set out for Members the principles for what is funded through the regular budget and what should be funded through extrabudgetary resources, recalling the importance for increasing unearmarked resources.

11. The Council considered the recommendations of the 130th Session of the Programme Committee, the 185th Session of the Finance Committee and of their Joint Meeting on the Strategic Framework 2022-31.

12. The Council requested that, consistent with the process established in the Basic Texts, an additional paper be submitted to the Conference accompanying the Strategic Framework 2022-31 and the Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23 with clarifications for future adjustments as appropriate, based on the Council's specific guidance, as well as guidance from the Technical Committees.

13. The Council recommended that the 42nd Session of the Conference reviews and considers endorsing the Strategic Framework 2022-31.

Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23^{5,6}

14. The Council reviewed the *Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23*, and in particular:

- a) welcomed the reflection of the strategic direction in the Medium Term Plan (MTP) and Programme of Work and Budget (PWB), with its focus on supporting the achievement of the 2030 Agenda for Sustainable Development through the transformation that should be encouraged in a coherent manner as appropriate and in accordance with and dependent on national contexts and capacities, to achieve MORE efficient, inclusive, resilient and sustainable agri-food systems for *better production, better nutrition, a better environment and a better life*, leaving no one behind;
- b) commended the efforts of the Director-General in maintaining a flat nominal Regular Programme budget in the context of the prevailing global economic crisis, with no change in the level of assessed contributions and net budgetary appropriation compared with 2020-21;
- c) with regard to the proposals to improve FAO's financial health, liquidity and reserves, recommended deferral to future biennia of both the issues of replenishment of the Working Capital Fund, as well as the incremental funding of the After-Service Medical Coverage past service liability;
- d) appreciated the anchoring of the PPAs in the 2030 Agenda and welcomed the articulation of both primary PPA contributions to the Sustainable Development Goals (SDGs) as well as additional contributions, recognizing the interconnected nature of the SDGs and the *four betters* and the need to address the three dimensions of sustainable development in a more balanced way;
- e) called on Management to ensure the direct links between FAO's output indicators and the SDG indicators when elaborating the results framework;
- f) reiterated the importance of scientific- and evidence-based normative work of FAO, and the global public goods for which FAO is responsible, and appreciated the increased visibility of FAO's normative work in the MTP results frameworks;
- g) appreciated FAO's support in building resilience to persistent and emerging threats by focusing on timely science- and evidence-based responses, taking into account the three dimensions of sustainable development, and highlighted the importance of global food supply chains and open, rules-based, non-discriminatory and predictable international trade taking into account the mandate of FAO in this respect;
- h) highlighted the importance of climate change and biodiversity within FAO's mandate in the MTP 2022-25 and called on FAO Management to improve and achieve a balance in the technical support that FAO provides to its Members to access climate finance;
- i) welcomed the focus on the One Health approach in the Programme of Work, including the Tripartite Partnerships and the cooperation with UNEP and other relevant international organizations, in line with their respective mandates in this regard;
- j) noted that the Medium Term Plan contained several concepts and language which are not intergovernmentally-agreed, and stressed the need for FAO to use only multilaterally-agreed concepts and language and give preference to those adopted by FAO's Governing Bodies, as appropriate, and adjust accordingly the MTP;
- k) appreciated the presentation of the integrated budget, bringing together all sources of funds for the implementation of the agreed programme of work and noted the additional information provided in C 2021/3 Information Note 1;
- l) concurred with the resource reallocations described in paragraph 59 of document C 2021/3 to strengthen priorities within a flat nominal budget level;

⁵ C 2021/3; C 2021/3 Information Note 1; C 2021/3 WA-10

⁶ CL 166/8 para.10; CL 166/9 para.10; CL 166/10 paras.19-20; CL 166 PV/4; CL 166/PV/11

- m) highlighted the importance of the balance between the three pillars of sustainable development (economic, social and environmental) throughout the PWB, including through the number of PPAs and allocation of budget between the *four betters*;
- n) appreciated the elements of the reinvigorated, fit-for-purpose FAO business model, underlined the importance of innovative financing mechanisms and resources to complement traditional funding modalities and encouraged FAO's effort to expand its voluntary funding base and requested Management to set out for Members the principles for what is funded through the regular budget and what should be funded through extrabudgetary resources, recalling the importance for increasing unearmarked resources;
- o) highlighted the importance of internal control within the Organization, and appreciated the prominence ascribed within the PWB to associated mechanisms, including the Office of the Inspector General, the Legal Office and the Human Resources Division;
- p) appreciated the important role of scientific and evidence-based normative and standard-setting work of FAO and welcomed the maintenance of the increased level of funding from 2020-21 for the IPPC and the Joint FAO/World Health Organization (WHO) food safety scientific advice programme and stressed the importance of further strengthening of the standard-setting work, as appropriate;
- q) appreciated that the resources for TCP are maintained at a level of 14 percent of the net budgetary appropriation, given the strategic and catalytic importance of the TCP within FAO's institutional architecture and its goods and services provided to Members;
- r) highlighted the need to increasingly leverage innovative funding and financing for investment at scale;
- s) stressed the importance of flexible, lightly earmarked and unearmarked voluntary funding to support the priorities as outlined in the integrated programme of work, and recommended FAO to further elaborate possible mechanisms and approaches and continue striving to building trust with resource partners in its efforts to promote and attract more flexible voluntary funding;
- t) supported the change of name of the Fisheries Division to the Fisheries and Aquaculture Division; and
- u) recalled that adjustments in resource allocations and results framework arising from decisions and guidance of the Conference and the more detailed work planning process would be reported in the Adjustments to the PWB 2022-23 for consideration by the Council at its 168th Session, in line with the established programming and budgeting process.

15. The Council considered the recommendations of the 130th Session of the Programme Committee, the 185th Session of the Finance Committee, and of their Joint Meeting on the MTP 2022-25 and the PWB 2022-23.

16. The Council requested that, consistent with the process established in the Basic Texts, an additional paper be submitted to the Conference accompanying the MTP 2022-25 and PWB 2022-23, as well as the Strategic Framework 2022-31, with clarifications for future adjustments, as appropriate, based on the Council's specific guidance, as well as guidance from the Technical Committees.

17. Regarding the budget level for 2022-23, the Council:

- a) encouraged Members and other partners to provide voluntary contributions to facilitate the implementation of the integrated Programme of Work under the results framework; and
- b) recommended the Conference approve the budget level of USD 1,005.6 million at a budget rate of exchange of EUR 1 = USD 1.22, and recommended approval by the Conference of the draft Conference Resolution, as set out in *Appendix C*.

Appendix C
Draft Resolution for the Conference
Budgetary Appropriations 2022-23

THE CONFERENCE,

Having considered the Director-General's Programme of Work and Budget;

Having considered the proposed total net appropriation of USD 1 005 635 000 for the financial period 2022-23 at the 2020-21 rate of EUR 1 = USD 1.22, which assumes US dollar and Euro expenditure equal to USD 546 399 000 and EUR 376 423 000;

Having considered that the above net appropriation remains equivalent to USD 1 005 635 000 at the same budget rate of EUR 1 = USD 1.22 established for 2022-23 after translation of the EUR portion;

1. **Approves** the Programme of Work proposed by the Director-General for 2022-23 as follows:

a) Appropriations are voted at a rate of EUR 1 = USD 1.22 for the following purposes:

	USD
Chapter 1: Better Production	157 559 000
Chapter 2: Better Nutrition	131 597 000
Chapter 3: Better Environment	97 187 000
Chapter 4: Better Life	142 176 000
Chapter 5: Technical quality, statistics, cross-cutting themes and accelerators	70 312 000
Chapter 6: Technical Cooperation Programme	140 788 000
Chapter 7: Outreach	71 348 000
Chapter 8: Information and Communications Technology (ICT)	35 696 000
Chapter 9: FAO governance, oversight and direction	59 398 000
Chapter 10: Efficient and effective administration	62 553 000
Chapter 11: Contingencies	600 000
Chapter 12: Capital Expenditure	14 000 000
Chapter 13: Security Expenditure	22 421 000
Total Appropriation (Net)	1 005 635 000
Chapter 14: Transfer to Tax Equalization Fund	117 422 000
Total Appropriation (Gross)	1 123 057 000

- b) The appropriations (net) voted in paragraph (a) above minus estimated Miscellaneous Income in the amount of USD 5 000 000 shall be financed by assessed contributions from Member Nations of USD 1 000 635 000 to implement the Programme of Work. Such contributions shall be established in US dollars and Euro and shall consist of USD 541 399 000 and EUR 376 423 000. This takes into account a split of 54% US dollars and 46% Euro for the appropriations (net) and of 100% US dollars for Miscellaneous Income.
- c) The total contributions due from Member Nations to implement the approved Programme of Work shall amount to USD 541 399 000 and EUR 376 423 000. Such contributions due from Member Nations in 2022 and 2023 shall be paid in accordance with the scale of contributions adopted by the Conference at its Forty-Second Session.

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- d) In establishing the actual amounts of contributions to be paid by individual Member Nations, a further amount shall be charged through the Tax Equalization Fund for any Member Nation that levies taxes on the salaries, emoluments and indemnities received by staff members from FAO and which are reimbursed to the staff members by the Organization. An estimate of USD 8 000 000 has been foreseen for this purpose.
2. **Encourages** Members to provide voluntary contributions in support of the implementation of the Strategic Framework through the integrated Programme of Work.

(Adopted on _____ 2021)

II. Reflecting Council guidance in reading specific terminology of document C 2021/7 Strategic Framework 2022-31

1. The following considerations reflect Council guidance at its 166th Session,⁷ in reading of specific *Tables* and *Annexes* of the Strategic Framework 2022-31:⁸
 - a) **C 2021/7, Table 1 and paragraph 19 of Annex 1:** The term *blue economy* is used only in respect to the Corporate Strategic Foresight Exercise and should be read with the following footnote:
 “In the context of the Corporate Strategic Foresight Exercise, the World Bank definition for *blue economy* applies: The sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem ([What is the Blue Economy?](#), World Bank, 6 June 2017).”
 Management confirms that the term *blue economy* will not be used in the articulation of the strategic results framework.
 - b) **C 2021/7, Table 2, BP2, Blue transformation:** The title of BP2 will remain “Blue transformation” in line with the Report of the 34th Session of the Committee on Fisheries (C 2021/23, paragraph 19d and e).
 - c) **C 2021/7, Table 2:** The title and outcome statement of BP1 should be read as follows:
BP1: ~~Green~~Innovation for sustainable agriculture production
Outcome Statement: Sustainable crop, livestock and forestry production systems that are productive, resilient, innovative and competitive, and create integrated ~~green~~ entrepreneurial and business opportunities, inclusive of small-scale and vulnerable producers, supported through enabling technologies and policies ~~created across sustainable crop, livestock and forestry production systems and supported through innovation, technologies and enabling policies~~
 - d) **C 2021/7, Table 2, BE2, Bioeconomy for sustainable food and agriculture:** for the term bioeconomy (which will be used without the addition of “circular”), the following definition applies: “Bioeconomy is the production, utilization, conservation, and regeneration of biological resources, including related knowledge, science, technology, and innovation, to provide sustainable solutions (information, products, processes and services) within and across all economic sectors and enable a transformation to a sustainable economy” (Global Bioeconomy Summit Communiqué, 2020)

⁷ CL 166/REP

⁸ Management will reflect the same considerations in reading of specific paragraphs, *Tables* and *Annexes* of document C 2021/3 Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23 in future adjustments.