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## FINANCE COMMITTEE

**Hundred and Twenty-eighth Session**

**Rome, 27 – 31 July 2009**

**Representation Allowance for the Independent Chairperson of the  
Council**

Queries on the substantive content of this document may be addressed to:

**Mr Serge Nakouzi**

**Chief, HR Strategy, Policy and Planning Branch**

**Tel: +3906 5705 2500**

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### **EXECUTIVE SUMMARY**

➤ At its Hundred and Twenty-second Session, the Finance Committee noted that the Independent Chairperson's annual representation allowance had not been revised since 1993. Consequently, the Committee requested the Secretariat to undertake a study in this regard and present a proposal for an appropriate mechanism to allow for the periodic adjustment of the allowance, for its consideration prior to the Thirty-sixth Session of the Conference in November 2009.

➤ Pursuant to the Conference's decision to revise the role of the Independent Chairperson of the Council along the lines defined in the Immediate Plan of Action for FAO Renewal 2009-11, the intended use of the representation allowance has altered accordingly to reflect the expectation that the Chairperson will spend normally at least six to eight months of the year in Rome. The representation allowance will serve henceforth to enable the Chairperson to undertake an enhanced facilitation role to further empower the Council to better play its role in governance and oversight. The allowance would thus consist of a single component, to be paid in Euros. In addition, the Chairperson would receive remunerations in the form of daily subsistence allowance for both his/her period of stay in Rome and for the travel he/she undertakes as part of his/her official duties as Chairperson.

➤ The present document outlines a proposed methodology and related formula that would enable a periodic adjustment of the Independent Chairperson of the Council's representation allowance. The proposed adjustment mechanism takes into account the revised rationale for the representation allowance.

### **GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE**

The Finance Committee may wish to take note of the proposed methodology and related formula presented in this document for the periodic adjustment of the Independent Chairperson of the Council's representation allowance and to provide its guidance to the Thirty-sixth Session of the Conference on:

- the consolidation of the representation allowance for the Independent Chairperson of the Council into a single component and its payment in Euros;
- the additional payment of a remuneration in the form of daily subsistence allowance for both the Chairperson's stay in Rome and his/her official travels; and,
- the methodology to be instituted henceforth for its periodic adjustment.

## Background

1. The conditions of appointment of the Independent Chairperson of the Council (hereinafter also referred to as Chairperson) were first established by the FAO Conference at its Sixth Session in 1951 and included the establishment of an annual representation allowance equivalent to USD 5,000 to cover representation expenses and secretarial assistance in the Chairperson's home country. In accordance with Conference Resolution 11/2007, one half of the allowance is to be paid in US Dollars and the other half in the currency of the Chairperson's home country, or in Euro according to the Chairperson's wishes.
2. The amount of the allowance was subsequently revised several times by the Conference. Most recently, at its Twenty-seventh Session held in 1993, the Conference increased the allowance to USD 22,000 per annum.
3. At its Thirty-fourth Session, the Conference decided to maintain the annual allowance at the level of USD 22,000, for the 2008-09 biennium, without any additional adjustment. However, the General Committee of the Conference, in recognition that no revision had been made since 1993, further decided that "...in the future the amount of the annual allowance be determined on the basis of a study by the Finance Committee".

## Considerations

4. At its Hundred and Twenty-second Session held in May 2008, the Finance Committee took note of the aforementioned decision of the General Committee of the Conference. It requested the Secretariat to undertake a study in this regard and to present a proposal for an appropriate mechanism that would allow for the periodic adjustment of the allowance at a future session of the Committee, prior to the Thirty-sixth Session of the Conference in November 2009.
5. The objective of instituting such a mechanism or methodology would be to ensure that the said representation allowance is automatically adjusted every biennium with a view to retaining the purchasing power of the allowance over time. The resulting adjustments should allow for adequate coverage of the Chairperson's expenses. The adoption of any mechanism should be based on a sound empirical formula which could be applied universally.
6. At its Thirty-fifth Session, the Conference approved the Immediate Plan of Action for FAO Renewal 2009-11, which included a revised role for the Chairperson. In line with this decision, the Chairperson shall henceforth play an enhanced facilitation role in further empowerment of the Council to better play its role in governance and oversight. These functions of the Chairperson will be specified in the Basic Texts and will include active consultation with Regional Groups in preparation for Council sessions.
7. With regard to the revised role for the Chairperson, the Conference further approved *inter alia* that he/she be required to be present in Rome for all sessions of the Council and to be expected to spend normally at least six to eight months of the year in Rome.
8. The aforementioned decisions of the Conference have a significant impact on the rationale underpinning the representation allowance and defined by the Sixth Session of the FAO Conference. In the light of the revised role of the Chairperson, the purpose for the representation allowance and the consequent mechanism for adjusting the allowance should be reconsidered.

## Proposed Methodology

9. In view of the foregoing, the following framework is proposed for the representation allowance of the Chairperson and a related methodology has been developed for its periodic adjustment.
10. The payment of the said allowance should no longer be considered as comprising two components to be paid in two separate currencies, as the underlying intent for such payments as defined by the Sixth Session of the Conference no longer applies to the Chairperson's revised function as defined by the Thirty-fifth Session of the Conference.
11. Given these revised functions, the representation allowance should be considered as one amount and would be re-established in Euros. The amount in Euros would be calculated through the conversion of the current level of USD 22,000 into Euros at the exchange rate that is in force at the time the decision is taken by the Conference in this regard. The amount would subsequently be adjusted on the yearly International Civil Service Commission (ICSC) consolidation percentage. Such percentage is set by reference to the General Schedule scale of the United States federal civil service, which has been the comparator civil service since the establishment of the United Nations<sup>1</sup>.
12. In addition, given that the Conference has decided that the Chairperson should be present in Rome for all sessions of the Council and will be expected to spend normally at least six to eight months of the year in Rome, the Chairperson should, if not based in Rome, be remunerated with the standard daily subsistence allowance for Rome throughout his/her stay at headquarters. This amount would be adjusted with the monthly adjustment of the daily subsistence allowance (DSA) rates promulgated by the ICSC.
13. Moreover, the Chairperson would also be remunerated for all travel undertaken as part of his/her role, being provided with the travel ticket and a DSA at the rate of the Deputy Director-General (namely the DSA rate at 140%) for the full period of the duty travel. The DSA rate would also be regularly adjusted along the same lines as indicated in paragraph 12.
14. In line with the foregoing, it is proposed that a provision be envisaged in the Programme of Work and Budget to cover the costs of the Chairperson's representation allowance and related remuneration enunciated above.

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<sup>1</sup> Periodic adjustments are made on the basis of a comparison of net salaries of United Nations officials at the midpoint of the scale (P-4, step VI, at the dependency rate) with the corresponding salaries of their counterparts in the comparator civil service (those at step VI in grades GS-13 and GS-14, with a weight of 33 percent and 67 percent, respectively). The percentage is combined with the tax changes and is translated into the yearly net increase compared to the year before.