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Adjustments to the Programme of Work and Budget 2022-23

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Executive Summary

- The Forty-second Session of the Conference in June 2021 considered the Director-General's *Strategic Framework 2022-31*, and *Medium Term Plan (MTP) 2022-25* and *Programme of Work and Budget (PWB) 2022-23*.¹ The Conference approved the budgetary appropriations for the 2022-23 biennium and provided guidance on the substance of the proposals.²
- In line with the established programme planning cycle,³ the Director-General has reflected the Conference's decisions and guidance in the *Adjustments to the PWB 2022-23*.
- The document provides, *inter alia*, an overview of the stronger linkages between the SDGs and the *four betters*; describes the further balance of the three pillars of sustainable development including through the number of PPAs and allocation of budget between the *four betters*; and describes the more detailed formulation of the PPAs with the streamlined and improved approach to outputs and their measurement to more fully integrate Country Programming Frameworks in the strategic results framework.
- The document presents for approval by Council the revised distribution of the net appropriation by budgetary chapter. As described in the document, adjustments stem from the implementation of Conference guidance, from some strengthening in the area of science and innovation, and from further work planning.

Suggested action by the Programme Committee, the Finance Committee and their Joint Meeting, and by the Council

- The Programme and Finance Committees and their Joint Meeting are requested to consider the Adjustments to the PWB 2022-23 as per Rule XXVIII 1 of the General Rules of the Organization (GRO), and provide guidance to Council.
- The Council is requested to consider the Adjustments to the PWB 2022-23 and, in line with Rule XXIV 3(d) and (l) of the GRO and Financial Regulation 4.5:
 - a) approve the revised distribution of the net appropriation by budgetary chapter as reflected in *Table 2*; and
 - b) review the revised budgeted post establishment (*Table 3* and *Annex 8*).
- The Council is also requested to:
 - a) take note of the updated results framework (*Annex 1*); and
 - b) take note of the updated estimates of extrabudgetary resources (*Table 4*) and encourage Members to provide voluntary contributions to support the priorities in the integrated programme of work.
- The Council is requested to note that further budgetary transfers could arise as a result of further work planning, as well as from the most efficient and effective modalities of implementation during the biennium. Within chapter transfers and transfers from one chapter to another required to implement the PWB during the biennium will be handled in accordance with Financial Regulation 4.5.

¹ C 2021/7; C 2021/3; C 2021/3 Information Note 1; C 2021/3 Web Annex 10; C 2021/LIM/4

² C 2021/REP paragraphs 61-70 and CR 8/2021

³ Basic Texts, Volume II Part F

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I. Background and scope

1. The Forty-second Session of the Conference in June 2021 considered the Director-General's Strategic Framework 2022-31, Medium Term Plan (MTP) 2022-25 and Programme of Work and Budget (PWB) 2022-23.⁴ The Conference approved the budgetary appropriations for the 2022-23 biennium and provided guidance on the substance of the proposals.⁵
2. In line with the established programme planning cycle,⁶ the Director-General has reflected the Conference's decisions and guidance in the Adjustments to the PWB 2022-23.
3. The Adjustments to the PWB 2022-23 is presented for consideration by the Programme and Finance Committees and approval by the Council at its 168th Session in November-December 2021.

A. Decisions and guidance of the Conference on the Strategic Framework 2022-31 and the Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23⁷

4. A full extract of the Conference Report is provided in *Annex 2*. Technical guidance provided by the Conference, taking into account the observations and recommendations of the Council at its 166th Session,⁸ is summarized below:
 - a) appreciated that the Strategic Framework aligns itself with the 2030 Agenda for Sustainable Development 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*;
 - b) highlighted the importance of a balance between the three pillars of sustainable development (economic, social and environmental) throughout the Strategic Framework and the PWB, including through the number of PPAs and allocation of budget between the *four betters*;
 - c) supported the four cross-cutting/cross-sectional "accelerators" (i) *technology*, (ii) *innovation*, (iii) *data*, and (iv) *complements* (governance, human capital, and institutions);
 - d) highlighted the importance of climate change and biodiversity within FAO's mandate in the Strategic Framework;
 - e) underlined the importance of all forms of innovation, taking into account proper science-based risk analysis, as appropriate, 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;
 - f) highlighted the importance of global food supply chains and open, non-discriminatory, predictable and rules-based multilateral trading system under the World Trade Organization (WTO), and taking into account the mandate of FAO in this respect;
 - g) underlined the need for alignment with the repositioning of the UN development system (UNDS) and recommended the inclusion of FAO's Country Programming Frameworks (CPF) in the strategic results framework;
 - h) 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 further elaborate possible mechanisms and approaches to attract more flexible voluntary funding.
5. The Conference approved the Programme of Work and voted a budgetary appropriation of 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 (Resolution 8/2021).
6. The Conference deferred to future biennia the consideration of replenishment of the Working Capital Fund, as well as incremental funding of the After-Service Medical Coverage past service liability and requested to continue to explore alternative strategies to address these requirements.

⁴ C 2021/7; C 2021/3; C 2021/3 Information Note 1; C 2021/3 Web Annex 10; C 2021/LIM/4

⁵ C 2021/REP paragraphs 61-70 and CR 8/2021

⁶ Basic Texts, Volume II Part F

⁷ C 2021/REP paragraphs 61-70

⁸ CL 166/REP

B. Scope of document

7. The Adjustments to the PWB 2022-23 reports refinements for consideration by the Council in November/December 2021, in line with the established programming and budgeting process,⁹ arising from decisions and guidance of the Conference noted above and the further work planning process.
8. Areas that are further articulated and presented in the current document include the following:
- a) stronger linkages between the SDGs and the *four betters* (*Section II.A* and *Annexes 1* and *3*);
 - b) a further balance between the three pillars of sustainable development (economic, social and environmental) and the PPAs under the *four betters* (*Section II.A* and *Annex 1*);
 - c) further formulation of the PPAs, involving all levels of the Organization, to ensure a good flow between top down and bottom-up programming and to build consensus and ownership (*Annex 1*);
 - d) a streamlined and improved approach to outputs and their measurement to more fully integrate Country Programming Frameworks in the strategic results framework, as well as to strengthen the link between outputs and outcomes and ensure efficiency and effectiveness of delivery in contributing to SDGs (*Section II.B* and *Annexes 1* and *3*);
 - e) a stronger alignment of FAO country planning, monitoring and reporting to the UN Sustainable Development Cooperation Framework (UNSDCF) requirements and processes (*Section II.B* and *Annex 3*).
9. The Adjustments to the PWB 2022-23 comprises programmatic highlights (*Section II*), and the related adjustments to the budgetary chapter distribution and budgeted post establishment (*Section III*). *Section IV* of the document outlines the actions required in respect of the Adjustments to the PWB 2022-23 by the Programme and Finance Committees, and by the Council.

⁹ Basic Texts, Volume II Part F

II. Programmatic highlights

A. The Four Betters, the Programme Priority Areas (PPAs), and the SDGs

10. The 2030 Agenda for Sustainable Development and the SDGs call for transformative shifts, integrated approaches and solutions to structural barriers to sustainable development and it recognizes the fundamental role played by sustainable agriculture in the connection between people, planet and prosperity.
11. Achieving the 2030 Agenda is underpinned by the concept of food security, which is inseparable from the urgency to eradicate extreme poverty, tackle climate challenges, build community resilience, responsibly manage natural resources and conserve and sustainably manage biodiversity. In short, achieving the 2030 Agenda calls for fundamental transformation of our agri-food systems¹⁰ for a better life for all.
12. The strategic narrative guiding FAO's Strategic Framework 2022-31 and endorsed by Conference in June 2021 is the transformation to 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.
13. The Medium Term Plan 2022-25/Programme of Work and Budget 2022-23 demonstrates how the *four betters* and 20 Programme Priority Areas are anchored in the SDGs, with specific targets and indicators associated with each PPA. The document further lays out FAO's contributions to SDG targets and indicators, by each SDG.¹¹
14. In response to Members' request that the linkage between the *four betters* and the SDGs be better articulated, the updated results frameworks shown in *Annex 1*, along with *Table 1*, demonstrate the specific SDG targets and indicators that would apply to each of the *betters* at the impact level.
15. As requested by Conference, FAO is ensuring that a balance among the three pillars of sustainable development (economic, social and environmental) is embedded throughout the Strategic Framework and the PWB. The span of SDGs associated across the *four betters* and their constituent PPAs, together with their specific targets, illustrates how the Strategic Framework embeds the three interconnected pillars of sustainability. This is seen in the balance between "people and prosperity-centred" targets and their indicators (e.g. SDGs 1, 2, 8 and 10), which largely focus (though not exclusively) on economic and social dimensions, and "planet-centred" targets and their indicators (e.g. SDGs 6, 14, 15), which largely focus (though not exclusively) on environmental dimensions.
16. FAO is furthermore ensuring a balance among the three pillars of sustainable development in the further development of the PPAs - moving towards implementation from 2022 - by putting in place coordination and oversight arrangements that combine experts in social, economic and natural resources management disciplines.
17. Following on Members' request, FAO is similarly ensuring a better balance among the *four betters* including through the number of PPAs and allocation of budget. In this regard, the PPA "Achieving sustainable urban food systems" is shifted from *better life* to *better environment* in recognition of the critical importance of a resilient natural resource base to safeguarding and enhancing sustainable urban and peri-urban agri-food systems transformation.
18. The PPA previously entitled "Green Innovation" under Better Production (BP1) has been renamed "Innovation for sustainable agriculture production", as requested by Conference.

¹⁰ 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.

¹¹ C 2021/3, including Annexes 1 and 3

Table 1: The Four Betters and 20 Programme Priority Areas (PPAs)

PPA	Outcome Statement	SDG Targets
BETTER PRODUCTION	<i>Ensure sustainable consumption and production patterns, through efficient and inclusive food and agriculture supply chains at local, regional and global level, ensuring resilient and sustainable agri-food systems in a changing climate and environment</i>	2.3, 2.4, 6.4, 14.6, 14.7, 14.b, 15.2
BP1: Innovation for sustainable agriculture production	Sustainable crop, livestock and forestry production systems that are productive, resilient, innovative and competitive, and create integrated entrepreneurial and business opportunities, inclusive of small-scale and vulnerable producers, supported through enabling technologies and policies	2.3, 2.4, 6.4, 15.2
BP2: Blue transformation	More efficient, inclusive, resilient and sustainable blue food systems promoted through improved policies and programmes for integrated science-based management, technological innovation and private-sector engagement	2.1, 2.2, 14.2, 14.4, 14.6, 14.7, 14.b, 14.c
BP3: One Health	Strengthened and better performing national and international integrated One Health systems for human, animal, plant and environmental health achieved through improved pest and disease prevention, early warning and management of national and global health risks, including AMR	1.5, 3.d, 15.8
BP4: Small-scale producers' equitable access to resources	Enhanced equitable access of small-scale producers and family farmers to economic and natural resources, markets, services, information, education and technologies ensured through improved policies, strategies and programmes	1.4, 2.3, 2.4, 9.3
BP5: Digital agriculture	Accessible digital ICT technologies to enhance market opportunities, productivity and resilience integrated into agri-food systems policies and programmes, with particular focus on ensuring affordable and equitable access of poor and vulnerable rural communities	1.4, 5.b, 9.c, 17.8
BETTER NUTRITION	<i>End hunger, achieve food security and improved nutrition in all its forms, including promoting nutritious food and increasing access to healthy diets</i>	2.1, 2.2, 2.c, 3.1, 3.2, 3.3, 3.4, 12.3
BN1: Healthy diets for all	The right to adequate food established and transition towards healthy diets for national populations prioritized in integrated institutional, policy and legal environments that ensure and incentivize engagement of consumers and the private sector	1.3, 2.1, 2.2, 3.1, 3.2, 3.4, 12.8, 14.b
BN2: Nutrition for the most vulnerable	Identifying and ending food insecurity and malnutrition for the most vulnerable individuals in all contexts made the specific focus of targeted policies, strategies and programmes developed and implemented by countries	1.3, 2.1, 2.2, 3.1, 3.2
BN3: Safe food for everyone	Integrated, multi-sectoral food safety policies and legislation across national agri-food systems adopted and implemented by governments, and capacities and awareness of value chain operators and consumers enhanced.	2.1, 2.2, 3.2
BN4: Reducing food loss and waste	Clear, specific and contextualized roadmaps to prompt and enable all actors in the food supply chain, the food environment and at consumer level to reduce food loss and waste put in place and implemented by governments and intergovernmental organizations	2.1, 2.2, 12.3
BN5: Transparent markets and trade	Improved market transparency and equitable participation in markets, global value chains and international trade achieved through policy coordination and human and institutional capacities for evidence-based decision-making	2.b, 2.c, 10.a, 17.11

PPA	Outcome Statement	SDG Targets
BETTER ENVIRONMENT	<i>Protect, restore and promote sustainable use of terrestrial and marine ecosystems and combat climate change (reduce, reuse, recycle, residual management) through more efficient, inclusive, resilient and sustainable agri-food systems</i>	2.5, 12.2, 12.4, 12.5, 13.2, 14.3, 14.4, 15.1, 15.3, 15.4
BE1: Climate change mitigating and adapted agri-food systems	Transformation and resilience of agri-food systems to achieve sustainability and Paris Agreement goals enabled through the establishment and implementation of climate-smart agricultural practices, policies and programmes	2.4, 13.1, 13.2, 13.b, 14.3
BE2: Bioeconomy for sustainable food and agriculture	A bioeconomy that balances economic value and social welfare with environmental sustainability promoted through formulation and implementation of integrated evidence-based policies and practices in micro and macro environments, using technological, organizational and social innovations	12.2, 12.4, 12.5
BE3: Biodiversity and ecosystem services for food and agriculture	Biodiversity for food and agriculture maintained and sustainable use, conservation and restoration of marine, terrestrial and freshwater ecosystems, and their services promoted through adoption of targeted policies and practices	2.5, 14.4, 15.1, 15.3, 15.4, 15.6
BE4: Achieving sustainable urban food systems	More efficient, inclusive, resilient and sustainable urban and peri-urban agri-food systems transformation that addresses urban poverty, food insecurity and malnutrition, enables healthy diets and catalyses inclusive and sustainable rural transformation while safeguarding the underlying natural resources base, promoted through the adoption of supportive policies and programmes, and the initiation and scaling-up of actions and investments by national and local stakeholders	1.1, 2.1, 11.a, 12.1
BETTER LIFE	<i>Promote inclusive economic growth by reducing inequalities (urban/rural areas, rich/poor countries, men/women)</i>	1.1, 1.2, 1.5, 2.3, 2.a, 5.4, 5.a, 10.1, 10.2, 16.1
BL1: Gender equality and rural women's empowerment	Women's equal rights, access to, and control over resources, services, technologies, institutions, economic opportunities and decision-making ensured, and discriminatory laws and practices eliminated, through gender-responsive policies, strategies, programmes and legal frameworks	2.3, 5.4, 5.a, 5.c
BL2: Inclusive rural transformation	Inclusive rural transformation and revitalization of rural areas ensuring equal participation of, and benefits to poor, vulnerable and marginalized groups accelerated through implementation of targeted policies, strategies and programmes	1.1, 8.3, 8.5, 10.1, 10.2, 10.7, 14.b
BL3: Agriculture and food emergencies	Countries facing, or at risk of acute food insecurity provided with urgent livelihood and nutrition assistance and, adopting a humanitarian-development nexus and its contribution to peace approach, their populations equipped with appropriate capacities to better withstand and manage future shocks and risks	1.5, 2.1, 2.2, 2.3, 16.1
BL4: Resilient agri-food systems	Resilience of agri-food systems and livelihoods to socio-economic and environmental shocks and stresses strengthened through improved multi-risk understanding and effective governance mechanisms for implementation of vulnerability reduction measures	1.3, 1.5, 2.4
BL5: Hand-in-Hand (HIH) Initiative	Agricultural transformation and sustainable rural development accelerated through targeting the poorest and the hungry, differentiating territories and strategies, and bringing together all relevant dimensions of agri-food systems through analysis and partnerships	1.1, 1.2, 2.1, 2.2, 2.a, 10.1, 10.2
BL6: Scaling up investment	Transformation towards sustainable agri-food systems with large-scale impacts on reducing inequalities and eradicating poverty and hunger accelerated through increased public and private investment, and improved capacities to leverage future investments	1.b, 2.a, 10.1, 10.2, 10.b, 17.5

B. Country level planning

19. Transformative actions at country level are at the core of the change agenda. In this regard, the Conference 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.¹²

20. The collective commitments of the UN development system in support of national SDG goals and targets are articulated in the UN Sustainable Development Cooperation Framework (UNSDCF). The FAO Country Programming Framework is duly derived from the UNSDCF and thus ensures that FAO builds on the UNDS efforts to collectively support country ownership and address national SDG priorities and gaps. At the same time, FAO's country level process as reflected in the CPF design also contributes to shaping the formulation of the UNSDCF, thus ensuring that agri-food system transformation concerns and related SDGs are well integrated and prioritized in the UN common planning documents.

21. The PPAs act as a transformational pathway towards SDGs, in alignment with national priorities. By expressing FAO's comparative advantage and articulating key technical capacities, knowledge and normative products, the PPAs serve to assist country offices to position the Organization in the most strategic and leveraged way within the country dialogue and bring the wealth of FAO's expertise to support country work.

22. FAO's move to an SDG-based framework provides a common compass across the layers of the Organization and with UN and other partners, to catalyse and channel FAO's work to deliver the results agreed at country level. The SDGs are the pivotal link between FAO's Programme Priority Areas and the country results planned in the UNSDCFs/CPF as shown in *Figure 1*.

Figure 1: FAO's results framework depiction of country level planning



23. With this approach, FAO's CPFs become the central FAO programming tool at country level, linking country results directly with SDGs and the related PPAs. This has the twofold advantage of better reflecting the diversity of countries' situations, and fully engaging with the UN development system reform and coordinated UN work at country level. This approach also allows for streamlined planning and reporting by FAO country offices, allowing for efficient use of country-level resources.

24. Further detail on output planning at country level is presented in *Annex 3*.

¹² C 2021/REP paragraph 64.p)

C. Strategies, initiatives and actions supporting the Strategic Framework

25. To operationalize the Strategic Framework 2022-31 and ensure more efficient, inclusive, resilient and sustainable agri-food systems, actions across all layers of the Organization and with Members and partners, will need to come together in a synergistic and impactful manner. Outlined below are a number of strategies, initiatives and actions that will guide and inform the implementation of the Strategic Framework in the 2022-23 biennium.

FAO Strategy on Climate Change

26. Conference highlighted the importance of climate change and biodiversity within FAO's mandate in the Strategic Framework.¹³ Climate change is among the key drivers of global hunger and malnourishment. It alters the optimal conditions that sustain food production, with cascading consequences for food security and nutrition, livelihoods and global economies, often halting and reversing gains in food security and poverty reduction and hampering efforts to reach SDGs 1, 2 and 10.

27. In order to guide the Organization in providing strengthened support to countries in their raised ambitions on climate action and achievement of their nationally determined contributions, the new *FAO Strategy on Climate Change* is under development. The Strategy, prioritized by science, innovative solutions and inclusive processes, and aligned with the Agenda 2030 and the Strategic Framework 2022-31 will strengthen FAO's delivery on climate action for sustainable food and agriculture.

FAO Science and Innovation Strategy

28. The Strategic Framework 2022-31 recognizes innovation and technology as two of the four accelerators to be applied in all programmatic interventions. FAO's Conference underlined the importance of all forms of innovation, taking into account proper science-based risk analysis.¹⁴ A wide range of approaches and technologies exist to tackle agri-food systems challenges. Science and innovation – including indigenous and local knowledge – underpin them all.

29. FAO intends to hone its vision and strategy on science and innovation through the development of a *Science and Innovation Strategy*. The aim is to provide guidance, coherence and alignment to Member-led initiatives for impact at country level through better use of science and innovation. The Strategy will be a key tool for the implementation of the Strategic Framework 2022-31 and will strengthen the use of science and innovation in FAO's technical interventions and normative guidance.

30. To help move forward the Science and Innovation Strategy, as well as to strengthen other key aspects of the Office of the Chief Scientist and the Office of Innovation, such as supporting science and innovation implementation in the field, additional resources of USD 1.2 million are transferred to these two offices on a cost neutral basis.¹⁵

Key corporate initiatives

31. In the 2022-23 biennium, FAO will continue to maximize impact at the country-level through other key corporate initiatives, including:

- a) The *Hand-in-Hand Initiative*, which is FAO's evidence-based, country-led and country-owned initiative to accelerate agricultural transformation and sustainable rural development in support of the SDGs. The initiative prioritizes countries where national capacities and international support are the most limited or where operational challenges, including natural- or man-made crises, are the greatest, and identifies areas within these countries that have good agricultural potential, but also high levels of poverty and hunger. A geospatial platform supports all stakeholders with rich, shareable data in areas including agro-ecology, water, land, soils, greenhouse gas emissions, etc.
- b) The *COVID-19 Response and Recovery Programme*, which appeals for immediate-, medium- and longer-term actions to prevent the health crisis from becoming a food crisis. The programme aims to mitigate the immediate impacts while strengthening the longer-term resilience of livelihoods, moving towards a green recovery, and building to transform the agri-food systems. FAO's response to the pandemic leverages the Organization's convening power, real-time data, early warning systems and technical expertise to direct support where and when it is most needed.

¹³ C 2021/REP paragraph 64.m)

¹⁴ C 2021/REP paragraph 64.h)

¹⁵ Resources were identified through implementing offsetting reductions to non-post resources across headquarters units with the exception of the Office of the Inspector General and the Office of Evaluation.

- c) The *Food Coalition*, which supports the COVID-19 Response and Recovery Programme by leveraging high-level political support, financial resources and technical expertise, with a focus on country-level needs and demands.

UN Food Systems Summit follow-up

32. The *UN Food Systems Summit* (UNFSS), held during the UN General Assembly in New York on 23 September 2021, set the stage for global agri-food systems transformation. FAO stands ready to lead the implementation of the UNFSS follow-up working together with the UN sister agencies and the ecosystem of partners to take forward the momentum of the Summit process for efficient and coherent action. Focus will be on supporting Members to advance their national dialogues and transformative pathways for agri-food systems transformation, including through support from an umbrella of science institutions. Linkages will also be brokered with other global initiatives such as the UN Climate Change Conference (COP26), UN Biodiversity Conference (COP15), and the Tokyo Nutrition for Growth Summit. A coordination hub will be hosted by FAO and staffed by secondments from the Rome-based Agencies, United Nations Development Programme, UN Environment Programme and the World Health Organization.

World Food Forum

33. The *World Food Forum* (WFF), created for and led by youth, is one example of global follow-up action towards transforming agri-food systems and achieving the SDGs. The WFF brings together young people from around the world to brainstorm and to spur action, recognizing that the future of our planet belongs to the youth and that their engagement is central.

D. FAO results framework 2022-25

34. *Annex 1* presents the FAO results framework for 2022-25 for the *four betters* and the 20 PPAs (Budgetary Chapters 1–4), the Objective on technical quality, statistics, cross-cutting themes and accelerators (Chapter 5), the Technical Cooperation Programme (Chapter 6), the Functional Objectives (Chapters 7–10), and the special chapters (Chapters 12–13). It is an updated version of Annex 1 of the MTP 2022-25/PWB 2022-23, as further described below.

The Four Betters (Chapters 1–4)

35. The results framework for the PPAs under the *four betters* articulates FAO's technical focus and offer, which allows the Organization to position itself strategically within the agri-food systems dialogue. It begins with the overarching impacts expressed by the *four betters*. Each PPA then further articulates: (a) the main gaps being addressed; (b) the expected outcome to which FAO will contribute in addressing these gaps through prioritized SDG targets (and measured through the corresponding SDG indicators); (c) how FAO will leverage the accelerators to fast-track progress; (d) key thematic components, including normative aspects and those relating to FAO's core functions; (e) key risks and their mitigation; and (f) trade-offs requiring attention.

36. As described in *Section II.A*, the updated results framework articulates stronger linkages between the SDGs and the *four betters*, by specifying the SDG indicators that would be used to measure progress at impact (*better*) level, while also ensuring visibility of all of the SDG indicators for which FAO is custodian agency. In addition, a further balance in the number of PPAs and allocation of budget between the *four betters* is provided by shifting former BL3 "Achieving sustainable urban food systems" from *better life* to *better environment* (now BE4).

37. A harmonized set of output indicators is now also presented for each PPA, combining quantitative and qualitative information, ensuring direct links between FAO's output indicators and the SDG indicators and better integrating CPFs into FAO's results framework.

Technical quality, statistics, cross-cutting themes and accelerators (Chapter 5)

38. The results framework for Objective 5: *Technical quality, statistics, cross-cutting themes and accelerators* has been updated with key performance indicators (KPIs) for each outcome in order to reflect expected improvements. Objective 5 ensures and measures the delivery of FAO's technical quality, knowledge and services, and the quality and integrity of statistics and data produced by FAO. It also covers the four accelerators as a means to accelerate progress and maximize efforts in meeting the challenge of the SDGs, and cross-cutting themes as critical areas identified to be taken into account across all of FAO's programmatic work.

39. The KPI under Outcome 5.1 *Quality and integrity of the technical and normative work of the Organization* has been updated to better reflect the assessment of external stakeholders of the quality of FAO's work, while KPIs under Outcome 5.2 *Availability, quality and access to FAO statistics and data to support evidence-based decision-making* now also incorporate data in addition to statistical quality and puts more emphasis on availability and access. With regard to Outcome 5.3 *Cross-cutting areas: Gender, Youth, Inclusion*, the previous KPIs for gender will be maintained while two new KPIs have been developed for youth and inclusion. KPIs have also been developed for each accelerator in Outcome 5.4 *Accelerators: Technology, Innovation, Data and Complements (governance, human capital, institutions)*.

40. For some of the new KPIs in Objective 5, targets will be set following the establishment of baselines in 2022, considering the need to collect a certain amount of data in order to determine an adequate baseline to serve as a reference for future targets.

Functional Objectives (Chapters 7–10) and Special Chapters (Chapters 12–13)

41. The results framework for the Functional Objectives and Special Chapters has been reviewed in the light of the reinvigorated business model. Improvements have been made in several areas, mainly to focus the formulation of KPIs on aspects which highlight the Organization's key objectives for the area and which provide reliable means of measurement. Examples include the area of Functional Objective 7 *Outreach*, where KPIs have been reduced from 13 to the 9 most significant, and Functional Objective 9 *FAO governance, oversight and direction*, where KPIs have been added, for example, for the measurement of Members' satisfaction with FAO's support to Governing Body meetings and for FAO Management and Oversight Advisory Committee satisfaction with the effectiveness of OIG's work and communication.

Monitoring and reporting

42. Results monitoring and reporting at corporate level serves two main purposes. First, it ensures proper accountability to Members in reporting results achieved through the use of the funds entrusted to the Organization, taking into consideration the different levels of results (country, regional, global). And second, it supports an organizational culture that encourages results-based management practices and promotes learning from monitoring and evaluation to improve performance management and programme delivery, as also stressed in the recent Evaluation of the FAO strategic results framework.¹⁶ *Annex 3* provides further detail on the approach to results planning, monitoring and reporting under the Strategic Framework 2022-31, and *Annex 4* presents an overview of the implementation of the recommendations of the Evaluation of FAO's strategic results framework.

¹⁶ PC 127/2

III. Budgetary and post adjustments

A. Adjustments to the budgetary chapter distribution

43. *Table 2* shows the net impact on the budgetary chapter distribution of changes which have taken place.

- a) *Column 1* recalls the budgetary chapter distribution approved in Conference Resolution 8/2021;
- b) *Column 2* presents the net effect of adjustments arising from the transfer of the PPA “Achieving sustainable urban food systems” from Chapter 4 (*better life*) to Chapter 3 (*better environment*), from additional resources transferred to Chapters 5 and 9 for the Office of the Chief Scientist and the Office of Innovation from other chapters on a cost neutral basis, and from some re-allocations arising from more detailed work planning;
- c) *Column 3* presents the adjusted distribution of the 2022-23 budgetary appropriation for approval by the Council, in line with Financial Regulation 4.5.

Table 2: Adjusted 2022-23 Budget by Chapter (USD thousand)

Budgetary Chapter		Conference Resolution 8/2021 (1)	Change (2)	Adj. PWB 2022-23 (3)
1	Better Production	157 559	(1 121)	156 438
2	Better Nutrition	131 597	(2 007)	129 590
3	Better Environment	97 187	21 031	118 218
4	Better Life	142 176	(18 424)	123 752
5	Technical quality, statistics, cross cutting themes and accelerators	70 312	980	71 292
6	Technical Cooperation Programme	140 788	0	140 788
7	Outreach	71 348	(159)	71 189
8	Information and Communications Technology (ICT)	35 696	(149)	35 547
9	FAO governance, oversight and direction	59 398	21	59 419
10	Efficient and effective administration	62 553	(172)	62 381
11	Contingencies	600	0	600
12	Capital Expenditure	14 000	0	14 000
13	Security Expenditure	22 421	0	22 421
Total Appropriation (Net)		1 005 635	0	1 005 635

44. *Annex 6* presents the 2022-23 net appropriation by Organizational unit and *Annex 9* shows the organizational chart for headquarters and decentralized offices as endorsed by Conference.¹⁷

¹⁷ C 2021/REP paragraph 68.f)

B. Adjustments to the PWB budgeted post establishment

45. The changes to the budgeted post establishment are related to one new budgeted post each established in the Office of the Chief Scientist and the Office of Innovation with the additional resources transferred for this important area, and from some limited re-alignment between professional and general service categories stemming from cost-neutral restructurings within units.

46. *Table 3* presents the resulting changes in the post counts and grade groups by location, and *Annex 8* presents the counts by grade group and organizational unit.

Table 3: Evolution of budgeted posts by location and category

Grade category	PWB 2022-23	Change	Adj. PWB 2022-23
Headquarters			
Director and above	82	0	82
Professional	870	3	873
General Service	532	(1)	531
<i>Total Headquarters</i>	1 484	2	1 486
Decentralized			
Director and above	51	0	51
Professional	606	1	607
General Service	826	(2)	824
<i>Total Decentralized</i>	1 483	(1)	1 482
All Locations			
Director and above	133	0	133
Professional	1 476	4	1 480
General Service	1 358	(3)	1 355
Total All Locations	2 967	1	2 968
<i>Note: Professional counts in decentralized offices in the PWB 2022-23 include 32 officers outposted from headquarters: 1 liaison officer, 21 investment officers, 5 finance officers, 2 legal officers, and 3 field security officers. The 25 junior professional posts are included in the headquarters count.</i>			

C. Updated estimates of extrabudgetary resources

47. The Programme of Work is funded by the net appropriation voted by Conference (assessed contributions) and extrabudgetary resources generously provided through voluntary contributions. The estimates of delivery of extrabudgetary resources are based on operational projects that will extend into the 2022-23 biennium, proposed projects in the pipeline and likely to be approved, and prospects based on project ideas and positive contacts with partners.

48. Monitoring of developments in voluntary contributions and resource mobilization has continued since the publication of the MTP 2022-25/PWB 2022-23. Overall monitoring has not provided reason to revise the total amount of extrabudgetary expenditures forecasted in the Programme of Work and Budget 2022-23 while the distribution between Chapters has been refined as noted in *Section II.A* by shifting former BL3 “Achieving sustainable urban food systems” from *better life* to *better environment* (now BE4). The updated estimates of extrabudgetary resources by chapter are shown in *Table 4* column 2. Together with the adjusted distribution of the net appropriation, the total resources expected to be available to the Organization to deliver the integrated Programme of Work are shown in column 3 for information.

Table 4: Adjusted 2022-23 Budget proposal by chapter and funding source (USD thousand)

Budgetary Chapter		Net appropriation (1)	Extrabudgetary (2)	Total (3)
1	Better Production	156 438	443 791	600 229
2	Better Nutrition	129 590	196 125	325 715
3	Better Environment	118 218	332 750	450 968
4	Better Life	123 752	1 221 303	1 345 055
5	Technical quality, statistics, cross-cutting themes and accelerators	71 292	20 427	91 719
6	Technical Cooperation Programme	140 788	0	140 788
7	Outreach	71 189	6 064	77 253
8	Information and Communications Technology (ICT)	35 547	0	35 547
9	FAO governance, oversight and direction	59 419	10 512	69 931
10	Efficient and effective administration	62 381	19 153	81 534
11	Contingencies	600	0	600
12	Capital Expenditure	14 000	0	14 000
13	Security Expenditure	22 421	0	22 421
Total		1 005 635	2 250 125	3 255 760

49. FAO works with an integrated budget, bringing together all sources of funds made available through Members' assessed contributions, as well as voluntary contributions from Members and other resource partners, to form a consolidated basis of means available for the implementation of the agreed programme of work. Voluntary contributions are accepted only where these are fully aligned with the Organization's Strategic Framework and contribute to agreed Strategic Framework outcomes. While assessed contributions and voluntary contributions are both used, through the programme of work, to deliver the FAO mandate, most voluntary contributions are earmarked. Maintaining a flat nominal budget whilst addressing increasingly complex issues necessitates increased unearmarked or lightly earmarked voluntary funding to allow FAO and its Members to ensure funds are allocated where they generate the greatest benefit under specific priorities. Lightly earmarked funding also allows for more agility and rapid adaptation to changing circumstances or priorities, which is particularly important in an increasingly volatile environment.

50. The indicative level of net appropriation and extrabudgetary resources by budgetary chapter is shown in *Annex 5*, and by headquarters and region in *Annex 7*.

IV. Decisions required

51. The Programme and Finance Committees and their Joint Meeting are requested to consider the Adjustments to the PWB 2022-23 and provide guidance to Council.
52. The Council is requested to consider the Adjustments to the PWB 2022-23 and:
 - a) approve the revised distribution of the net appropriation by budgetary chapter as reflected in *Table 2*; and
 - b) review the revised budgeted post establishment (*Table 3* and *Annex 8*).
53. The Council is also requested to take note of the updated results frameworks (*Annex 1*) and of the updated estimates of extrabudgetary resources (*Table 4*).
54. Council may also wish to encourage Members to provide voluntary contributions and stress the importance of flexible, lightly earmarked and unearmarked voluntary funding to support the priorities in the integrated programme of work.
55. The Council is requested to note that further budgetary transfers could arise as a result of further work planning, as well as from the most efficient and effective modalities of implementation during the biennium. Within chapter transfers and transfers from one chapter to another required to implement the PWB during the biennium will be handled in accordance with Financial Regulation 4.5.