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Adjustments to the Programme of Work and Budget 2024-25

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I. Background and Scope

A. Scope of the document

1. At the start of his second term at the helm of the Organization, the Director-General continues his vision of building a dynamic and modern FAO for a better world, with an action-oriented focus in line with its core competencies. As One FAO, and through transparency, innovation, inclusiveness and an improved business model, FAO will continue its fight against hunger, poverty and inequality to support Members in achieving the 2030 Agenda for Sustainable Development.
2. The Medium Term Plan (MTP) 2022-25 (Reviewed) and Programme of Work and Budget (PWB) 2024-25¹ was endorsed by Conference in July 2023. The Adjustments to the PWB 2024-25 presents refinements for consideration by the Council in December 2023, in line with the established programming and budgeting process further described below. The document stems from decisions and guidance of the Conference, as well as adjustments proposed by the Director-General to support his aim of further improving global visibility and impact as FAO approaches its 80th anniversary.
3. The Adjustments to the PWB 2024-25 is presented for consideration by the Programme and Finance Committees and approval by the Council at its 174th session in December 2023.

B. Decisions and guidance of the Conference

4. The Conference approved the Programme of Work and voted a budgetary appropriation of USD 1 021.7 million at the budget rate of exchange for 2024-25 of Euro 1 = USD 1.12 (Resolution 4/2023).
5. The Conference reaffirmed the conclusions and recommendations of the 172nd Session of the Council² on the MTP (Reviewed) 2022-25 and PWB 2024-25. Technical guidance is summarized below:
 - a) reiterated the important role of science- and evidence-based normative and standard-setting work of FAO;
 - b) stressed the importance of protecting and funding the normative and technical work of FAO, including the Technical Cooperation Programme (TCP), as well as the conventions, treaty bodies, including depositary functions, and intergovernmental arrangements;
 - c) recognized the need to support FAO's core functions and mandate through resources from its regular budget and stressed that voluntary contributions should be aligned with the implementation of the FAO Strategic Framework 2022-31;
 - d) recognized the important and instrumental role of South-South and Triangular Cooperation in realizing the 2030 Agenda, and encouraged FAO to invigorate and further enhance South-South and Triangular Cooperation;
 - e) underlined the importance of adequately resourcing Decentralized Offices, including with adequate technical and other resources, to improve the implementation capacity of the Organization; and
 - f) emphasized the importance of oversight, internal control and support functions.

¹ C 2023/3

² CL 172/REP paragraph 9 subparagraphs c) to h)

6. The Conference³ furthermore requested Management identify savings and efficiency measures on the proposed PWB 2024-25 and that information on these savings and efficiencies be provided through the established reporting mechanisms, including by presenting proposed adjustments to the PWB 2024-25 to the Council in December 2023 through the Finance Committee on implementation of the PWB 2024-25, and requested Management develop a longer-term financial plan to address greater efficiencies and the balance between assessed and voluntary contributions.

7. A full extract of the Conference Report is provided in *Annex 2*.

C. Overview of FAO programming cycle

8. The Adjustments to the PWB 2024-25 occurs in the context of the overall FAO programming cycle as approved in Resolution 10/2009 of the 36th Session of the FAO Conference⁴ and enshrined in the Basic Texts Volume II, *Section F* as reproduced in *Figure 1*.

Figure 1: Schedule for Governing Body input and oversight

Process		YEAR 1				YEAR 2			
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
PLANNING	Review Implementation Performance Strategic Framework (Alternate biennia)	RC	PC/FC CL	TC	PC/FC CL	EB	PC/FC CL	CONF	PC/FC CL
	MTP-PWB (Next biennium)	Input on Priorities				Review/Approval			
IMPLEMENTATION MONITORING	Implementation Review and Adjustment (Current Biennium)	Input on Priorities				Review/Approval			
	Results (Previous Biennium)	Adjustment							
EVALUATION	Impact								

Legend: RC: Regional Conference TC: Technical Committees of Council PC: Programme Committee FC: Finance Committee CL: Council CONF: Conference
MTP: Medium-Term Plan PWB: Programme of Work and Budget EB: Extra-Budgetary

9. The cycle commences with the Regional Conferences and Technical Committees in the first year of the biennium which together inform the formulation of the Programme of Work and Budget presented for review and guidance by the Programme and Finance Committees and the Council, before being submitted to the Conference for final consideration. This schedule allows for regular review and oversight of the Organization's programming processes by FAO Governing Bodies, and for their provision of inputs and guidance iteratively throughout the cycle on priorities, emphasis and needed adjustments, in accordance with the cadence of FAO's planning and reporting documents.

10. It is further recalled that the longer-term programming processes also benefit from the cumulative input and guidance of the Governing Bodies, with a new Medium Term Plan prepared every four years – and reviewed in the interim biennium – and the Strategic Framework reviewed every four years, which allows Management to take on board the guidance of Governing Bodies regarding trends and challenges in the agrifood systems sector and the most effective contribution to their transformation.

³ C 2023/REP paragraph 60

⁴ At the 36th Session of the FAO Conference.

11. The Conference has also highlighted the benefits of organizing informal meetings with Members during the process of developing programming, budgeting and results-based monitoring to inform, support and discuss progress made in the preparation of the programme of work and budget.

II. Programmatic Highlights

A. PWB 2024-25 – highlights and Governing Body guidance

12. FAO is now beginning the implementation of the second biennium of the Medium Term Plan 2022-25 under the FAO Strategic Framework 2022-31 with its overarching *four betters - better production, better nutrition, a better environment and a better life* for all, leaving no one behind.

13. FAO has put in place strong pillars to anchor its work under the Strategic Framework, including the key thematic strategies on Private Sector Engagement; Science and Innovation; Climate Change; and on Mainstreaming Biodiversity across Agricultural Sectors; as well as the Framework for Environmental and Social Management that sets the key performance requirements for FAO's programme of work.

14. The Programme of Work and Budget 2024-25, endorsed by Conference in July 2023, provided an update on recent trends and risks to global food security in the context of the global challenges and opportunities identified in the FAO Strategic Framework 2022-31. Based on these recent trends and risks and taking into account guidance received from the Governing Bodies, the Organization adjusted its work under the *four betters* and the 20 Programme Priority Areas⁵ to further strengthen FAO's programmatic response in 2024-25 and leverage its comparative advantage in support of the Sustainable Development Goals (SDGs).

15. The PWB 2024-25 also identified areas of programmatic emphasis and de-emphasis⁶ to ensure adaptability to changing demands and provide appropriate attention to high-priority areas of work. Particular emphasis was placed on implementing the action plans of the Science and Innovation and Climate Change strategies.⁷

16. As regards the climate crisis, FAO's response will include implementing integrated land restoration and water management solutions to rehabilitate productivity, improve food security and create employment opportunities through mitigation and adaptation efforts, and prioritizing agroforestry systems that are adaptive and resilient.

17. The Conference emphasized the importance of oversight, internal control and support functions⁸ and it is recalled that within the PWB 2024-25, USD 22.7 million of incremental support cost recovery was re-allocated to fund strengthened programming and programmatic support, management and oversight, and support services. Areas strengthened include investigations and audit functions, evaluation, logistics services, ICT, finance, and human resources functions.⁹ FAO will also continue to benefit from the guidance and recommendations of the Oversight Advisory Committee and other professional evaluation and oversight bodies to enhance its internal management and enable harmonious and efficient operations, including through inspection, auditing, workplace ethics and conflict resolution.

⁵ C 2023/3 Annexes 1 and 3

⁶ C 2023/3 paragraphs 77-89

⁷ C 2003/3 paragraph 58

⁸ CL 172/REP paragraph 9.h)

⁹ C 2003/3 paragraphs 73-74

18. As regards South-South and Triangular Cooperation (SSTC), and noting the importance placed by Members on this area of work, FAO will continue to operationalize the SSTC Guidelines for Action 2022-25 to implement, monitor and evaluate relevant activities across the Organization. The main focus will be on strengthening and expanding partnerships and strategic alliances through various corporate instruments, and increased collaboration with a wide array of stakeholders.¹⁰
19. Further, in line with the emphasis placed by Members on the important role of science and evidence-based normative and standard setting work, as well as data and statistics to inform decision-making,¹¹ FAO will continue to leverage its normative strengths and emphasize support to the development and implementation of normative and standard setting instruments for more efficient, inclusive, resilient, and sustainable agrifood systems and the production of high-quality corporate flagship publications. This is in line with the shift toward a forward-looking business model that promotes science, technology and innovation.¹²
20. As described in the PWB 2024-25, FAO has also identified a limited number of Value Added Impact Areas (VAIAs) as particularly promising high-impact work areas under each of the *four betters*. Through the VAIAs, FAO will ensure accelerated results, promotion of multidisciplinary collaboration across the Organization and appropriate focus and priority assigned to areas of work of particular strategic relevance.¹³
21. Finally, to better promote evidence-based decision-making in the context of supporting the UN development system repositioning and joint programming processes at country level, FAO is exploring new and innovative ways to increase its data and analytical support to the UN Common Country Analysis (CCA) and the UN Sustainable Development Cooperation Framework (UNSDCF) formulation processes to ensure a robust diagnosis of agrifood systems, address trade-offs and identify synergies for the most effective positioning of FAO at country level.

B. Programmatic and operational adjustments

22. Within the overall 2024-25 net appropriation budget approved by Conference and in line with Conference guidance, the following programmatic and operational adjustments are proposed for Council's endorsement, to ensure optimal use and delivery of the Organization's resources. The adjustments support the vision of FAO as an international organization with world-class internal governance and organizational culture that operates in unison across locations to provide professional service, mobilize resources, and build an open, transparent, efficient and effective operating environment. They aim to fully leverage FAO's potential, advance innovation-driven transformation, and strengthen FAO's capacity and capability to serve its Members.

Office of Youth and Women

23. The establishment of a new Office of Youth and Women (OYW) is proposed, to continue strengthening FAO's capacity to better serve its Members through advocating for youth and women. The Office will help ensure that youth and women act as conduits both internally, supporting women and youth career enrichment, and externally, by gathering innovative ideas and approaches from youth and women within the FAO mandate.

¹⁰ C 2023/3 paragraphs 196-197

¹¹ CL 172/REP paragraph 9 and C 2023/REP paragraph 53

¹² C 2023/3 paragraphs 50, 53

¹³ C 2023/3 paragraph 60

24. The Office will take forward and further institutionalize the work of the FAO Youth Committee and the FAO Women's Committee, as well as the annual World Food Forum Global Youth Forum, designed by FAO as a global network of partners to build an effective platform to share transformative initiatives and encourage actions for the agrifood systems transformation.

25. The Office will promote transformational leadership for gender equality and women and youth empowerment in the workplace and in FAO's initiatives, strengthening accountability of managers for gender equality and youth and women's empowerment. It will engage with relevant global initiatives, and UN and other partners and relevant stakeholders, further enhancing the advocacy for, and engagement of, youth and women in agrifood systems. The Office will work closely with the FAO technical units that coordinate the implementation of the FAO Policy on Gender Equality and the Rural Youth Action Plan and related programmes and initiatives.

26. The Office will be staffed with one director, four professional posts, and two general service posts, entailing a total additional cost of USD 1.5 million (Chapter 5).

FAO's work on private sector/non-state actors engagement

27. The function of private sector partnerships, previously part of the Resource Mobilization and Private Sector Partnerships Division (PSR), will transition to the Partnerships and UN Collaboration Division (PSU). Now that the Strategy for Private Sector Engagement and related processes as the Due Diligence review and Connect Portal are well in place, this budget-neutral reorganization aims to centralize FAO's engagement with non-state actors and fortify its strategic alliances. Leveraging PSU's expertise in partnership management, the move aims to enhance FAO's capacity to cultivate inclusive, sustainable agrifood system partnerships with all categories of potential external partners and provide a central point of reporting on partnerships.

Advancing innovation

28. The Office of Innovation (OIN) is a cornerstone to help drive FAO's innovation agenda forward and put into action the FAO Science and Innovation Strategy. OIN enhances FAO ecosystem's capacity to innovate, engage in strategic foresight, and foster a conducive environment for innovations.

29. In addition to its strengthening in the PWB 2024-25, which allocates an additional USD 2.3 million to OIN, the Global Farmer Field School (FFS) Platform team will be transferred from the Plant Production and Protection Division (NSP) to OIN (one professional post and one general service post plus resources for affiliate personnel). The FFS is one of FAO's most successful mechanisms to foster innovation at grassroots and local levels and is utilized across the entire Organization and with more than 20 international partners across all sectors and themes – crops, livestock, fisheries, forestry, integrated production systems, climate change, nutrition, gender, ICT, value chains and more.

30. With this transfer, OIN's structure now includes three key and interlinked pillars, namely on digital agriculture, biotechnologies, and the Farmer Field School Platform.

Streamlining statistical functions

31. The Chief Statistician function, previously operating under the Office of Chief Statistician (OCS), will be integrated into the Statistics Division (ESS) with the Director ESS taking on the additional role of Chief Statistician. This organizational adjustment, while budget-neutral, aims to consolidate and enhance the effectiveness of statistical functions. The merge includes a reorganization within ESS to ensure independent

assessment of the FAO statistical operations through the establishment of a quality assurance unit that reports results and recommendations to the FAO Data Coordination Group.¹⁴

Office of SIDS, LDCs and LLDCs (OSL)

32. In OSL, a new professional position is added to the existing establishment (USD 0.4million in Chapters 1 through 4) enhancing FAO's capacity to support Small Island Developing States (SIDS), Least Developed Countries (LDCs), and Landlocked Developing Countries (LLDCs). In line with the Call for Action launched at the High-Level Ministerial Event in June 2023, FAO will increase its support by building adaptive capacities and responding to specific needs of vulnerable groups in those countries through resource mobilization. OSL will also host a global collaboration network to accelerate agrifood systems transformation through, *inter alia*, enhanced collaboration between these countries and promote means of implementation. Enhanced Rome-based Agencies (RBA) and other UN partner collaboration at the country level, will further support the most vulnerable countries.

Ethics Office (ETH)

33. To further strengthen the Organization's focus on ethics and principles, a new professional post is added to the Ethics Office (USD 0.4million in Chapter 9). Since the establishment of the Office in 2020, there has been a continuous trend of increasing requests, indicating improved awareness and comfort in approaching the Office. The additional resources would ensure business continuity and support further policy development and awareness raising activities.

Other topics highlighted for 2024-2025

34. In addition to the programmatic and operational adjustments outlined above for Council's endorsement, other topics of interest are highlighted below.

Realignment of the Joint FAO/WHO Centre

35. Building on the implementation of the Joint FAO/WHO Centre (CJW) in 2020-21,¹⁵ a realignment is set to further optimize its operational efficiency within FAO. This budget-neutral adjustment will deepen the synergy between Codex and the Agrifood Systems and Food Safety Division (ESF) and between One Health and the Animal Production and Health Division (NSA). As a result, CJW will be better positioned to advance Codex standards and scientific advice in collaboration with ESF. Codex will retain its independence with its Secretariat hosted by FAO while receiving support from ESF in positioning Codex more centrally in agrifood systems transformation and through its scientific advice programme on food safety. Likewise, CJW will bolster One Health, antimicrobial resistance (AMR), biological and health threats, and disease control initiatives with NSA. The Centre will continue to act as a hub for broad coordination and facilitation, both internally and externally, with the Quadripartite on the One Health Joint Plan of Action. Concurrently, NSA will refocus its efforts on sustainable animal production, feed and genetics, livestock innovation, and climate-responsive and post-harvest solutions to be better fit to respond to the increasing demand from Members on sustainable livestock sector transformation. The Director of NSA will also assume the role of Chief Veterinary Officer, elevating the Organization's focus on One Health and Disease Control. ESF and NSA will also work together through the Joint Centre to strengthen relationships with the health sector.

¹⁴ The Data Coordination Group is responsible for endorsing and promulgating internal policies, processes and standards for data and statistics, providing oversight on data- and statistics-related strategic priorities that will benefit the Organization and its stakeholders, and ensuring that their implementation is coherent with applicable data policies, principles and UN initiatives, as well as FAO's overall programmatic priorities.

¹⁵ CL 164/3 paragraph 50

Global Food and Agriculture Museum and Network

36. FAO will also initiate the establishment of a Global Food and Agriculture Museum and Network, funded by extra-budgetary resources, to celebrate traditional heritages of food and agriculture and systematically plan the work of Globally Important Agricultural Heritage Systems (GIAHS). A global network will be hosted and Members who have agricultural museums will be invited to showcase their collections and traditional farming practices.

Knowledge hubs

37. In 2024-25, FAO will aim to establish regional knowledge hubs with distinctive features and complementary functions, to leverage FAO's full potential and advance innovation-driven transformation. The knowledge hubs, which will complement and expand the current decentralized structure, will be hosted in countries that have specific knowledge and tools to offer both regionally and globally, for example on tropical agriculture or food safety. Further information will be provided when partnerships for potential hubs are in progress.

38. FAO will also continue to develop normative products to strengthen the interface between science and policy and improve science-based decision-making in agrifood systems, and actively promote exchanges and cooperation with the world's leading research institutions and universities at regional and global levels.

Results framework (Annex 1)

39. *Annex 1* contains the results framework approved in the PWB 2024-25 for the *four betters*, Objective 5, Functional Objectives and Special Chapters. The Framework now includes revised key performance indicators for Partnerships under *Functional Objective 7* focusing on the quality of partnerships developed and established, and the availability of relevant information, as requested by the Finance Committee at its 195th Session in March 2023.¹⁶

Organizational Chart (Annex 7)

40. The organizational chart provided in *Annex 7* presents the adjustments illustrated above, as well as the following changes in the titles of the CJW, ESF, ESP, ESA, CSI and PSR divisions to better reflect the nature of their work:

- Joint FAO/WHO Centre (CODEX Food Standards and One Health) (CJW)
- Agrifood Systems and Food Safety Division (ESF)
- Rural Transformation and Gender Equality Division (ESP)
- Agrifood Economics and Policy Division (ESA)
- Digital FAO and Agro-informatics Division (CSI)
- Resource Mobilization Division (PSR)

41. It is recalled that, as presented to the 164th Session of the Council, the three elements of the headquarters structure are: i) Offices, which have a cross-cutting function within the Organization; ii) Centres, which have a strong collaboration function with other UN agencies, International Financing Institutions (IFIs) and other international partners; and iii) Divisions, which house the specific technical and professional expertise of FAO.

¹⁶ CL 172/9, paragraph 21.f)

III. Budgetary and Post Adjustments

A. Adjustments to the budgetary chapter distribution

42. Changes to the budgetary chapter distributions arise as a result of the programmatic and operational proposals described in *Section II*. The net impact of these changes is shown in *Table 1*.

- a) *Column 1* recalls the budgetary chapter distribution approved in [Conference Resolution 4/2023](#);
- b) *Column 2* presents the net effect of the shifts arising from programmatic and operational proposals on a cost neutral basis;
- c) *Column 3* presents the adjusted distribution of the 2024-25 budgetary appropriation for approval by the Council, in line with Financial Regulation 4.5.

Table 1: Adjusted 2024-25 Budget by Chapter (USD thousand)

	Budgetary Chapter	Conference Resolution 4/2023	Change	Adj. PWB 2024-25
1	Better Production	160 604	(296)	160 308
2	Better Nutrition	123 880	(160)	132 720
3	Better Environment	120 692	(300)	120 392
4	Better Life	127 117	(213)	126 904
5	Technical quality, statistics, cross cutting themes and accelerators	70 973	1 694	72 668
6	Technical Cooperation Programme	143 133	0	143 133
7	Outreach	72 017	(95)	71 922
8	Information and Communications Technology (ICT)	35 552	(167)	35 384
9	FAO governance, oversight and direction	59 324	92	59 415
10	Efficient and effective administration	62 298	(161)	62 137
11	Contingencies	600	0	600
12	Capital Expenditure	14 506	(206)	14 000
13	Security Expenditure	22 300	(188)	22 112
	Total Appropriation (Net)	1 021 696	0	1 021 696

43. *Annex 4* presents the 2024-25 net appropriation by Organizational unit and *Annex 5* shows the budget by chapter and region, as endorsed by Conference.

B. Adjustments to the PWB budgeted post establishment

44. Post changes mainly arise from the establishment of the Office of Youth and Women with one director, four professional and two general service posts, along with the addition of one new budgeted post each in the Ethics Office and the Office of SIDS, LDCs and LLDCs, as described in *Section II*. To balance the total net increase in budgeted posts, an equivalent number of budgeted posts have been identified for abolition, mainly within the Economic and Social Development Stream, with the work transitioning to more

flexible staffing arrangements better serving evolving needs. The overall post count remains the same as presented in the PWB 2024-25.¹⁷

45. *Annex 6* presents the post counts by grade group and organizational unit.

C. Updated estimates of extrabudgetary resources

46. As seen in *Table 2*, FAO's most recent estimates indicate that the Organization's voluntary contributions will amount to approximately USD 3 billion in 2024-25. Estimates have been maintained in line with those provided in the PWB 2024-25 document. The review of conditions and assumptions underlying the forecasted voluntary contribution expenditures has not indicated any changes in trends, which would suggest the need to revise estimates.

47. It is recalled that FAO's Programme of Work represents an integrated funding model that leverages a combination of assessed (regular) and voluntary contributions to contribute to the FAO Strategic Framework 2022-31, and more specifically the results frameworks agreed by Members in the Medium Term Plan (Reviewed) 2022-25 and Programme of Work and Budget 2024-25.

Table 2: Adjusted 2024-25 Budget proposal by chapter and funding source (USD thousand)

	Budgetary Chapter	Net appropriation	Extrabudgetary	Total
1	Better Production	160 308	523 209	683 517
2	Better Nutrition	132 720	263 010	395 730
3	Better Environment	120 392	468 237	588 629
4	Better Life	126 904	1 681 239	1 808 144
5	Technical quality, statistics, cross-cutting themes and accelerators	72 668	22 772	95 440
6	Technical Cooperation Programme	143 133	0	143 133
7	Outreach	71 922	8 975	80 897
8	Information and Communications Technology (ICT)	35 384	222	35 606
9	FAO governance, oversight and direction	59 415	4 740	64 155
10	Efficient and effective administration	62 137	6 943	69 080
11	Contingencies	600	0	600
12	Capital Expenditure	14 000	0	14 000
13	Security Expenditure	22 112	0	22 112
	Total	1 021 696	2 979 347	4 001 043

48. Members have stressed the importance of assessing and managing the balance between voluntary and assessed contributions on a longer-term basis.¹⁸ Moving forward, the Organization will continue to assess its current funding situation, its successes and limitations, and in view of external trends, challenges, needs and opportunities to more effectively capitalize on FAO's unique potential, consider what changes may be required to improve its funding model to make FAO's work more sustainable and impactful.

¹⁷ C 2023/3, paragraph 128

¹⁸ C 2023/REP paragraph 60

49. As regards the regular assessed contributions, the Organization has experienced a loss in purchasing power of USD 67 million, or approximately 7 percent, over the past 12 years.¹⁹ This trend has been suspended for the 2024-25 biennium, with Conference approving a Regular Programme budget with cost increases. However, the assessed budget remains under significant strain due to its gradual erosion in real terms, and in the face of increasing demands due to conflict, climate change and challenging macro-economic outlook, including in the aftermath of the COVID-19 pandemic.

50. As regards voluntary contributions, it is highlighted that the bulk of these are tightly earmarked and highly concentrated. Over the past several biennia, the composition of the overall portfolio of resources mobilized has undergone several changes, with a significant increase in the proportion of emergency-focused funding and climate vertical funds – Global Environment Facility (GEF) and the Green Climate Fund (GCF) – and a shrinking share of other development projects despite a welcomed increase in resources from international financial institutions and multilateral development banks.²⁰ Furthermore, while funding from vertical funds and multilateral development banks most often relates to larger long-term projects, the shrinking share of bilateral development funding is fragmented in numerous, often small, projects, leading to administrative and operational challenges.

51. Overall, FAO is presented with a funding paradox. That is, the Governing Bodies have given a significant vote of confidence in the Organization and its work in approving a Regular Budget increase for 2024-25 to include inflation, and voluntary contributions are at historic highs demonstrating strong resource partner confidence in FAO. At the same time, there are significant challenges on both sides of the funding picture: the Regular Budget remains under strain, which presents challenges to the Organization in delivering on its global normative mandate and in reaping better synergies with the large voluntary portfolio; and the voluntary contributions, while at historic levels, are highly-fragmented and largely earmarked.

52. Reviewing and addressing the optimal balance of assessed and voluntary contributions will require a mutual commitment on the part of both FAO Management and Members. A constructive dialogue has already begun with a first informal meeting on extrabudgetary contributions held in June 2023, and the dialogue will be continued and broadened to consider the holistic funding outlook for FAO as we move forward.

53. It is also noted that the principal focus of the Organization's reporting until now, with some exceptions, has been on funding received and executed by FAO. Considering FAO's role as a global knowledge organization and status as Specialized Agency of the United Nations, and the importance of its work on normative, science-based and standard setting, data and evidence base, there is a significant potential to build a narrative of impact that also considers how FAO's upstream work catalyses and enables larger investments by other actors.

IV. Savings and Efficiency Measures

54. The Director-General has stressed from the beginning of his tenure the importance of internal reform and modernization, moving from the "four E's" during the first mandate to the "four R's" during the second. The focus has been on *efficiency* and *effectiveness*, for *extraordinary* results and in pursuit of *excellence*, and continues now on *recovery* from the pandemic and conflicts, *reform* of our systems to be fit for purpose, a *rebuild* of FAO's network and capacity, and a *renaissance* of FAO for a better future.

¹⁹ PWB 2024-25 [Information Note 1](#)

²⁰ As reported in PWB 2024-25 [Information Note 3](#), emergency and rehabilitation work, together with vertical funds are currently estimated to account for over 70 percent of the total voluntary contributions.

55. This document includes an overview of achieved and foreseen savings and efficiency measures, in line with guidance from the Conference, and Management will continue to report on this topic through the established reporting mechanisms.

Definitions and principles

56. In the context of the Secretary-General's UN Reform and its Efficiency Agenda, three main forms of efficiencies have been defined:

- 1) Cost savings – reducing the level of financial resources disbursed to achieve a given outcome (this could reduce current spending and/or avert potential future price increases).
- 2) Time savings – reducing the overall effort to achieve a given task.
- 3) Effectiveness improvements – initiatives that result in a qualitative improvements, such as a reduced risk or better quality of service.

57. Efficiency savings have previously been defined by FAO Council as "*reductions in the costs of inputs without material negative impact on the outputs*,"²¹ which corresponds to the first category above. In the present document and future reporting, the information provided to the Governing Bodies will include all three categories, in order to improve completeness of information and harmonize with reporting at UN level.

58. As noted in past reporting, the Organization approaches achieving efficiency savings in three ways:

- by pursuing input-oriented measures, such as revising air travel arrangements;
- by identifying process-oriented efficiencies, which focus on changing policies, procedures and ways of working, with the aim of improving and streamlining operations and administrative functions; and
- by increasing recovery of the cost of various services provided by the Organization, such as support services to projects.

Efficiencies realized

59. This continues FAO's longstanding focus of a strong value for money mindset and applying the principle of streamlining the overall administrative function, while maintaining and enhancing to the extent possible the technical capacity of the Organization.

60. Efficiencies achieved over the last decade reflect the requirement to generate savings each biennium in order to continue delivering FAO's programme of work, in the context of a constant budget and in the presence of unavoidable cost increases. Resources have had to be used more effectively and activities have been streamlined, in order to perform the required level of services in support of core functions with the same nominal budget, representing decreased purchasing power.

61. An example of ongoing efficiencies is in the area of travel, where following the sharp increase in the cost of airline tickets during 2022-23, FAO has been working successfully to counteract this increase through a reduction in the volume of duty travel, reflecting the policy to use virtual participation in meetings where possible, and through the strict implementation of the advance purchase rule for airline tickets.

62. In addition to ongoing efficiencies, examples of specific savings over the past decade include, between 2012 and 2015, savings in personnel costs and administrative costs for a total amount of

²¹ CL 110/REP paragraph 24.a)

USD 108.2 million, involving the abolition of 235 posts;²² between 2016 and 2019, savings for a total of USD 48.7 million, mainly in the areas of personnel costs, streamlining of internal services and reduced costs of consultants, travel, and procurement;²³ and between 2020 and 2023, significant efficiencies, in particular through improvements to the recovery of direct and indirect support costs associated with the implementation of trust fund projects.

Planned initiatives

The Enterprise Resource Planning (ERP) Roadmap

63. The ERP environment at FAO consists of administrative and operational business policies and processes, and the information systems that underpin them. The effective and efficient management of this environment is vital to FAO's operations worldwide and to the successful delivery of the Strategic Framework.

64. FAO commissioned an in-depth study of its ERP environment in 2017, with a follow up in 2021, resulting in a recommended Roadmap for improvements, with focus on four key areas: (i) project and programme management, (ii) human resource planning and management, (iii) procurement and integrated logistics management, and (iv) data integration, analytics and reporting. A specific project, PROMYS, has been launched with a focus on the pivotal domain of project and programme management.

65. Strengthened ERP governance has been put in place to ensure coordinated management of the improvement process. During 2023 the first steps have been taken to better understand the underlying issues and develop the vision of the future business processes. The subsequent steps, involving the definition of detailed requirements, design of solutions and implementation, are expected to span over the next three-four years.

66. The ERP improvement is expected to deliver significant efficiencies, with a focus on effectiveness and quality improvement, in terms of integrated, streamlined processes, strengthened internal controls, reduction of manual work and better support to management monitoring and decision-making.

67. It is important to note that in order to realize these efficiencies, it is necessary to invest adequately both during the project itself, in terms of capital expenditure, as well as in ongoing costs for licenses and maintenance of related systems. Further information on expected efficiencies will be available following the phase of detailed planning of the specific initiatives.

The Efficiency Roadmap

68. FAO is committed to the UN Efficiency Agenda, part of the Secretary-General's vision and proposals to reposition the UN development system, which was launched in 2017. FAO has signed relevant enabling agreements and collaborates in the main efficiency reform initiatives, including: (i) Business Operations Strategies (BOS) where FAO is contributing to 123 country level BOS and five regional Business Operations Strategies (R-BOS); (ii) Common Premises, where FAO's engagement is limited, due to the government-provided premises in many countries; (iii) Common Back Office which foresees collaboration on supporting services at country level; and (iv) Global Shared Services which provides the possibility to create efficiencies and leverage technologies, agreements and expertise within the UN system at global level, such as the Fleet Leasing agreement which FAO has implemented with the World Food Programme (WFP) and the UN High Commissioner for Refugees (UNHCR).

²² C 2017/8 paragraphs 346-354

²³ C 2019/3 paragraphs 106-107

69. FAO's internal governance arrangements and a detailed plan of action have been put in place to ensure coordinated management of the various initiatives. These are expected to realize efficiencies mainly in the form of quality improvements and cost avoidance. Savings are expected to benefit mostly the Organization's extrabudgetary portfolio, by allowing project teams to focus on value-added work or to re-programme project budgets to additional activities.

70. In addition to the UN-wide Efficiency Agenda, the Efficiency Roadmap includes FAO-specific initiatives, such as the increased vertical integration of administrative workflows and transferring processing of administrative transactions currently handled at country level to the Shared Services Centre (SSC). This has potential to generate efficiencies mainly in terms of strengthened internal controls, quality improvement and time savings, benefitting from the efficiency of specialized personnel and advanced technical support available at the SSC and allowing country offices to dedicate their time to higher-value activities.

V. Decisions Required

71. The Programme and Finance Committees and their Joint Meeting are requested to consider the Adjustments to the PWB 2024-25 and provide guidance to Council.

72. The Council is requested to consider the Adjustments to the PWB 2024-25 and:

- a) approve the revised distribution of the net appropriation by budgetary chapter as reflected in *Table 1*;
- b) review the revised budgeted post establishment (*Annex 6*); and
- c) approve the revised Organizational Chart (*Annex 7*).

73. The Council is also requested to take note of the updated results frameworks (*Annex 1*) and of the estimates of extrabudgetary resources (*Table 3*).

74. The 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.

75. 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.