



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## PROGRAMME COMMITTEE

### Ninety-seventh Session

Rome, 21 - 25 May 2007

### Evaluation of FAO's Work in Commodities and Trade

### Management Response

#### I. Introduction

1. The Organization welcomes the External Evaluation of FAO's work on Commodities and Trade (EECT), appreciates the thorough survey and evaluation of FAO's work in this area, and notes its potential importance in guiding the future work of the Organization on commodities and trade. Many of the recommendations confirm and build on the ongoing reorientation of the Trade and Markets Division (EST) and the Programme of Work in commodities and trade.

2. The scope for implementing further changes will depend in part on the availability of resources through the Programme of Work and Budget and voluntary contributions. While some of the recommendations confirm ongoing or planned efforts to focus the work on commodities and trade in areas of FAO's comparative advantage, others call for expansion into new areas that could require additional resources. Recommendations requiring additional resources for implementation would be considered during the appropriate corporate priority setting exercises.

3. Several recommendations refer to the need to establish incentives to stimulate internal collaboration, expand extrabudgetary resources, increase partnerships and share knowledge and information. The Reforms in the Organization, and the Revised PWB 2006-07, give increased attention to multidisciplinary action through a new policy on *ex-ante* joint planning and central catalytic funds, which are presently relatively limited. The Human Resources Management Model, to be implemented from 2007 onwards, should be able to tackle many of the related human resource issues. The planning documentation considered by the governing bodies for 2006-07 proposed an innovative fund to finance ways of improving FAO's methods of work -

however, it has been put on hold due to budgetary constraints but will be reconsidered in the next biennium.

4. Management generally agrees with the findings. It should be noted that considerable progress has been made already with respect to many recommendations. Management's response to the EECT's recommendations is given in the appended tables.

## II. Response to key recommendations

**Table 1. General Recommendations**

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accept	Partially Accept	Reject		Action	Timing	Unit Responsible
<b>242. (i) Development of partnerships</b>	yes	x			Partnerships have already been established to a greater or lesser extent with most potentially relevant institutions: while there is scope for further development, this effort is limited by available resources and willingness of partners (details are provided below)	Continue with efforts.	Continuous	EST
<b>242. (ii) Development of incentives to stimulate collaboration within EST, between EST and other divisions, and between EST and other organizations</b>	no	x			Effort is being made in EST to provide 'incentives' that are within the control of the Division and within the rules and regulations of the Organization (details are provided below).	Consider further support to multidisciplinary action.	Continuous	EST ADG/ES PBE
<b>242. (iii) Selection of a limited number of priority themes</b>	yes	x			Already being implemented (details are provided below).	Select themes at beginning of each biennium.	Continuous	EST

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accept	Partially Accept	Reject		Action	Timing	Unit Responsible
<b>243. (a) Reduce the emphasis on short-term commodity market behaviour and increase the emphasis on in-depth analysis of medium- to long-term market trends and medium-term projections</b>	yes	x			Reduction in resources and the new strategy have already led to moves in this direction: short term analysis for basic foodstuffs, especially for cereals, cannot be reduced any further because of obligations to GIEWS, market intelligence and food security analysis; scope for in-depth commodity analyses would depend on the Division's skill base.	Continue with efforts.	Continuous	ESTM
<b>243. (b) Develop partnerships with the private sector through ICBs and industry associations</b>	no	x			Already actively seeking such partnerships, but collaboration is limited by proprietary nature of information of private organizations controlling the food value chains, who are reluctant to share it for general distribution to FAO members; a new PE 3CP07 has been established focusing on analysis of value chains.	Continue with efforts.	Continuous	EST ODGS
<b>243. (c) Broaden cooperation between EST and other organizations that are involved in international and domestic markets</b>	yes	x			EST has recently entered into active collaboration with OECD in making medium-term projections and AG has collaborated with WTO on standards; More collaboration with WTO is being sought. EST provides inputs to meetings of relevant organizations such as International Grains Council (IGC) , International Coffee Organisation (ICO)	Continue with efforts.	Continuous	EST

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accept	Partially Accept	Reject		Action	Timing	Unit Responsible
<b>243. (d) Continue to strongly support the plans for improving the FAOSTAT system</b>	yes	x			and many others: further cooperation depends on RP resources available. Actively contributing to the development of the FAOSTAT system. This however would not reduce the workload in EST in the short term as the division will continue to generate current commodity market information until CountryStat is fully operational.	Continue collaborating.	Continuous	ESS ESTM ESTG
<b>243. (e) Design incentive systems within EST to expand extra-budgetary resources, improve collaboration within FAO, and increase partnerships with other organizations</b>	yes		x		EST aims to allocate income earned from technical support services rendered by EST staff to projects to support the technical work programmes of the staff concerned; some staff members have been seconded to projects undertaken by other technical units and have undertaken longer term engagement with Regional Offices. Expansion of partnerships with other organizations will depend on availability of staff resources.	Develop a focussed corporate resource mobilization strategy.		EST, ADG/ES PBE TC AF as required
<b>243. (f) Improve management of CFC and other extra-budgetary funded projects</b>	no		x		CFC project review by IGG secretaries does not take much time. Approval is handled by CFC and this takes much longer. Management of CFC projects after approval is normally done by the implementing agency and not EST or FAO. For extrabudgetary projects	Keep control of processes to the extent possible.		EST

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<b>243. (g) Select a limited number of thematic areas around which to structure the work of the Division, promote internal and external cooperation, and enhance dissemination</b>	yes	x			implemented by FAO and EST, much depends on the selection and performance of external consultants.  The current work programme covers all the thematic areas indicated in the appendix of the EECT and few more: trade and development, WTO and regional trade issues, integrated marketing along value chains, emerging large countries, bioenergy, animal diseases, risk management and commodity projections are major topics currently guiding the work of EST.	Continue with efforts.	Continuous	EST
<b>243. (h) Experiment with different structures for the IGGs</b>	yes	x			Holding conferences with private sector participation is a regular feature of some IGG session: e.g. 2004 Meat IGG was held in collaboration with International Meat Association; 2007 IGGs on Rice and Cereals being held in collaboration with Union of Chambers and Exchanges of Turkey; informal consultation with industry representatives in conjunction with the relevant IGGs. However, these meetings are essentially intergovernmental and scope for the involvement of other organizations is limited.	Explore models for closer collaboration/participation of private sector which could be applied to the IGGs.	Continuous	ESTM TC

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken	
		Accept	Partially Accept	Reject			Timing	Unit Responsible
<b>243. (i) Maintain the focus of the Division's analytical work on the practical concerns of member countries</b>	yes	x			Every effort is being made to ensure that EST maintains its analytical work to respond to countries' concerns and to lead to capacity building for policy analysis and implementation in developing countries: most of EST work is very practical/policy oriented: however, response to individual country requests could be limited by the resources available to EST.	Continue with efforts.	Continuous	EST
<b>243. (j) EST must ensure that the results of its analytical work are made available in easily accessible and user-friendly forms</b>	yes		x		Success with Umbrella I effort and other training and workshops already held in many different parts of the world, including Geneva for trade negotiators from developing countries. SOCO, trade policy notes and briefs are other examples. Will attempt to do more with the resources available and given other priorities for the division.	Continue with efforts.	Continuous	EST

**Table 2. Specific Recommendations**

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken	
		Accept	Partially Accept	Reject			Timing	Unit Responsible
<b>244. (a) Together with ministries involved in trade, develop programmes with major private sector players in commodity trade</b>	yes	x			During training related to WTO negotiations, there was participation from all related Government units; developing joint programmes with private sector players usually run into difficulties related to proprietary information, however, private and nongovernmental organizations have been engaged; e.g. conferences held in conjunction with the IGGs; collaboration with ActionAid in the DFID funded project on import surges	Continue with efforts	Continuous	EST
<b>244. (b) Work closely with other relevant divisions (ESA, AGS, etc.) to develop a work programme on selected value chains/supply networks</b>	yes	x			Agree that more needs to be done to work with other technical units in FAO on overlapping matters; e.g. EST is starting collaboration with AGS, AGP and TCA within a project being financed by the EC on developing commodity strategies for ACP countries.	Continue with efforts	Continuous	EST, ESA, AGS, and other Divisions involved
<b>244. (c) Work closely with other divisions to assist in the development of institutions that will allow smallholders to participate in</b>	yes		x		Some of the trade-related projects already cover this: e.g. West Africa certified trade project. But this area largely lies outside of the technical competence of EST. The topic is already covered by ESA, AGS and ESW.	Continue with efforts	Continuous	EST, AGS, ESA, others



Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>integrated marketing networks</b>								
<b>244. (d) Expand the work programme on certification and private specifications and standards for agricultural products</b>	yes		x		EST is already working in this area for horticultural and other products; including capacity building. More external funding would help build further to broaden the scope of the commodities and countries to be included in the programme. Work on private sector standards is also covered by AGS, AGP, AGA and AGN.	Continue with efforts.	Continuous	EST
<b>244. (e) Identify channels of communication in member governments for the discussion of commodity trade matters and the distribution of information about commodity trade</b>	no	x			Trade ministries are now also counterparts for CCP; efforts will be increased to include others within the existing resources.	Continue with efforts.	Continuous	ESTT
<b>244. (f) Develop a programme of conferences or training sessions on agricultural trade for the staff of the ministries with direct or indirect</b>	yes	x			Apart from private sector involvement, this is happening to some extent but extending the existing programmes is subject to external funding being provided.	Continue with efforts.	Continuous	ESTT

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>responsibility for trade</b>								
<b>244. (g) Give close attention to bilateral and regional trade agreements and their interaction with multi-lateral arrangements</b>	yes	x			There is a group in ESTT devoted to this activity, but extending the work would depend on resources..	Continue with efforts.	Continuous	ESTT
<b>244. (h) Increase cooperation on agriculture commodity trade between ministries of agriculture and trade, commerce and other ministries</b>	yes	x			EST does not have the resources to expand its outreach activities in this area	Efforts are made to ensure that all relevant ministries are invited to participate in meetings (including CCP) and capacity-building activities in the area of agricultural trade policy.	Continuous	ESTT
<b>244. (i) Do further analysis of the consequences of health and safety standards for developing country trade in agricultural products</b>	yes	x			There is a group in ESTT devoted to this activity, further work requires additional resources.	Continue with efforts.	Continuous	ESTT

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>244. (j) Develop stronger partnership arrangements with ICBs to enhance commodity market analysis</b>	no		x		EST works very closely with ICO, ICAC and ISO. We also collaborate with IGC. EST's own market analysis for the commodities covered by IGC are in support of the work programme of GIEWS and food security for developing countries, which are not covered in detail by IGC. Collaboration with more ICB will necessitate resources.	Continue with efforts.	Continuous	ESTM
<b>244. (k) Coordinate work programmes more effectively with UNCTAD</b>	no	x			This is being done to the extent possible, but full collaboration from UNCTAD has not yet been forthcoming.	Continue with efforts.	Continuous	EST
<b>244. (l) Use the CCP agenda to bring key issues more effectively to the forefront. The ET recommends holding occasional CCP meetings in Geneva and holding short meetings of some of the IGGs in the same week.</b>	no		x		The CCP agenda is focused entirely on its core mandate (see the Agenda of the 66 <sup>th</sup> Session of the CCP almost exclusively on trade related issues). The idea of holding CCP Session in Geneva has been raised in CCP before, but was rejected by Members.	Bring the issue for CCP consideration again.	Continuous	EST

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>244. (m) Encourage involvement of the private sector and NGOs more directly in the IGGs. Pursue the concept of regional meetings on commodity market and trade issues of particular interest to the region. The meetings of the CCP and the IGGs could be held jointly in Geneva with UNCTAD and WTO</b>	yes	x			Private sector and NGO involvement is being done on a regular basis, but enhancement would depend on additional funding. Idea of joint CCP and IGG meetings in Geneva or elsewhere has been explored in 2001 (combined Rice, Grains and Oilseeds, Oils and Fats). It was a failure because of difficulty in creating an agenda interesting enough to attract different specialists to attend the meeting. The report of the sessions noted that such unrelated IGGs should not be held together.	Continue with efforts.	Continuous	ESTT, ESTM
<b>244. (n) EST commodity analysts should continue to be an integral part of the planned upgrade of FAOSTAT</b>	no	x			Efforts are continuing to feed current data generated in EST into the new FAOSTAT database. However, this effort is in its infancy and so far has not reduced demands on EST. The new FAOSTAT system is not yet at a stage that it could replace the activities of EST, which would require up-to-date commodity and shorter term market knowledge rather than country information (with time lags) as it is with FAOSTAT at the moment.	Will increase efforts.	Continuous	EST, ESS

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>244. (o) More effectively engage relevant NGOs in the policy dialogue</b>	yes		x		Active NGO participation has been sought but is restricted by NGO funding: EST is collaborating with NGOs in several externally funded projects; e.g. with Action Aid on import surges. Particular efforts have been made to involve NGOs in the CCP: at the 66 <sup>th</sup> Session, 11 NGOs participated and two NGO side events on policy issues were included in the programme.	Continue with efforts, but needs resolving at the departmental level.	Continuous	ES, EST
<b>244. (p) Increase cooperation with academic and other research organizations, in particular in developing countries</b>	yes	x			Increased cooperation will depend on RP and extrabudgetary funding.	Continue with efforts.	Continuous	EST

**Table 3. Divisional Issues**

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>245. (1) The ET recommends that EST be careful not to over-commit to the maintenance of large scale models</b>	yes	x			COSIMO-AGLINK model is the principal analytical tool being used in the Division for projections, policy analysis and capacity building. A separate Group has been formed in ESTM to coordinate these activities. Efforts are under way to engage member developing countries in model development and capacity building in the use of the model for policy analysis. The other models maintained in EST are small and purpose-built to help with short-term analysis that cannot be undertaken using COSIMO.	Continue with efforts.	Continuous	EST
<b>245. (2) The Division should adopt an incentives system that is compatible with its objectives of enhancing collaboration within and outside the Organization and raising extra-budgetary funds</b>	no		x		Efforts are being made to release professionals to pursue opportunities outside the Division as incentives for career development.	Develop a viable corporate resource mobilization strategy through secondment schemes to be instituted on an organizational basis.		ADG/ES, PBE, TC

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>245. (3) The Division must develop a Publications, Information and Dissemination Strategy</b>	no	x			Substantial changes have already been introduced to improve communication strategy: the publications have been thoroughly revamped and rationalised in accordance with EST mandate and nature of outputs.	Continue with efforts.	Continuous	EST
<b>245. (4) EST should adopt a limited set of themes for its work programme</b>	yes	x			Already EST has arranged biennial work programmes around themes with emphasis on EST comparative advantages.	Continue with efforts.	Continuous	EST

**Table 4. Recommendations at Corporate Level for FAO to Consider**

Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken	
		Accept	Partially Accept	Reject			Timing	Unit Responsible
<b>246. (1) The in-country FAO representatives are key to the ability of FAO to assist countries with their commodity and trade policies</b>	no	x			FAO maintains a network of country representations concentrated in developing countries. The new sub-regional multi-disciplinary teams supporting FAORs should be sensitized to commodity and trade issues	Try out in first implementation of new model in Africa and Central Asia.	Continuous	EST with SRO's and FAORs
<b>246. (2.b) The way in which work is divided between EST and ESA (and possibly also AGS) should be the subject of a careful examination</b>	no	x			Was addressed in original reform proposals but not implemented (CL 131/18 para 60)..	Divisional and departmental consultations in context of next PWB.	Continuous	EST,ESA, AGS, ADG/ES, ADG/AG
<b>246. (2.c) There is an issue with TCA</b>	no	x			Was addressed in original reform proposals but not implemented (CL 131/18 para 60).	Divisional and departmental consultations in context of next PWB.	Continuous	ADG/ES, ADG/TC, ODG
<b>246. (3) The upgrading of FAOSTAT should be given the very highest priority by the Organization</b>	yes	x			EST input will be provided as needed.		Continuous	ADG/ES, ESS



Recommendation	Further donor funding required (yes or no)	Acceptance by Management			Comment on the Recommendation	Action	Action to be taken Timing	Unit Responsible
		Accept	Partially Accept	Reject				
<b>246. (4) FAO must find ways to increase partnerships with the private sector</b>	yes	x			Three divisions in FAO, other than EST, have specific mandates for work on (and with) agro-industries – AGS, FII, FOI.	Ongoing.	Continuous	ODGS
<b>246. (5) Incentives are important if FAO is to become a centre of excellence for the development and dissemination of knowledge</b>	yes	x			See introduction.	Ongoing. Subject for higher level decision.	Continuous	AFH, PBE