



منظمة الأغذية
والزراعة
للأمم المتحدة

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粮食及
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Food
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Organisation
des
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pour
l'alimentation
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Продовольственная и
сельскохозяйственная
организация
Объединенных
Наций

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

PROGRAMME COMMITTEE

Hundred and Second Session

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Progress Report on the Evaluation of FAO's Work in Commodities and Trade

A. CONTEXT OF THE EVALUATION AND ITS FOLLOW-UP

1. The Evaluation of FAO's Work in Commodities and Trade was submitted to the 97th Session of the Programme Committee in May 2007 (doc. PC 97/4 a).
2. The Independent External Evaluation (IEE) that reported to Conference in November 2007, reflected the results of the Commodities and Trade Evaluation. Given the greater emphasis accorded across the Organization to the IEE, the reform process has in effect subsumed many of the recommendations of the Evaluation, and these are now being addressed in that context.

B. RECOMMENDATIONS OF THE EVALUATION

3. The Evaluation recommended that three strategic issues should receive further attention:
 - a) the development of partnerships;
 - b) the development of incentives to stimulate collaboration within ESC¹, between ESC and other divisions and between ESC and other organizations; and
 - c) the selection of a limited number of priority themes around which to focus commodity market and trade analysis.
4. The key directions recommended for the evolution of ESC included the following:
 - 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, including for example through the formation of broader

¹ Former Commodities and Trade Division (ESC), which was renamed the Trade and Markets Division (EST) from 1 January 2007

- partnerships with the International Commodity Bodies (ICBs) in developing the outlook and analysis of commodity markets.
- b) Develop partnerships with the private sector through ICBs and industry associations to undertake analysis of supply networks and value chains.
 - c) Broaden cooperation between ESC and other organizations involved in international and domestic markets, including universities, other research organizations and NGOs.
 - d) Continue to strongly support the plans for improving the FAOSTAT system. The demands on ESC to maintain databases for short- and long-term commodity analysis could be reduced through the planned improvements of the FAOSTAT database.
 - e) Design incentive systems within ESC to expand extra-budgetary resources, improve collaboration within FAO, and increase partnerships with other organizations.
 - f) Improve management of the Common Fund for Commodities (CFC) and other extra-budgetary funded projects to overcome issues of delays and non-delivery of outputs.
 - 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.
 - h) Experiment with different structures for the Intergovernmental Groups (IGGs), using FAO's convening capacity to bring together stakeholders from the public and private sectors to improve exchange of data and information on commodity markets.
 - i) Maintain the focus of the Division's analytical work on the practical concerns of member countries.
 - j) Given its mandate to provide assistance to individual developing countries on trade and commodity policies, ESC should ensure that the results of its analytical work are made available in easily accessible and user-friendly forms.
5. Some 35 more detailed specific recommendations were made.

C. CONCLUSIONS OF THE 97TH SESSION OF PROGRAMME COMMITTEE RELATING TO THE EVALUATION OF FAO'S WORK IN COMMODITIES AND TRADE, MAY 2007²:

11. The Committee appreciated the evaluation methodology and process, including the involvement of the Peer Review Panel in designing the terms of reference and scope of the evaluation, as well as reviewing the draft report.

12. The Committee found the management response to be both positive and useful. It requested management to provide a prioritised and time-bound strategy statement on FAO's work in commodities and trade for a future session. This strategy should be discussed in the Committee on Commodity Problems (CCP) including priority themes and indicate the distribution of work between the various units of the Organization and the approach for internal and external partnering, with due attention to partnering with institutions in developing countries.

13. The Committee agreed with the recommendations of the evaluation that work should concentrate on the analysis of longer-term trends. It also agreed that FAO's use of models should be restricted to COSIMO³, and for work with other models, partnerships should be optimised. It further supported FAO's role in analysing the implications of changes in trade instruments and the trade regime for developing countries, while noting that such analysis should be neutral. It

² CL 132/11

³ Commodity simulation model

also drew management's attention to some of the issues the Committee had identified during its discussion where prioritisation would be important in the strategy, including:

- a) more focus on the dissemination strategy for the Organization's products and a results-based culture and system which gained feedback on the outcomes from the use of those products;
- b) the emphasis to be given to developing national commodity markets and value chains that help in building capacity for engaging in international markets and trade;
- c) the emphasis to be given to development of institutional and human resource capacity at the national level, commodity and trade analysis, and discussion of the issues in the intergovernmental bodies;
- d) focus of work on a limited number of identified themes which would often need to be tackled on an inter-departmental basis, noting that EST would not be the lead division for all (for example bio-energy); and
- e) the role of the Intergovernmental Commodity Groups (IGGs) and the CCP, where it considered that there was further opportunity to streamline the work of IGGs and make it more meaningful.

D. RESULTS

6. Results are presented in two sections, firstly, those that relate to the conclusions of the 97th Session of Programme Committee; and secondly, a tabulated summary covering all the recommendations of the Evaluation.

Progress relating to the conclusions of the Programme Committee:

- a) ***a prioritized and time-bound strategy statement on FAO's work in commodities and trade:*** such a strategy has been formulated in the form of Strategic Objective G (SO G), which will be further considered by the Programme Committee;
- b) ***work should concentrate on the analysis of longer term trends:*** this has been the emphasis of EST's⁴ work for the past few years, as seen particularly in the regular cooperation with OECD⁵ in producing a set of medium-term projections. However, the continuing importance of short-term commodity analysis was emphasised by the recent surge in food prices, followed by the economic collapse of late 2008. There remains demand for FAO to react to such short-term developments;
- c) ***FAO's use of models should be restricted to COSIMO:*** COSIMO is the only model currently maintained for commodities and trade analysis;
- d) ***more focus on the dissemination strategy for the Organization's products:*** this is an area where limited progress has been made, due to the scarce resources. The main focus of the new ES⁶ and EST dissemination strategy has been to prepare briefs on various areas of concern to Members. Examples include the ES briefs and the EST briefs on import surges, special products and policies to deal with food price upswings;
- e) ***the emphasis to be given to developing national commodity markets and value chains that help building capacity for engaging in international markets and trade:*** in the restructuring of the EST Division, one of the eight teams is devoted to this work, which also has a strong place in Strategic Objective G. Programmes funded by extra-budgetary resources, including the EU-funded All ACP Agricultural Commodities Programme; and the support to the Regional Programme

⁴ Trade and Markets Division

⁵ Organisation for Economic Co-operation and Development

⁶ Economic and Social Development Department

for Food Security (RPFS) in the Pacific Island Countries have seen further work in these areas;

- f) ***the emphasis to be given to development of institutional and human resource capacity at the national level, commodity and trade analysis, and discussion of the issues in the inter-governmental bodies:*** several capacity building workshops at national level have been conducted and several more are planned;
- g) ***focus of work on a limited number of identified themes which would often need to be tackled on an inter-departmental basis:*** in developing Strategic Objective G, every attempt has been made to limit the breadth of EST's work, and to focus in more detail on a limited number of themes. For the current biennium, apart from the regular market monitoring and GIEWS⁷ work, there are less than ten themes of emphasis;
- h) ***the role of the Intergovernmental Commodity Groups (IGGs) and the CCP:*** the 67th Session of the CCP in April 2009 considered the IGGs in both a side event and in its Session and it recommended that the Secretariat undertake a review;
- i) ***the proposal, not endorsed by the Programme Committee, that CCP meetings be held in Geneva:*** The 67th session of the CCP agreed to hold its 68th Session in Rome.

⁷ Global Information and Early Warning System

2. Detailed tabulation of progress on all the recommendations of the Evaluation:

Table 1. General Recommendations

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
242. (i) Development of partnerships	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.	Continue with efforts.	Continued work in partnership with OECD; major collaborative project ongoing with EU/WTO/UNCTAD/ITC. Close collaboration with UNCTAD on international investment.
242. (ii) Development of incentives to stimulate collaboration within EST, between EST and other divisions, and between EST and other organizations	Effort is being made in EST to provide ‘incentives’ that are within the control of the Division, but the scope within the rules and regulations of the Organisation is limited.	Consider further support to multidisciplinary action.	New team structure of EST and cross-Divisional strategic objectives promote this process.
242. (iii) Selection of a limited number of priority themes	Already being implemented.	Select themes at beginning of each biennium.	Continued with planning in development of SO G. Departmental level discussion of themes and priorities led to sharpened focus on limited number of priority (at divisional, departmental and organizational levels) themes in current biennium.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
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,	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 and food security analysis; scope for in-depth commodity analyses is constrained by the Division's current skill base.	Continue with efforts.	Recent unexpected short-term market developments suggest the need to continue some short-term analysis
243. (b) Develop partnerships with the private sector through ICBs and industry associations	Already actively seeking, but collaboration is limited by proprietary nature of information of private organisations controlling the food value chains, who are reluctant to share it for general distribution to FAO members; a new PE has been established focusing on analysis of value chains.	Continue with efforts.	FAO reform addresses partnerships with private sector. At EST level, possibilities for participation of private sector in IGGs is under discussion (67 th CCP).
243. (c) Broaden cooperation between EST and other organizations that are involved in international and domestic markets	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 organisations such as International Grains Council (IGC), International Coffee Organisation (ICO) and many others: further cooperation depends on RP resources available.	Continue with efforts.	See 242(i).

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
243. (d) Continue to strongly support the plans for improving the FAOSTAT system	Actively contributing to the development of the FAOSTAT system. This will however not reduce the workload in EST in the short term as EST will continue to generate current commodity market information until CountryStat is fully operational.	Continue collaborating.	Further development of FAOSTAT remains a priority of the ES Department and the Organization, and is actively being worked on.
243. (e) Design incentive systems within EST to expand extra-budgetary resources, improve collaboration within FAO, and increase partnerships with other organizations	EST has begun implementing a system whereby a large proportion of TSS income earned from contributions by EST Staff to external projects is left with the discretion of the staff members to pursue their technical interests within the existing work programme; 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.	Several extra-budgetary projects have been initiated since 2007.
243. (f) Improve management of CFC and other extra-budgetary funded projects	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 implemented by FAO and EST much depends on performance of external consultants, the choice of whom is not always optimal, given salary and other restrictions of FAO.	Keep control of processes to the extent possible.	Involvement of staff in CFC project continues to be watched. CFC has increased the limit for payments made for project supervision. Discussions with CFC may lead to new arrangements to deal with project volume.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
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	The current work program 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, commodity projections are major topics currently guiding work in EST.	Continue with efforts.	On other large extra-budgetary projects, project staff have been recruited. This recommendation has been absorbed by FAO reform, and is reflected particularly in the development of SO G. The areas of emphasis in the current biennium have been reduced.
243. (h) Experiment with different structures for the IGGs	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 organisation is limited	Explore models for closer collaboration/participation of private sector which could be applied to the IGG.	The first CCP session to be held since the Evaluation recommended a review of IGGs. Recent IGGs have continued to hold back-to-back conferences including private sector participation.
243. (i) Maintain the focus of the Division's analytical	Every effort is being made to ensure that EST maintains its analytical work to respond to	Continue with	Subsumed into the Organization-wide discussion on development

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
work on the practical concerns of member countries	member country 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 are limited by the resources available to EST.	efforts.	of SO G.
243. (j) EST must ensure that the results of its analytical work are made available in easily accessible and user-friendly forms	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	Continue with efforts.	A range of output formats for EST work have been used on the website and in hard copy; current development of a series of ES Department briefs extends the possibilities, already established by the highly successful EST policy briefs.

Table 2. Specific Recommendations

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
244. (a) Together with ministries involved in trade, develop programs with major private sector players in commodity trade	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 organisations 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.	The new EC funded All ACP program focuses primarily on programmes aimed at private sector empowerment
244. (b) Work closely with other relevant divisions (ESA, AGS, etc.) to develop a work programme on selected value chains/supply networks	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 AG and TC within a project being financed by the EC on developing commodity strategies for ACP countries.	Continue with efforts.	Active cooperation between EST and other divisions (AGS, AGP) on EC-funded commodities programme. SO G is a cross-divisional exercise involving inputs from EST, ESA, ESW, AGS.
244. (c) Work closely with other divisions to assist in the development of institutions that will allow smallholders to participate in integrated marketing networks	Some of the trade-related projects already do 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.	This is a particular focus of SO G.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
244. (d) Expand the work programme on certification and private specifications and standards for agricultural products	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.	Work has continued and expanded in this area.
244. (e) Identify channels of communication in member governments for the discussion of commodity trade matters	Trade ministries are now also counterparts for CCP; efforts will be increased to include others within the existing resources.	Continue with efforts.	In recent project capacity-building activities, representatives from trade and finance ministries were involved.
244. (f) Develop a programme of conferences or training sessions on agricultural trade for the staff of the ministries with direct or indirect responsibility for trade	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.	Capacity-building workshops have been held on a regular basis in different member countries.
244. (g) Give close attention to bilateral and regional trade agreements and their interaction with multi-lateral arrangements	There is a group in ESTT devoted to this activity, but extending the work depends on resources..	Continue with efforts.	Work has continued, especially in relation to intra-African trade.
244. (h) Increase cooperation on agriculture commodity trade between ministries of	EST does not have the resources to expand its outreach activities in this area	Continue with efforts.	EST does not have the resources to expand its outreach activities in this area.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
<p>agriculture and trade, commerce and other ministries</p> <p>244. (i) Do further analysis of the consequences of health and safety standards for developing country trade in agricultural products</p>	<p>There is a group in ESTT devoted to this activity, further work requires additional resources.</p>	<p>Continue with efforts.</p>	<p>Not a current priority area for EST.</p>
<p>244. (j) Develop stronger partnership arrangements with ICBs to enhance commodity market analysis</p>	<p>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.</p>	<p>Continue with efforts.</p>	<p>Rationalisation in light of resource constraints has resulted in EST reducing or halting its work on commodities covered by independant ICBs. There is now little scope for partnerships on coffee, cocoa, rubber, etc.</p>
<p>244. (k) Coordinate work programmes more effectively with UNCTAD</p>	<p>This is being done to the extent possible, but full collaboration from UNCTAD has not yet been forthcoming.</p>	<p>Continue with efforts.</p>	<p>Cooperation with UNCTAD has expanded through the All ACP commodities project funded by the EU and a new area of collaboration established on internaional investments.</p>
<p>244. (l) Use the CCP agenda to bring key issues more effectively to the forefront. The ET recommends holding occasional CCP</p>	<p>The CCP agenda is focused entirely on its core mandate (see the Agenda of the 66th 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</p>	<p>Bring the issue for CCP consideration again.</p>	<p>Programme Committee rejected the proposal for CCP meetings to be held in Geneva; comments at CCP in April 2009 showed no interest in reviving the proposal.</p>

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
meetings in Geneva	rejected by Members.		The agenda for the 67 th Session of CCP again focused on key topical issues and was well-received by Members.
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	Private sector and NGO involvement is being done on a regular basis, but to enhance depends 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 Conference was a success, but the official IGG Sessions were not. The report of the sessions noted that such unrelated IGGs should not be held together.	Continue with efforts.	See comments for 243 (h) and 244(l) above.
244. (n) EST commodity analysts should continue to be an integral part of the planned upgrade of FAOSTAT	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 commodity and shorter term market knowledge rather than country knowledge (with long lags) as it is with FAOSTAT at the moment.	Will increase efforts.	There have been initial discussions with ESS on this.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
244. (o) More effectively engage relevant NGOs in the policy dialogue	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 th Session, 11 NGOs participated and two NGO side events on policy issues were included in the programme.	Continue with efforts, but needs to be resolved at the departmental level.	There have been some opportunities to cooperate with, for example, the International Centre for Trade and Sustainable Development (ICTSD).
244. (p) Increase cooperation with academic and other research organizations, in particular in developing countries	Increased cooperation will depend on RP and extrabudgetary funding.	Continue with efforts.	Continuing collaboration with several academics and research organizations in developing countries in both project related and regular programme work.

Table 3. Divisional Issues

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
245. (1) The ET recommends that EST be careful not to over-commit to the maintenance of large scale models	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 decision making. The other models maintained in EST are small and purpose-built to help with analysis that cannot be undertaken using COSIMO.	Continue with efforts.	Development efforts on COSIMO continue. No other models are currently being developed or maintained.
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	Efforts are being made to release professionals to pursue opportunities outside the Division as incentives for career development.	Develop a corporate resource mobilisation strategy.	This organization-wide issue falls within the reform process, particularly the development of PEMS.
245. (3) The Division must develop a Publications, Information and Dissemination Strategy	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.	Such a strategy is now a departmental responsibility and appropriate mechanisms have been put in place.

Recommendation	Comment on the Recommendation (2007)	Action proposed in 2007	Progress since 2007
245. (4) EST should adopt a limited set of themes for its work programme.	Already EST has arranged biennial work programme around themes with emphasis on EST comparative advantages.	Continue with efforts.	The development of a limited set of themes is evident in SO G. Also see 242(iii).