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FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Thirty-sixth Session

Managua, Nicaragua, (*New dates to be determined*)

**Improving FAO's capacities to serve member countries in
Latin America and the Caribbean**

Executive Summary

The FAO business model in Latin America and the Caribbean, developed over 40 years of country presence, needs adjusting. FAO seeks to accelerate a shift towards becoming a more efficient Organization in the region, focused on promoting and supporting new models of partnership and innovation in policies and programmes that lead to outcomes and impacts at scales that are consistent with the ambition of the Sustainable Development Goals (SDGs) and their targets. To this end, it is proposed that seven main improvements should be implemented, starting in 2020-21:

- 1) Adopt a programmatic approach, integrating policy, normative, operational and investment support.
- 2) Strengthen the operational and fiduciary capacities of Regional, Subregional and Country Offices.
- 3) Build thematic technical networks of excellence.
- 4) Recognize the centrality of partnerships.
- 5) Develop effective monitoring, evaluation and knowledge management.
- 6) Increase resource mobilization.
- 7) Strengthen governance.

Suggested action by the Regional Conference

The 36th Session of the Regional Conference may wish to:

- i. Consider endorsing this document and, in particular, encouraging FAO to implement the suggested reform process outlined herein and to report to the FAO Conference at its 42nd session.
- ii. Encourage member countries to contribute to providing political, technical and financial support for the implementation of the suggested reforms.

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

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I. Background

1. Initiated by the Office of Support to Decentralized Offices (OSD), under the leadership of the Deputy Director-General, and led by the Regional Representatives, an Internal Review of FAO's Regional Structures was conducted from the third quarter of 2018 through June 2019. The aim was to take stock of the Organization's decentralization process and current business model with a view to proposing revised configurations and institutional changes to increase the effectiveness and efficiency of FAO's regional structures, particularly *vis-à-vis* their support to Country Offices and to provide the most relevant, efficient, sustainable and effective support and services to member countries.

II. A new business model and the necessary reforms

2. The review of the Latin America and Caribbean region¹ concluded: "The FAO business model in Latin America and the Caribbean developed over 40 years of country presence, needs adjusting. The main proposition is that FAO in Latin America and the Caribbean should accelerate a shift towards becoming a more efficient Organization focused on promoting and supporting innovation in policies and programmes that lead to outcomes and impacts at scales that are consistent with the ambition of the Sustainable Development Goals (SDGs) and their targets. The main driver of regional organizational change in the coming years should be the realization that countries, rural societies and agriculture and food systems in the region, are today profoundly different from what they were in the 1970s and 1980s when the FAO country presence and its *modus operandi* were established."

3. In order to carry out this vision, the review in the region prioritized seven major areas for reform. Together, these suggested reforms would deepen the decentralization process to empower the Regional, Subregional and Country Offices to better serve member countries, with a significantly greater degree of internal and external accountability at all levels. The suggested reforms are:

- a. ***Adopt a programmatic approach, integrating policy, normative, technical, operational and investment support.*** The review identified the need to accelerate the Organization's move away from a prevalently single project-based approach to a programmatic approach that encompasses policy, investment and normative work, as well as operational assistance. An appropriate management structure is required to support more coherent delivery. The Regional Initiatives are a tested and effective instrument for prioritizing FAO's work and as a platform for partnerships that encourage programmatic collaboration across strategic programmes and technical areas of expertise. This transformation will better place the Organization within the ongoing United Nations (UN) Developing System repositioning process, by offering more integrated and holistic services and public goods.
- b. ***Strengthen the operational and fiduciary capacities of Regional, Subregional and Country Offices.*** Management and operational processes are still too dependent on centralized decision-making. This is a direct cause of delays in FAO's response to countries' requests and project implementation. Bringing decentralized responsibilities in line with accountability, increased Delegation of Authority and a fuller application of subsidiarity are needed to enhance timeliness, responsiveness, efficiency and implementation.

A priority is strengthening the operational and administrative capacities of those Country Offices that are expected to experience rapid growth in their project portfolios and

¹ FAO Regional Office for Latin America and the Caribbean. 2019. *Latin America and the Caribbean Regional and Subregional functions and structure: A view to the future.*

budgets in the 2020-21 biennium, due to successful resource mobilization in the period 2018-19.²

- c. Build thematic technical networks of excellence.* The current model of multidisciplinary teams responsible for backstopping a multitude of projects, with Lead Technical Officers, takes time away from important technical, policy and normative work. To improve this, it is necessary to establish “technical networks of excellence”, with the flexibility to accommodate the configurations and geographical scope of the region. The networks would bring together a multidisciplinary team to address specific programmatic issues in a comprehensive manner (e.g. working across operational, policy, knowledge and normative dimensions). The proposed structure would enable the aggregation of a critical mass of technical capacity and skills (including of partner organizations) in fluid issue-based teams, focusing on priorities established by the new generation of Country Programming Frameworks (CPF), and guided by the analytical and normative work of the Regional Initiatives. The proposed model assumes a shift of the Organization’s processes for aggregating and allocating technical expertise, in consultation and agreement with technical units, as greater flexibility is required for Regional Offices to be able to assemble and deploy the appropriate set of skills, as and when required. In addition, a fuller application of subsidiarity is necessary to enable the Regional Offices to source and collaborate with high-level technical expertise and knowledge partners, for both technical and normative work, irrespective of contract modalities.
- d. Recognize the centrality of partnerships.* Through its universities, think tanks, social organizations, private sector associations, and government agencies and institutes, the region is rich in capacities in all of FAO’s major areas of work. Identifying, incorporating and mobilizing those existing capacities to provide integrated solutions to member country priorities should be an increasingly important role of FAO, particularly in the context of the Hand in Hand Initiative. South-South and Triangular Cooperation, thematic alliances and networks, and the Parliamentary Front against Hunger are all instruments for this collaborative approach. Public-private, public-public and private-private partnerships are necessary to address many of the complex issues faced by rural societies, food systems and the agricultural sector. The power of digital tools and modern information and communication technologies (ICT) can be tapped to make these capacities more widely available in a cost-effective manner. FAO needs to adjust its cooperation frameworks and legal instruments to facilitate the joint formulation of objectives, approaches and methods, collaborative decision-making, recognition of the different forms of contributions of each partner, and mutual accountability.
- e. Develop effective monitoring, evaluation and knowledge management.* Considering the strong growth in FAO’s project portfolio and budgets in the region in recent years, greater attention needs to be paid to enhancing and assuring the quality of FAO projects and interventions. In this regard, the concept of ‘Project quality’ includes technical soundness according to demanding international standards, as well as relevance to member countries’ priorities, effective social participation and ownership, sustainability of results, efficiency in the use of public resources, and transparency and accountability. FAO must strengthen its capacities in the region to enhance project quality, including the maintenance and further development of the systems created in recent years to improve the preparation and approval of concept notes and project designs. FAO should also put in place in the region state-of-the-art monitoring, evaluation and knowledge management systems, which are essential to enhance project quality.

² Based on official data as of 30 September 2019, fourteen Country Offices will increase their average annual delivery in 2020-21 by an average factor of 10, relative to the average of the previous three years.

- f. Increase resource mobilization.* Within the context of the SDGs, FAO needs to sustain a vigorous resource mobilization strategy in the region in order to be able to attend to the needs and growing requirements of member countries. This requires the definition of clear goals, strict accountability, the provision of competent resource mobilization support services, the catalytic use of the Technical Cooperation Programme (TCP), and the collaboration and contribution of the member countries. FAO mobilized USD 235.5 million for the region in 2018-2019, an increase of 35 percent relative to 2016-2017. In addition, by the end of 2019, FAO had 31 projects in the region in the most advanced stage of its pipeline, with a total budget of USD 289.4 million. The total budget of all the projects that will be active during 2020-2021 is estimated at USD 919 million. The number of Country Offices that are largely dependent on the TCP decreased to only nine. Following regional guidelines to stimulate the use of the TCP as a catalytic tool rather than as a direct financing modality for small projects, for each TCP dollar invested, FAO was able to mobilize an additional USD 16. The portfolio of projects financed by the Global Environmental Facility (GEF) and the Green Climate Fund (GCF) grew by 78 percent relative to the previous biennium, and the total budget of the projects being prepared at the time of finalizing this document is estimated at USD 396 million. Importantly, the voluntary contributions of the member countries in the region totalled USD 67.4 million, with an additional USD 43.3 million in the pipeline. For 2020-2021 our resource mobilization target is USD 415 million, and an additional USD 600 million is in the active pipeline of projects under negotiation. In the 2020-2021 biennium, particular importance should be given to working with regional and global financial institutions, as well as with social impact investment funds, to mobilize public and private impact investment in support of the Hand in Hand Initiative and achieving the SDGs in the member countries. In addition, it is essential that all member countries in Latin America and the Caribbean continue to have access to the global environmental and climate funds, including the GEF and GCF. Furthermore, the UN Developing System repositioning process is expected to increase the number of joint initiatives, as well as the volume of flexible funding, which will require an adaptation of the existing partnership toolbox.
- g. Strengthen governance.* The Regional Conferences are an increasingly important component of FAO's governance strategy at the central and regional levels, particularly in view of their potential contribution to coordinated and integrated approaches for delivery on the SDGs in the context of UN Developing System repositioning. Measures to modernize and streamline the organization and format of the Regional Conference process would help shape such contributions to policy dialogue and improve the delivery of results related to FAO's work. Opportunities also exist for strengthened links between the Regional Conferences and other regional forums, particularly the Regional Economic Commissions and Regional Forums on Sustainable Development.