



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

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الأغذية والزراعة
للأمم المتحدة

E

COUNCIL

Hundred and Sixty-fourth Session

Rome, 8 – 12 June 2020

**FURTHER ADJUSTMENTS TO THE
PROGRAMME OF WORK AND BUDGET 2020-21**

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

Ms Beth Crawford
Director, Office of Strategy, Planning and Resources Management
Tel: +3906 5705 2298

EXECUTIVE SUMMARY

- The 163rd session of the Council in December 2019 considered the Adjustments to the PWB 2020-21. It welcomed the document reflecting the guidance and decisions of the Conference and the initial adjustments proposed by the Director-General. It approved the establishment of the Office for Innovation; the Office for Small Island Developing States (SIDS), Least Developed Countries (LDCs) and Land-locked Developing Countries (LLDCs); and the Biodiversity Cluster. The Council endorsed the updated organizational structure and the revised budgeted post establishment, and approved the revised distribution of the net appropriation by budgetary chapter.
- As anticipated in the Adjustments to the PWB 2020-21, the governing bodies would have the opportunity to consider a broader review and adjustment to the implementation of the PWB during 2020, including at the 164th session of the Council (June 2020). In this regard, the Further Adjustments to the PWB 2020-21 are presented for consideration by the Programme and Finance Committees and approval by the Council at its 164th session in June 2020.

SUGGESTED ACTION BY THE PROGRAMME AND FINANCE COMMITTEES AND THEIR JOINT MEETING, AND THE COUNCIL

1. The Programme and Finance Committees and their Joint Meeting, are requested to consider the Further Adjustments to the PWB 2020-21 and the Council is requested to:
 - a) take note of the programmatic and operational adjustments;
 - b) approve the revised budgeted post establishment (*Web Annex 3*) and structural changes (*Annex 1*); and
 - c) approve the revised distribution of the net appropriation by budgetary chapter as reflected in *Table 3*.
2. The Council is also requested to note that further budgetary transfers could arise as a result of requirements stemming from COVID-19, guidance from the Regional Conferences, further work planning, and 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.

Table of Contents

I. Background and scope	4
II. Overview of new direction within a changing world.....	4
III. Structural and programmatic adjustments	6
IV. Summary of Adjustments	13
A. <i>Proposed budgetary adjustments.....</i>	<i>13</i>
B. <i>Adjustments to the PWB budgeted post establishment.....</i>	<i>13</i>
C. <i>Net appropriation budgetary chapter distribution and extrabudgetary resources.....</i>	<i>14</i>
D. <i>Potential impact of COVID-19 on biennial resource distributions and estimates</i>	<i>16</i>
V. Updates to FAO's 2020-21 results framework	17
VI. Decisions required	18
<i>Annex 1: Organigramme headquarters and decentralized offices.....</i>	<i>19</i>
<i>Web Annex 2: Updated results framework 2020-21 – Strategic and Functional Objectives</i>	
<i>Web Annex 3: Post count by grade group and organizational unit</i>	
<i>Web Annex 4: Further Adjustments to the 2020-21 Net Appropriation by organizational unit</i>	

I. Background and scope

1. The 41st session of the Conference in June 2019 considered the Director-General's *Medium Term Plan (MTP) 2018-21 (reviewed) and Programme of Work and Budget (PWB) 2020-21*.¹ The Conference approved the budgetary appropriations for the 2020-21 biennium and provided guidance on the substance of the proposals.²
2. The 163rd session of the Council in December 2019 considered the Adjustments to the PWB 2020-21.³ It welcomed the document reflecting the guidance and decisions of the Conference and the initial adjustments proposed by the Director-General. It approved the establishment of the Office for Innovation; the Office for Small Island Developing States (SIDS), Least Developed Countries (LDCs) and Land-locked Developing Countries (LLDCs); and the Biodiversity Cluster. The Council endorsed the updated organizational structure and the revised budgeted post establishment, and approved the revised distribution of the net appropriation by budgetary chapter.
3. As anticipated in the Adjustments to the PWB 2020-21, the governing bodies would have the opportunity to consider a broader review and adjustment to the implementation of the PWB during 2020, including at the 164th session of the Council (June 2020).⁴ In this regard, the *Further Adjustments to the PWB 2020-21* is presented for consideration by the Programme and Finance Committees and their Joint Meeting, and approval by the Council at its 164th session in June 2020.

II. Overview of new direction within a changing world

4. The Director-General's vision of attaining zero hunger and improving the livelihoods of people through better production, better nutrition, better environment and a better life continues to be a driving force.
5. This vision is put in even starker focus given the current unfolding events surrounding the COVID-19 pandemic. With the global context evolving on a daily basis, FAO is moving forward swiftly to anticipate the secondary impacts of the pandemic on the world's most vulnerable people and to support sustaining critical food supply chains to avert future food crises. The Organization is operating with the knowledge that, in a time of crisis, uncertainty needs to be addressed head-on and programmed into the work it does, with speed of the essence. The Organization is also mindful to seize opportunities including accelerating the food systems transformation.
6. The COVID-19 pandemic is having a significant effect on a range of issues within the scope of FAO's mission. Actions to date are focused on both prevention and crisis-response measures by: i) supporting developing countries to anticipate and mitigate the pandemic's impacts on food security and livelihoods; ii) contributing to the mitigation of the impacts of COVID-19 on global food trade and markets; iii) supporting risk assessment, surveillance and capacity building in order to facilitate the early detection of disease emergency and contain disease spread. FAO seeks to "build to transform" as accelerated investment serves a dual purpose: it provides a financial stimulus to the productive economy that helps keep value chains alive; and it can also help to build food systems that are more equitable, inclusive, resilient and environmentally sustainable.
7. The impact of COVID-19 is expected to increase and spread further in the coming months. Hundreds of millions of people have lost their incomes and livelihoods. Based on ILO information,⁵ it is estimated that around 451 million jobs in food systems (one third of total jobs in the food system) and 1 billion livelihoods are put at risk because of COVID-19. Similarly, the world is facing a significant global economic recession with a global decline of GDP⁶ of at least 3%.
8. As many as 500 million people who had escaped poverty in the last decade may fall back into poverty, and around 49 million people into extreme poverty, in 2020. Were this to happen, the number

¹ C 2019/3

² C 2019/REP paragraphs 68 – 74 and CR 13/2019

³ CL 163/3

⁴ CL 163/3, paragraphs 16 and 90

⁵ International Labour Organization (ILO), *ILO Monitor: COVID-19 and the world of work. Third edition.*

⁶ Gross domestic product (GDP)

of people who are acutely food or nutrition insecure will expand rapidly - in just a matter of three to four months - far more rapidly than we collectively are currently prepared to handle.

9. In terms of prevalence of undernourishment (POU), although it is difficult to provide exact numbers given the level of uncertainty, estimates indicate that as a result of reduction in GDP growth an additional 14.4 million to 80.3 million people would become undernourished in the 101 net food-importing countries compared with currently available PoU estimates.⁷

10. FAO needs to focus where the problem is the worst. The majority of food crisis countries are in sub-Saharan Africa, with 73 million of the 135 million people in Crisis or worse (IPC/CH Phase 3 or above),⁸ as well as some countries of South Asia, the Near East, and Latin America and the Caribbean. In addition 183 million people in 47 countries were classified in Stressed (IPC/CH Phase 2) conditions and could be in significant risk of moving into Phase 3. These are the same countries where significant increases in food prices are being observed. In Sudan, for example, prices have increased by 21.8% compared to mid-February.

11. In addition, Small Island Developing States (SIDS) which are almost all net food-import dependent are facing significant crises. SIDS are affected in particular by: i) the collapse of tourism, their major source of income, which will likely not be resolved until a vaccine or a cure for COVID-19 is identified; ii) a significant reduction in remittances, on which they substantially depend; and iii) their extreme vulnerability to climate shocks. According to UNCTAD,⁹ these countries will need financial assistance in the order of USD 5 billion immediately to cope with the challenges they are facing today.

12. Now more than ever is the time for joint action. FAO and its Members need to act decisively together to address the challenges ahead, including a surge in the number of the acutely food insecure, as well as more sustained food insecurity; negative socio-economic repercussions from global recessionary pressures; threats to food production and supply chains; zoonotic disease risks; and a weakening of the capacity of counterparts to implement required solutions.

13. The FAO Director-General QU Dongyu, since his arrival in August 2019, has already taken significant steps to ensure that FAO is fit-for-purpose. His focus is to build a dynamic, inclusive, transparent and efficient FAO which is demand and challenge driven, science and professional based, and results and impact oriented. The Hand-in-Hand Initiative, as an evidence-based, country-led and country-owned initiative, continues to be carried out with considerable urgency, providing key services at country level. Through seeking efficiencies and reallocating resources within a flat nominal budget, the Organization has enabled cross-fertilization of new knowledge, approaches and ideas including through the establishment of a new Office for Innovation to consolidate and strengthen FAO's innovative spirit, and a new Office for SIDS, LDCs and LLDCs to ensure that the special needs of these vulnerable populations and countries are met. In the current proposal, FAO seeks approval for further innovative use of Regular Programme resources, in particular by expanding partnerships with International Financing Institutions to leverage more investment and by strengthening other joint initiatives.

14. The Organization is also working tirelessly to: strengthen collaboration with Members, UN agencies, international organizations, resource partners, the private sector, academia and civil societies; increase FAO's international engagement, visibility and reputation; and reinforce synergies among the headquarters, regional, subregional and country offices, making FAO an agency close to member countries and close to the field and to farmers.

15. With enabling policies, innovative approaches, stronger investment and capacity building of member countries, FAO aims to promote a more holistic and coordinated approach to addressing the complex and interconnected challenges facing agriculture and food systems today.

16. But FAO cannot do this alone. For one, it counts on all Members to pay their assessed contributions in full and in a timely manner. In order to deliver the programme of work approved by

⁷ Estimates are based on moving from the more to the less optimistic assumptions of GDP growth reduction (2 percent, 5 percent and 10 percent).

⁸ Integrated Food Security Phase Classification (IPC)

⁹ United Nations Conference on Trade and Development ([UNCTAD](#))

Members and to effectively achieve results under challenging and changing circumstances, FAO needs to count on the required liquidity. This is not the time for the Organization to be required to slow down action due to uncertain cash flow from Members' assessed contributions as approved by Conference in July 2019. Furthermore, FAO calls upon Members to continue to increase their voluntary contributions to enable more innovative and catalytic programming and to work together to achieve a sustainable and food-secure world.

III. Structural and programmatic adjustments

17. While acknowledging the need for flexibility and prompt action in these times, the Organization is not losing sight of the key importance of its strategic direction and core competencies to inform and guide its behaviour and actions across all possible scenarios.

18. It is within this context that the Further Adjustments to the Programme of Work and Budget 2020-21 is presented. Some specific structural and programmatic adjustments are proposed which are expected to improve the Organization's efficiency and effectiveness across future scenarios. The document also outlines how the Organization is building in flexibility to allow the Organization to react swiftly and appropriately as and when events unfold with further evidence to inform actions.

19. The structural and programmatic adjustments proposed continue to have at their centre the approach and direction outlined in the Adjustments to the PWB 2020-21, in particular in regard to a mindset of innovation, a focus on food systems transformation, building a digital FAO, and expanding partnerships including with the private sector. In these turbulent times, FAO's aim is to *do the right things* by managing its portfolio strategically and focusing on fewer and the most appropriate activities. The proposed adjustments would result in new teams being established, while avoiding silos and establishing transparency and accountability at the optimal levels.

20. The adjustments proposed remain within the Conference-approved net appropriation budget level for 2020-21 of USD 1 005.6 million.

Overall organizational structure

21. As described in this section, some changes are proposed to the headquarters organizational structure and reporting lines. The proposed Organigramme would be a more modular and flexible one to allow for optimal cross-sectoral collaboration and to enable adjustments to managerial assignments and reporting lines to respond to emerging needs and priorities. This is achieved by grouping the senior management teams at the centre top of the Organigramme and moving away from the more rigid departmental structures and related hierarchies. Within the new proposed framework, accountabilities are clearly established and delegation of authority is strengthened.

22. The new proposed Organigramme for headquarters is shown in *Annex 1*. The decentralized offices Organigramme, also shown in *Annex 1*, remains the same, but the internal structures of the decentralized offices would gradually shift to be more reflective of the way headquarters is being organized.

23. 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 or with International Financing Institutions (IFIs); and iii) *Divisions*, which house the specific technical, economic and social expertise of FAO or provide the operational and logistics support to ensure the enabling environment.

24. Changes to the management structure and to the components of the Organigramme are further outlined below.

Management structure and reporting lines

25. The Director-General and his core leadership team, consisting of the three Deputy Directors-General, the Chief Economist and the Chief Scientist, are shown at the centre top of the Organigramme. The leadership team supports the Director-General in all areas of the Organization's mandate. The DDGs and Chiefs are also assigned responsibility for specific topics or issues that

require overall corporate leadership, for example in the areas of emergencies or big data, and supervise the work of the Offices,¹⁰ Centres and Divisions.

26. The Assistant Directors-General, shown in the Organigramme directly below the DG and the core leadership team, would focus on specific assignments given by the Director-General in key areas of the Organization's mandate, in support of, and overseen by the DDGs and Chiefs. Under this model, the ADGs would no longer be encumbered by internal management issues associated with their previous role of heads of Departments – a layer of the hierarchy which would be removed. As such, the ADGs would be able to support more high-level and visible external activities of key importance. The assignments that the Director-General would give to individual ADGs could change over time depending on the priorities and would include, in specific technical areas, supporting policy and strategy, high-level events, senior-level diplomatic engagements, and resource mobilization. Other assignments could include support to relations with multilateral banks and financing institutions, FAO's participation in global fora and summits, including the UN World Food Systems Summit, and host country and external relations.

27. The accountability of the Heads of Offices, Centres, and Divisions has been strengthened in line with best practice given their role as experts in their respective areas. These Directors/Heads are responsible for the implementation of agreed activities in their areas of expertise, as well as for ensuring the continuation and development of further cross-sectoral and multidimensional work.

28. The new management structure allows for swift and ad hoc action with less hierarchy and rigidity. Assignments of ADGs and reporting lines of Heads of Offices, Centres and Divisions to DDGs and Chiefs can be adjusted as new realities unfold to ensure that FAO takes full advantage of its expertise and knowledge across the Organization in different contexts.

29. The new management structure also results in some efficiency savings (*USD 2.3 million per biennium*), mainly through streamlining the number of Programme Support Units (PSUs), previously attached to each department, from seven to four. Under the new arrangements, the four PSUs would support the heads of units¹¹ and report to a DDG or Chief Economist.

Strategic Programme Management teams

30. The *Strategic Programme Management teams* which were established in the 2016-17 PWB for each Strategic Objective are proposed to be disbanded. The role of the Strategic Programme (SP) Management teams was important in the early years of the implementation of FAO's strategic framework to support broad thinking and new ways of working under FAO's Strategic Objectives and the SDGs. The matrix management structure that this model required, however, carried with it a transaction cost. For example, as noted in the Evaluation of FAO's Strategic Results Framework,¹² SP Management teams had heavy operational verification tasks, and having technical experts in these teams fulfilling non-technical functions was considered to be an inefficient use of their skills.¹³ Furthermore, the Evaluation found that, while the matrix-type structure was considered suited to fostering cross-sectoral thinking and led to more interdisciplinary work at headquarters, it did not fully percolate down to decentralized levels of delivery.¹⁴

31. At this stage, it is considered more effective to make full use of the technical and programmatic skills by having seconded staff return to their originating divisions. The decentralized dimension would be brought in more effectively through active involvement in the new processes established at country level under the UN Development System repositioning. Furthermore, some of the roles previously undertaken by the SP Management teams would be taken on by new multidisciplinary programme teams to be established comprising relevant technical experts from

¹⁰ With the exception of the following offices which report directly to the Director-General: Legal Office (LEG), Ethics Office (ETH), Ombudsman Office (OMB), Office of Strategy, Planning and Resources Management (OSP), Office of Evaluation (OED) *with dual reporting to member countries and the Director-General*, and Office of the Inspector-General (OIG).

¹¹ Unit is used here to denote an Office, Centre, or Division.

¹² PC 127/2

¹³ Evaluation of FAO's Strategic Results Framework, paragraph 33

¹⁴ Evaluation of FAO's Strategic Results Framework, Executive Summary paragraph 11

across the Organization, in line with changes foreseen under FAO's new Strategic Framework.¹⁵ Under the new arrangements, FAO's Strategic Objectives, and their strong alignment to the SDGs, will continue to drive the work of the Organization. Eradicating hunger and food insecurity, while ensuring sustainable agriculture and natural resources management, are central pillars of the SDGs and prerequisites for the achievement of the entire 2030 Agenda.

32. Following approval by Council of the proposed organizational structure, a period of transition would be required, likely to last around six months, to ensure a careful transfer of activities currently managed by the SP Management teams. The transition period would also be influenced by the development of the new Strategic Framework. During the transition period and beyond, Directors will be held accountable for ensuring that the cross-sectoral nature of the work under the Strategic Objectives, considered a pre-requisite for achieving the Agenda 2030, continues.

33. In the regional offices, the positions of Regional Programme Leaders remain in place. The focus of these posts will gradually shift in line with the revised responsibilities assigned at headquarters and in line with new directions, including the Hand-in-Hand Initiative and innovation.

34. The biennial savings associated with the disbanding of the SP Management teams is *USD 5.0 million*, as a result of the abolition of the budgeted SP Management team posts (one D-2,¹⁶ one P-4 and two general service posts per team).

Offices

35. The proposed Organigramme includes 13 Offices which house the cross-cutting areas of work within the Organization.

36. Six of the Offices are the units which traditionally report directly to the Director-General (Legal; Ethics; Ombudsman; Strategy, Planning and Resources Management; Evaluation; and the Inspector-General). The Ombudsman Office has been added as a stand-alone office, rather than having the position placed in the Office of Strategy, Planning and Resources Management (OSP) as was done for administrative purposes in the *Adjustments to the PWB 2020-21*.¹⁷

37. The other seven Offices aim to ensure new ways of working and coordination across sectors in the areas of: innovation; SIDS, LDC and LLDCs; emergencies and resilience; climate change, biodiversity and environment; Chief Statistician; Sustainable Development Goals; and communications.

38. Most Offices already existed as units in the previous Organigramme, but are proposed for repositioning as Offices to better reflect their nature and to highlight their relevance and impact across all functional areas of the Organization.

39. One of the Offices is new, namely the *Office of Sustainable Development Goals (SDGs)*. This Office will coordinate the corporate engagement in the 2030 Agenda follow-up and review, working closely with concerned units across the Organization. The Office will ensure consistent messaging and communication on key priorities for food and agriculture to achieve sustainable development; provide information to Members, partners and other stakeholders on FAO's engagement in the 2030 Agenda; and collect and disseminate lessons learned and make proposals for improvements. Other specific functions include providing guidance and modalities to FAO country offices to ensure food and agriculture are reflected in voluntary national reviews, supporting the Office of the Chief Statistician in the consolidation of FAO's input to the Global Sustainable Development report; providing guidance to FAO regional offices on priorities to be reflected in Regional Forums on Sustainable Development; coordinating engagement of FAO in the preparatory meetings to the High-Level Political Forum on Sustainable Development; and ensuring wide dissemination of evidence, analyses and outcomes of the fora to Members and other stakeholders. It will also support the Office of Strategy, Planning and Resources Management (OSP) in further integrating the SDGs into the Organization's strategic planning and reporting framework. The Office will be composed of a D-2 Director, three professional posts and one general service post. The biennial cost of the new office is *USD 2.2 million*.

¹⁵ cf. PC 128/2 *Provisional Outline of the new Strategic Framework*

¹⁶ With the exception of the D-2 position in SP5 which moves to the Office of Emergencies and Resilience (OER)

¹⁷ CL 163/3, paragraph 40

40. A few resource shifts have taken place to the Offices from other areas: i) in order for the Office of the Chief Statistician (OCS) to preserve its institutional memory and ensure that it can continue playing its role of coordination of FAO's statistical system and of leading the Organization's work on SDG monitoring, two professional posts which were previously seconded from the Statistics Division have been permanently transferred to OCS; ii) the D-2 position previously budgeted as Strategic Programme Leader in SP5 has been moved as the Director position to the Office of Emergencies and Resilience (OER); and iii) the Research and Extension group previously housed in the Office of the ADG of the Agriculture and Consumer Protection Department (AG) has been moved to the Office of Innovation.

41. The Office of Communications has been strengthened with a senior professional post for communications' strategy to ensure continued attention in this important area (*USD 0.5 million*).

42. The Office of Support to Decentralized Offices (OSD) is proposed to be removed as a stand-alone office and its functions would be redistributed to other divisions where relevant experience is housed. Functions that would be transferred include FAOR recruitment to the Human Resources Division, the coordination of country briefs to the Cabinet, UN Development System repositioning coordination to the Partnerships and UN Collaboration Division, and decentralized office coordination to the responsible DDG. The proposed abolition of OSD would result in some efficiency savings with eight of the 18 budgeted posts abolished (*USD 3.6 million* in savings).

Centres

43. The three Centres in the Organigramme are where FAO works in close collaboration with other UN agencies or with International Financing Institutions. Within the current context of the Agenda 2030 and the UN Development System repositioning, working in partnerships is increasingly critical to address complex and multifaceted issues at country level and to make catalytic use of FAO's limited net appropriation resources. The Centres, and the proposed re-programming of resources, are described further below.

44. FAO Investment Centre supports public and private investment in member countries to help them achieve the SDGs by improving food security, promoting sustainable resource use, and enhancing resilience and mitigation of climate change. The Investment Centre business model is based on longstanding partnerships with International Financing Institutions,¹⁸ which are governed by cooperation agreements. FAO's Regular Programme covers approximately 40% of the Centre's budget while IFIs and other partners finance the rest based on cost-sharing arrangements. The Centre works closely with decentralized offices and technical divisions by using extensively FAO's technical and normative tools, developing jointly knowledge and innovation-intensive investment solutions, and conducting joint field missions.

45. The Investment Centre is one of the main areas proposed for strengthening, with an increase of *USD 8 million* per biennium, given its catalytic role in supporting countries and enabling financing at scale, as further outlined below.

46. The Centre has a strong footprint at country level, supporting investments, enabling policies, developing capacity, and fostering innovation. Through its partnerships with investors, FAO supports the design, implementation, supervision and evaluation of investment projects. It also promotes a more enabling policy environment for public and private investment, national agricultural investment plans, agricultural sector studies and the promotion of public-private policy dialogue.

47. In 2019, the Investment Centre was active in 42 of the 44 Hand-in-Hand Initiative priority countries, providing a range of support from investment design to implementation support and policy analysis and dialogue between public and private actors. The magnitude of the SDG challenges in these countries calls for transformation at scale, including hands-on reforms to create an enabling policy and regulatory framework, sizable public and private sustainable investments, development of national capacities, and fostering innovations.

¹⁸ Key partnerships include the World Bank, the International Fund for Agricultural Development (IFAD), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Caribbean Development Bank (CARIBANK), and the Inter-American Development Bank (IDB). The Centre also supports blended finance operations of the European Commission and the European Development Finance Institutions (EDFIs).

48. In order to achieve the SDGs, in particular SDG1 and SDG2, and in line with the Hand-in-Hand Initiative, there is an urgent need to leverage more public and private investment in food and agriculture and to promote a more enabling policy and regulatory environment for investments at the country level. Making use of the specific strengths of the Investment Centre and the partnerships with IFIs, as well as national financial institutions and investors from the public and private sector, FAO seeks to enhance its support to member countries in both qualitative and quantitative terms.

49. The proposed increase of net appropriation funding of the Investment Centre of *USD 8 million* per biennium would match additional funds from IFIs and other partners of a minimum of USD 8 million per biennium, and this joint funding would be leveraged to expand investment support services. Based upon recent experiences, an additional USD 16 million per biennium would result in approximately USD 800 million more in food and agriculture investments, with a strong support to Hand-in-Hand priority countries.

50. The *Joint FAO/WHO Centre* would house two important joint efforts: Codex Alimentarius and zoonotic diseases. The Codex Alimentarius Commission would be housed in the new proposed centre to carry on the joint FAO/WHO work undertaken since 1963 to develop international food standards, guidelines and codes of practice. FAO also proposes to bring together in this Centre its expertise on zoonotic diseases to ensure this work continues in a focused and coordinated manner within FAO and in close collaboration with WHO and other global partners and coordination mechanisms including OIE and IAEA.¹⁹ Zoonoses, i.e. infectious diseases that are transmittable between animals and humans, remain a significant cause of mortality and morbidity globally. The global risk of these health threats and the occurrence and impact of known and novel disease outbreaks are likely to increase with continued population growth and transformation of agricultural practices, changes in land use, trade and travel, urbanization, climate change and other factors that can facilitate the risk of spillover and spread of diseases. The Centre will join forces with established groups and units within the Organization and work with partners throughout the world to coordinate efforts and build national capacities to predict, prevent and control a wide range of zoonotic threats at the wildlife-animal-human-environment interface. The Joint FAO/WHO Centre would be established with existing resources by transferring the relevant posts and resources from other units.

51. The *Joint FAO/IAEA Centre (Nuclear Techniques in Food and Agriculture)* reflects the longstanding strategic partnership between FAO and IAEA in sustainable agriculture development and food security using nuclear science and technology. The Centre supports Members to improve productivity and address threats and challenges across five areas of food and agriculture: i) animal production and health; ii) plant breeding and genetics; iii) insect pest control; iv) soil and water management and crop nutrition; and v) food and environmental protection. It is proposed to allocate additional resources of *USD 1 million* per biennium to provide catalytic funding for the strengthened collaboration described below.

52. FAO and IAEA seek to further strengthen collaboration for enhanced and effective support to Members with a focus on expanding laboratory-led and coordinated R&D activities, catalyzing innovative technology development, and supporting capacity for technology transfer and emergency response. In addition to the five areas listed above, new focus areas would include nutrition security, tree crops and forestry, and seafood safety. A phased approach is foreseen to allow incremental expansion by gradually adding new laboratories and functions to the existing structure of the Joint FAO/IAEA programme, guided by priorities of Members considering global trends and emerging threats and available resources.

53. New strategic partnerships will be forged for sustainability-driven innovations and coordinated actions to accelerate the delivery of the SDGs, including with OIE for the control of transboundary animal diseases, with WHO for the control of human disease vectors, and with other development organizations to support initiatives in developing countries.

¹⁹ World Health Organization (WHO); World Organisation for Animal Health (OIE); International Atomic Energy Agency (IAEA)

Divisions

54. Divisions house the specific technical, economic and social expertise of FAO or provide the operational and logistics support to ensure the enabling environment. The Divisions are grouped into four streams: partnerships and outreach; natural resources and sustainable production; economic and social development; and corporate logistics and operational support. The level of Department, headed by an Assistant Director-General, is removed from the Organigramme, strengthening accountability at the Division Director level and facilitating cross-divisional collaboration.

55. In the *partnerships and outreach stream*, some re-alignment between divisions has taken place, with UN collaboration now combined with partnerships, and private sector partnerships moved to a division with resource mobilization. It also includes a new and strengthened Project Support Division, headed by a D-1. This function was previously embedded in the Office of the ADG of the Programme Support and Technical Cooperation Department (PS).²⁰

56. The *natural resources and sustainable production stream* includes the key technical areas of the Organization which were previously housed in the technical departments.

57. The *economic and social development stream* includes all the divisions previously in the Economic and Social Department, with some changes to the titles to better reflect the focus of the divisions. It also includes a new division on *Food Systems and Food Safety* to provide strategic leadership for the Organization's support to Members in the development of more sustainable food systems. Working in close coordination with other technical units and decentralized offices, the Division will be tasked with integrating FAO's scientific and economic analysis to provide improved policy guidance and targeted investment in food systems.

58. By bringing together FAO's longstanding experience and capacities in strengthening systems of food safety and quality control with its technical support to countries in the areas of value chain development and investment, agroindustry and agribusiness enterprise development, the Food Systems and Food Safety Division will be well placed to integrate and extend food systems support across the Organization. It will facilitate for example, support to countries in the assessment and development of food systems; the provision of scientific advice and economic analysis to underpin food safety standards and the enhancement of food safety management along food chains to prevent transboundary diseases and trade disruptions; the development of tools and approaches to identifying priority objectives, constraints and trade-offs intrinsic to food systems; better engaging multistakeholder and cross-sectoral food systems initiatives; and building capacities and partnerships to allow collective and coordinated action at scale.

59. The Food Systems and Food Safety Division will be headed by a D-2 Director and a D-1 Deputy Director, and consists of all posts previously in the Office of Food Safety, as well as a limited number of key posts transferred from other relevant divisions.²¹ The incremental biennial cost for this new division is *USD 1.3 million*.

60. The *corporate logistics and operational support stream* includes the divisions that provide support services for the smooth functioning of FAO's work. The stream includes human resources, which was moved from the Apex in the Adjustments to the PWB 2020-21. The HR Division has been strengthened by a senior professional position for HR strategy to ensure sufficient focus on the strategic aspects of human resources (*USD 0.5 million*).

61. This stream contains a new division, *Logistics Services*, which includes shared services, procurement, health services, infrastructure logistics, travel, and security (incremental biennial cost of *USD 0.5 million* for the new position of Director).

Multidisciplinary Fund

62. The Multidisciplinary Fund (MDF) provides a means to strengthen collaboration across disciplines and organizational boundaries to increase FAO's effectiveness in priority areas of work, and to encourage creative measures that increase the efficiency and effectiveness of delivering and

²⁰ The new division is established at no incremental cost.

²¹ The additional USD 1 million which was provided in the Adjustments to the PWB 2020-21 for scientific advice and standard setting for the Joint FAO/WHO food safety scientific advice programme is budgeted in this Division.

monitoring FAO's programmes. The MDF, originally budgeted at USD 10 million, is proposed to be budgeted at USD 8.5 million for the 2020-21 biennium (*reduction of USD 1.5 million*) and to be used for the following areas:

- seed funds for innovation proposals which have a strong likelihood of upscaling, to be agreed in close collaboration with the Office of Innovation;
- catalytic funds to facilitate private sector involvement and investment;
- support for country needs in line with the Strategic Objectives and SDGs, in particular for unforeseen requirements arising from the COVID-19 pandemic.

63. As per usual practice, the use of the MDF will be reported in the Mid Term Review 2020 and in the Programme Implementation Report 2020-21.

Hand-in-Hand Initiative

64. The Hand-in-Hand Initiative (HIH) continues to move forward as a comprehensive approach to territory-based development carried out with considerable urgency. HIH is a strategy for delivering a highly integrated package of four key services at country level, using all streams of the Organization and the public goods provided by FAO to leverage the resources of governments, IFIs, private sector, civil society and research institutions, among others. The four services, which are derived from the UN Secretary-General's System Wide Strategic Document, are: i) improved data and analysis; ii) integrated policy and technical support; iii) multistakeholder partnerships that deliver means of implementation; and iv) scaled up public and private finance and investment – all designed to promote transformational change at the territorial level.

65. As part of the COVID-19 response, the HIH focus is on the very short-term with an emphasis on rapid response to changing needs, while avoiding harm to long-term development values. Actions are now largely delivered virtually, but in powerful and nimble ways.

66. The existing group covering governance and the Hand-in-Hand Initiative, hosted in the immediate office of the Chief Economist, is proposed for strengthening by *USD 0.5 million* in non-staff resources to provide additional coordination support.

Digital FAO

67. In the ongoing transition towards a Digital FAO, improvements continue to be made within the Organization to modernize ways of working, enhance agility of staff through collaborative tools, and strengthen IT support to key priority programmes. These include the consolidation of paperless modalities and communications and the use of electronic signatures; enhanced connectivity at headquarters and in decentralized locations; IT direct support to substantive work; and the upgrading and integration of existing and legacy business and management systems.

68. Looking at the food and agricultural sector, it is clear that digital technologies potentially have transformational impacts. Digital technologies affect the entire food system and every actor in that system, and already generate significant benefits in agriculture by reducing the costs of information, transactions and supervision. While digital technologies can make significant contributions towards the achievement of the 2030 Agenda for Sustainable Development, they raise economic, social and ethical concerns, in particular with respect to privacy and security, but also in terms of the disruptive impact that they can have on business, employment and markets.

69. With this view, the Global Forum for Food and Agriculture (GFFA) 2019 requested FAO to draw up, in consultation with stakeholders, a concept for considering the establishment of an International Digital Council for Food and Agriculture that would advise governments and other relevant actors, drive the exchange of ideas and experiences and consequently help everyone harness the opportunities presented by digitalization. In this regard, FAO has put forward a proposal for an International Platform for Digital Food and Agriculture to be hosted at FAO.²² The proposed platform would require a coordination unit comprised of three full-time staff (one D-1 Director, one P-4 and one general service); costs are expected to be covered by extrabudgetary contributions.

²² JM 2020.1/3

IV. Summary of Adjustments

70. The following section presents the resources required for the proposed changes and their funding sources. It also provides an overview of the net impact on budgeted posts and budgetary chapter distributions, for review by the Programme and Finance Committees and approval by the Council.

A. Proposed budgetary adjustments

71. *Table 1* illustrates in summary format the adjustments proposed and the sources of funding for the proposals to remain within the approved budgetary appropriation of USD 1,005.6 million.

Table 1: Proposed adjustments and sources of funding (USD million)

#	Adjustment	Strategic Objective (SO)/ Functional Objective (FO)	USD million
Proposals requiring additional funding			
1	Strengthening of Investment Centre	SOs 1-5	8.0
2	Strengthening of Joint FAO/IAEA Centre	SOs 2-5	1.0
3	New Office of Sustainable Development Goals	SOs 1-5	2.2
4	New Food Systems and Food Safety Division	SO 4	1.3
5	Establishment of a D-2 Director for Logistics Services	FO 11	0.5
6	Two senior professional posts for HR strategy and communications strategy	FOs 8, 11	0.9
7	Additional resources for coordination of Hand-in-Hand Initiative	SOs 1-5	0.5
8	Subtotal additional requirements		14.4
Proposals resulting in savings (net)			
9	Restructuring of offices of DDGs/Chiefs, ADGs and Programme Support Units	SOs/FOs	(2.3)
10	Disbanding of Strategic Programme Management teams	SOs 1-5	(5.0)
11	Disbanding of Office of Support to Decentralized Offices	FOs 9, 10	(3.6)
12	Reducing Multidisciplinary Fund from USD 10 million to USD 8.5 million	OB 6	(1.5)
13	Reducing workmonths for new posts	SOs/FOs	(2.0)
14	Subtotal savings		(14.4)
15	Grand total		0

72. As shown in *Table 1* and outlined in *Section III*, a total of USD 14.4 million of resources is proposed for reallocation in the Further Adjustments to the PWB 2020-21. Seven proposals result in additional funding (rows 1-7) and five proposals result in savings compared to the Adjustments to the PWB 2020-21 (rows 9-13).

73. The savings of USD 2 million in row 13 are a result of the proposed new posts which have been costed in the budget for only part of the biennium, as the expected incumbency period is less than the full biennium.

B. Adjustments to the PWB budgeted post establishment

74. Post changes arise mainly from the above structural and programmatic adjustments and priority reallocations. The evolution of budgeted posts by location and category is summarized in *Table 2*.

Table 2: Evolution of budgeted posts by location and category

Grade category	Adjusted PWB 2020-21	Change	Further Adjusted PWB 2020-21
Headquarters			
Director and above	78	2	80
Professional	842	13	855
General Service	550	(16)	534
Total Headquarters	1 470	(1)	1 469
Decentralized			
Director and above	51	0	51
Professional	605	0	605
General Service	826	0	826
Total Decentralized	1 482	0	1 482
All Locations			
Director and above	129	2	131
Professional	1 447	13	1 460
General Service	1 376	(16)	1 360
Total All Locations	2 952	(1)	2 951

Note: Professional counts in decentralized offices include 32 officers outposted from headquarters: 1 liaison officer, 22 TCI investment officers, 5 finance officers, 2 legal officers and 2 field security officers. The 25 junior professional posts are included in the headquarters count.

75. Overall a net of 16 general service posts have been identified for abolition at headquarters, mainly as a result of the disbanding of the Strategic Programme Management teams and the restructuring of the Programme Support Units previously attached to each department. The proposed adjustments result in a net increase of 13 posts in the professional category and 2 in the director and above category, as a result of the new proposed units and the strengthening of the Investment Centre (the latter includes 9 new professional and 1 new director-level post). *Web Annex 3* lists the post changes by grade group and organizational unit.

76. Some of the posts that have been identified for abolition in order to implement the organizational changes described above, are encumbered posts. Fortunately, in the short-term, staff whose posts have been cut are expected to be accommodated through redeployment to vacant or new posts in the budgeted post establishment, which should allow these adjustments to take place without loss of jobs and hardship to staff members. A mechanism will be set up to ensure that the redeployments are handled appropriately and in close collaboration with the affected staff members, taking the valuable assets and skills of the staff into consideration.

C. Net appropriation budgetary chapter distribution and extrabudgetary resources

77. Changes to the budgetary chapter distributions arise as a result of the structural and programmatic proposals described in *Section III* and summarised in *Table 1*. The net impact of these changes by budgetary chapter is shown in *Table 3*.

- a) *Column 1* recalls the budgetary chapter distribution approved by Council in December 2019;
- b) *Column 2* presents the net effect of the shifts arising from the reallocation proposals as presented in *Table 1*, and some technical adjustments; and
- c) *Column 3* presents the adjusted distribution of the 2020-21 budgetary appropriation for approval by the Council, in line with Financial Regulation 4.5.

Table 3: Further Adjusted 2020-21 Budget by Strategic/Functional Objective (USD thousands)

Budget Chapter	Strategic/Functional Objectives	Adjusted PWB 2020-21 (CL 163/3)	Change	Further Adjusted PWB 2020-21
		(1)	(2)	(3)
1	Contribute to the eradication of hunger, food insecurity and malnutrition	85 129	666	85 795
2	Make agriculture, forestry and fisheries more productive and sustainable	201 345	1 062	202 407
3	Reduce rural poverty	66 449	480	66 929
4	Enable more inclusive and efficient agricultural and food systems	111 023	2 743	113 766
5	Increase the resilience of livelihoods to threats and crises	54 670	1 153	55 823
6	Technical quality, statistics and cross-cutting themes (climate change, gender, governance and nutrition)	68 963	(1 738)	67 225
7	Technical Cooperation Programme	140 788	0	140 788
8	Outreach	73 169	(292)	72 877
9	Information Technology	36 161	217	36 378
10	FAO governance, oversight and direction	62 359	(3 523)	58 836
11	Efficient and effective administration	65 666	(768)	64 898
12	Contingencies	600	0	600
13	Capital Expenditure	16 892	0	16 892
14	Security Expenditure	22 421	0	22 421
	Total	1 005 635	0	1 005 635

78. *Web Annex 4* presents the net appropriation budget by organizational unit.

79. The Programme of Work is funded by the net appropriation voted by Conference (assessed contributions) and extrabudgetary resources generously provided through voluntary contributions. The estimates of extrabudgetary resources by chapter are shown in *Table 4* column 2.²³ Together with the adjusted distribution of the net appropriation, the total resources expected to be available to the Organization to deliver the integrated Programme of Work are shown in column 3, for information.

²³ The estimates remain the same as the ones presented in the Adjustments to the PWB 2020-21, at this time.

Table 4: Further Adjusted 2020-21 Budget by Strategic/Functional Objective and funding source (USD thousands)

Budget Chapter	Strategic/Functional Objectives	Net Appropriation	Extra-budgetary	Total
		(1)	(2)	(3)
1	Contribute to the eradication of hunger, food insecurity and malnutrition	85 795	205 349	291 144
2	Make agriculture, forestry and fisheries more productive and sustainable	202 407	502 679	705 085
3	Reduce rural poverty	66 929	110 903	177 833
4	Enable more inclusive and efficient agricultural and food systems	113 766	162 297	276 063
5	Increase the resilience of livelihoods to threats and crises	55 823	885 983	941 806
6	Technical quality, statistics and cross-cutting themes (climate change, gender, governance and nutrition)	67 225	38 418	105 643
7	Technical Cooperation Programme	140 788	0	140 788
8	Outreach	72 877	2 204	75 081
9	Information Technology	36 378	0	36 378
10	FAO governance, oversight and direction	58 836	1 021	59 857
11	Efficient and effective administration	64 898	10 895	75 793
12	Contingencies	600	0	600
13	Capital Expenditure	16 892	0	16 892
14	Security Expenditure	22 421	156	22 577
	Total	1 005 635	1 919 906	2 925 541

D. Potential impact of COVID-19 on biennial resource distributions and estimates

80. In the context the COVID-19 pandemic, FAO is reviewing its short-term strategy based on matching its comparative advantages *vis-à-vis* the demand for its services in the areas under its mandate. The Organization is in the process of consolidating concurrently: new areas of work in substantive response to COVID-19, gearing up of relevant ongoing initiatives, and continuation of priority activities.

81. The resulting adjustments could impact the distribution of the net appropriation resources by budgetary chapter presented in *Tables 3 and 4*, as well as the overall level and distribution of extrabudgetary resources.

82. Under the extrabudgetary resources, based on the current level of restrictive measures adopted at national and regional levels, a moderate impact is foreseen on more than half of the currently ongoing projects. The impact is most severe for newly started and/or emergency projects, due to their heavy component of input distribution.

83. FAO decentralized offices have responded promptly, by enhancing collaboration with UN Country Teams to produce timely impact assessments, and creatively, by mitigating the consequences and avoiding major disruptions in the implementation of planned activities. Innovative and alternative methods for project delivery have been introduced in a swift and effective manner.

84. With regards to the resource mobilization dimension, all country offices are proactively engaged in assessment exercises and other initiatives in the context of the UN Country Teams. Headquarters is also providing leadership and support by liaising with global resource partners on future food and nutrition investments and communicating the FAO challenges in implementation and response.

85. 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. Further programmatic detail of any changes will be provided in the context of the Mid Term Review 2020 and the Programme Implementation Report 2020-21.

V. Updates to FAO's 2020-21 results framework

86. The FAO results framework for 2018-21 guides the planning and monitoring of the Organization's work. At the core of the framework are the indicators that measure progress at each level of the results chain: Outputs, Outcomes and Strategic Objectives. This provides the basis for assessing and reporting how FAO's actions contribute to changes at national, regional and global level.

87. In reviewing the Adjustments to the Programme of Work and Budget 2020-21, the Programme Committee endorsed the Output indicators and targets for 2020-21 and emphasized the need to strengthen the visibility of FAO's work on antimicrobial resistance (AMR). Similarly, Council welcomed the agreement to include an indicator from the Tripartite Global Action Plan results framework in FAO's strategic results framework.

88. In response to Members' request, a new indicator on AMR has been added under Outcome 5.2 in SO5 as follows:

- *5.2.B: Proportion of countries that have effectively implemented their strategies to strengthen antimicrobial resistance (AMR) surveillance systems in food and agriculture.*

89. The indicator attempts to measure progress in country capacities to strengthen AMR surveillance in food and agriculture, taking into account that AMR surveillance capacity is the overall result of a number of processes and actions, including laboratory capacity, standardization and national coordination, quality management, prioritization, and systematic collection, analysis and reporting of data. This indicator is aligned with the monitoring and evaluation framework for the Global Action Plan on AMR, and progress will be tracked through the Tripartite Annual Country Self-Assessment Survey administered by WHO.

90. An AMR Output-level indicator has also been added which would help demonstrate FAO's contributions towards the new Outcome indicator as follows:

- *5.2.1-B: Number of countries with improved antimicrobial resistance (AMR) surveillance-related capacity as a result of FAO's support.*

91. As requested by Members,²⁴ a new stronger key performance indicator (KPI) has been proposed under Outcome 10.3 *Direction*, which measures the Organization's performance in the prevention of harassment, sexual harassment and authority abuse, as follows:

- *10.3.F: Percentage of FAO staff who agree that FAO has effective policies, processes and procedures to address harassment and other unacceptable behaviour.*

92. The indicator aims to measure the trust of FAO's personnel in the Organization's capacity to guarantee due process for any harassment-related issues, which is a key factor in addressing under-reporting. The measurement will be based on the results of the FAO staff survey, planned to be carried out on a biennial basis.

93. Two other changes have been made to the 2020-21 results framework to reflect developments in the related areas of work, as follows:

- *Output 6.1.5: An explicit mention of global perspectives of food and agriculture was added to the list of flagship publications to better reflect FAO's work in foresight, intelligence and data gathering; and*
- *KPI 8.2.A: an improved measure of the FAO website users' engagement has been introduced.*

94. The updated results framework is shown in *Web Annex 2*.

²⁴ CL 163/5, paragraph 13.d), and CL 163/REP paragraph 9.b)

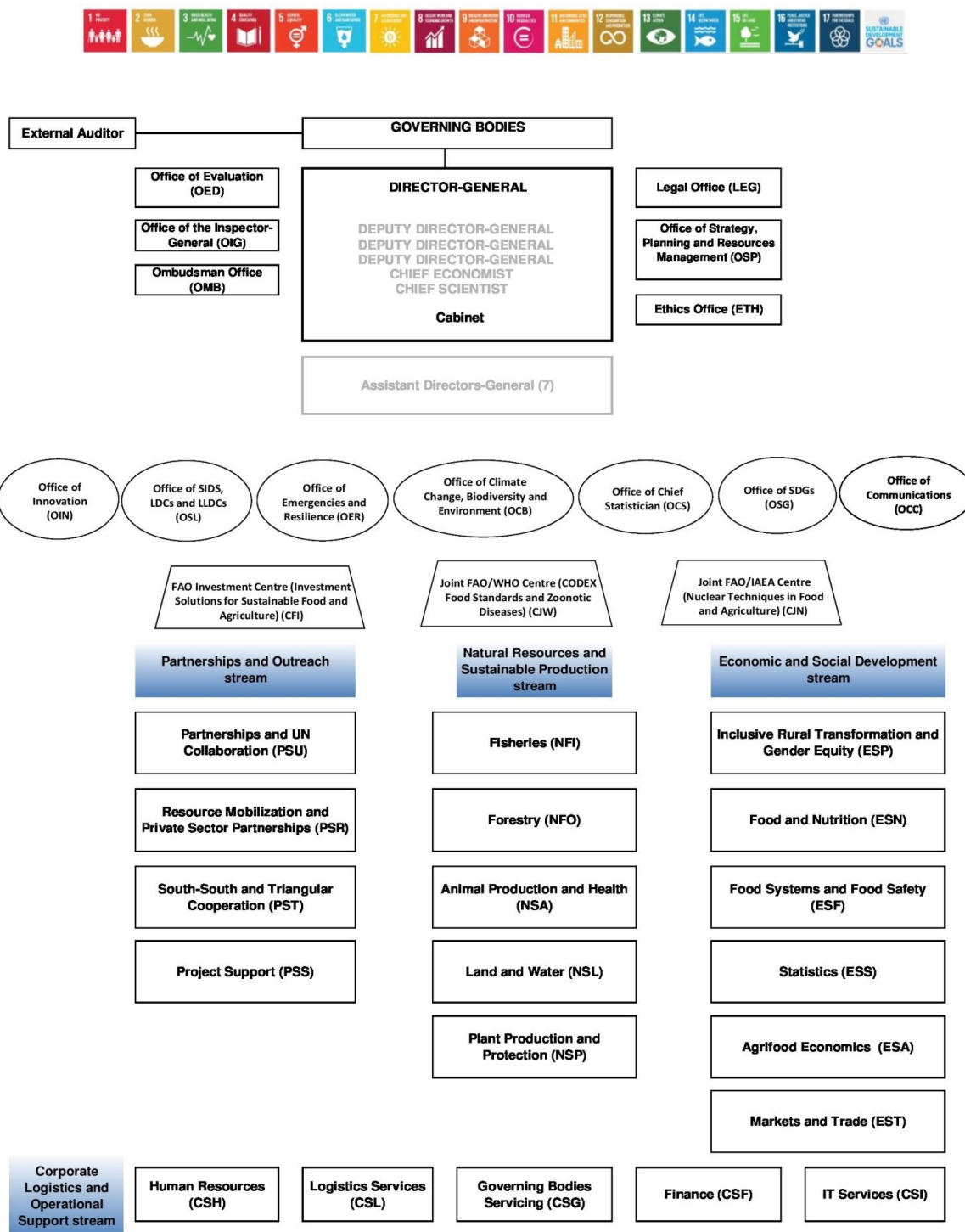
VI. Decisions required

95. The Programme and Finance Committees and their Joint Meeting, are requested to consider the Further Adjustments to the PWB 2020-21 and the Council is requested to:

- a) take note of the programmatic and operational adjustments;
- b) approve the revised budgeted post establishment (*Web Annex 3*) and structural changes (*Annex 1*); and
- c) approve the revised distribution of the net appropriation by budgetary chapter as reflected in *Table 3*.

96. The Council is also requested to note that further budgetary transfers could arise as a result of requirements stemming from COVID-19, guidance from the Regional Conferences, further work planning, and 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.

Annex 1: Organigramme headquarters and decentralized offices



Decentralized offices

RAF Regional Office for Africa - Accra	RAP Regional Office for Asia and the Pacific - Bangkok	REU Regional Office for Europe and Central Asia - Budapest	RLC Regional Office for Latin America and the Caribbean - Santiago	RNE Regional Office for the Near East and North Africa - Cairo	LOB Liaison Office with the European Union and Belgium - Brussels
SFS Subregional Office for Southern Africa - Harare	SAP Subregional Office for the Pacific Islands - Apia	SEC Subregional Office for Central Asia - Ankara	SLC Subregional Office for the Caribbean - Bridgetown	SNE Subregional Office for North Africa - Tunis	LOG Liaison Office with the UN - Geneva
SFE Subregional Office for Eastern Africa - Addis Ababa			SLM Subregional Office for Mesoamerica - Panama City	SNG Subregional Office for the Gulf Cooperation Council States and Yemen - Abu Dhabi	LOJ Liaison Office with Japan - Yokohama
SFC Subregional Office for Central Africa - Libreville				SNM Subregional Office for Mashreq Countries - Beirut	LON United Nations Liaison Office - New York
SFW Subregional Office for West Africa - Dakar					LOR Liaison Office with the Russian Federation - Moscow
COUNTRY OFFICES	COUNTRY OFFICES	COUNTRY OFFICES	COUNTRY OFFICES	COUNTRY OFFICES	LOW Liaison Office for North America - Washington, D.C.