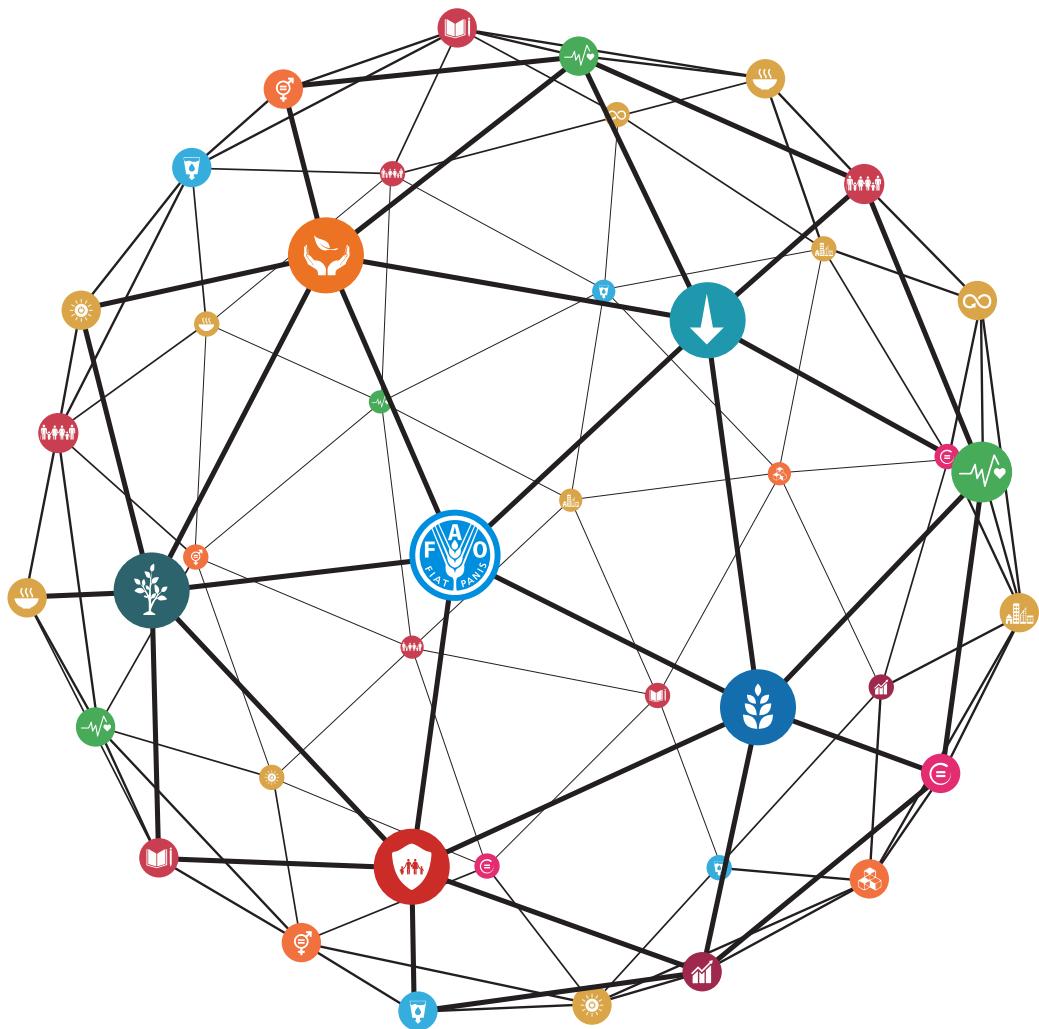




The Director-General's
Medium Term Plan
2018-21
and
Programme of Work
and Budget
2018-19



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Director-General's Foreword

Since 2012, FAO has been revived by cutting bureaucracy and enhancing transparency, and reorganized to pursue more effectively its main goal of ending world hunger.

Over the past five years, the Organization has sharpened its focus, adopted a holistic approach to address complex and interconnected challenges, simultaneously strengthened its presence in the field and its global technical capacity, tailored responses to the needs of Members and their development contexts, improved its efficiency as attested by different evaluations, and strengthened partnerships with the United Nations system, international and regional organizations, rural communities, civil society, the private sector and other stakeholders.

This Medium Term Plan (MTP) and Programme of Work and Budget (PWB), which are aligned to the 2030 Agenda for Sustainable Development, build on our ongoing effort to translate into action the vision of a food secure and sustainable world. As called for in the General Assembly Resolution on the quadrennial comprehensive policy review of operational activities for development of the UN system,¹ the Sustainable Development Goals (SDGs) have been mainstreamed into FAO's strategic documents. In fact, at the level of the FAO Strategic Objectives, the MTP/PWB will measure progress exclusively against SDGs and targets. A careful review shows that FAO's PWB contributes to the achievement of 40 targets of 15 SDGs measured by 53 indicators.

Achieving the coherence between FAO's strategic documents and the 2030 Agenda is the result of a process that flowed seamlessly for two main reasons.

First, the centrality of food and agriculture to the sustainable development agenda means that FAO's work is inherently relevant to the SDGs. In fact, FAO is contributing to the 2030 Agenda by remaining true to its mandate and Constitution which places "ensuring humanity's freedom from hunger" at the heart of its work.

Second, in 2012 FAO began the shift - now fully consolidated - from granular responses to food and agriculture challenges to a connected approach, which is what is needed to respond to the integrated, indivisible and interlinked nature of the SDGs.

FAO is, therefore, supporting Members in the context of sustainable development. The MTP and PWB that I call on you to approve clearly reflects this commitment.

And while the coherence between FAO's strategic documents and the 2030 Agenda, as well as the stability offered by continuing to advance along the course we charted in 2012, put FAO in a good position, the implementation of our Programme of Work still presents a financial challenge. I recognize that global macro-economic conditions continue to impact on the capacities of Members to increase their assessed contribution.

Thus, the PWB 2018-19 has been developed around four main principles.

- 1) *Maintain a flat nominal budget, with no change in the level of assessed contributions and net budgetary appropriation compared with 2016-17, by absorbing cost increases and reinvesting savings in priority areas.*
- 2) *Identify areas of programmatic priority and de-emphasis, and highlight other priority areas for voluntary contributions.*
- 3) *Increase the share of the Technical Cooperation Programme to 14% of the net budgetary appropriation, as called for by the Conference.*
- 4) *Use the programme management arrangements to accelerate the delivery of effective and demonstrable results.*

I am proposing a Programme of Work and Budget that is realistic, but at the same time ambitious. Realistic, because it proposes a flat nominal budget, maintaining the current level of assessed contributions and net budgetary

¹ A/RES/71/243

appropriation. And ambitious, because it increases the support we will offer Members.

We are using the programme management arrangements now in place to accelerate the delivery of effective and demonstrable results, particularly at country level. We continue to prioritize our work and identify efficiency savings. In total, the PWB proposes to reallocate some USD 20 million to strengthen the work related to the Strategic Programme Leader teams (SPLs) and the delivery of regional programmes. A substantive part of this relocation is to reprofile administrative posts to cover new challenges, such as climate change, antimicrobial resistance and statistics.

We are also increasing by almost USD 10 million (compared to PWB 2016-17) the resources for technical quality and cross-cutting themes (climate change, gender, governance and nutrition). Most of this money would mainly come from efficiency gains and savings, especially regarding staff costs, which remain a high priority for the Organization.

However, let me recall that an elastic band can only be stretched so far before it breaks. And FAO's resources are constantly stretched to this breaking point. To cover all relevant areas of work, extrabudgetary contributions are of vital importance. In fact, the PWB proposes a biennial Programme of Work funded from the assessed contributions by Members and an estimate of extrabudgetary contributions.

We expect to obtain most of these voluntary resources in order to increase the resilience of livelihoods to threats and crises, as well as to make agriculture, forestry and fisheries more productive and sustainable (see Table 2).

We have continued the drive to reinforce our technical capacity in priority areas of work. Out of the 58 new posts, 51 cover new technical areas and/or areas that need to be reinforced, such as agroecology, antimicrobial resistance, climate change, food systems, statistics and sustainable production. The proposals for new or reprofiled technical posts were made by heads of technical departments and regional offices and ranked by the Strategic Programme Leaders. Management then reviewed and decided on the proposals to be included in the PWB based on the priorities of the Organization. Not all worthy proposals could be accommodated within the resources available.

Today, focus, interlinkages, value-for-money, technical capacity, responsiveness and partnership, are more than just words; they are hallmarks that define FAO and that enable the Organization to support member countries in their efforts to eradicate the scourges of hunger and to promote sustainable development.

And this has been possible because of the collective trust, transparency and commitment at FAO. As I have said to you before, "I will not be able to do anything except what we can do together." And, now, more than ever, we need to act together. There is too much at stake for us to waver in our commitment to end hunger.

José Graziano da Silva
Director-General

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Scope of the document

This document presents the Director-General's proposed Medium Term Plan (MTP) 2018-21 and Programme of Work and Budget (PWB) 2018-19 for consideration and approval by the Conference.

Medium Term Plan 2018-21

The MTP 2018-21 sets out the Strategic Objectives (SOs) and Outcomes for achievement by Members and the international community with support from FAO, in accordance with the reviewed Strategic Framework. It presents an overview of challenges and developments in the food and agriculture sector, FAO's attributes and core functions, the programmatic framework for results and monitoring, and the expected contribution to the SDGs.

Programme of Work and Budget 2018-19

The PWB 2018-19 presents the programmatic priorities and results frameworks (objectives, outcome, outputs, indicators and targets) established in accordance with the reviewed Strategic Framework and MTP 2018-21, and a quantification of costs and resource requirements from assessed and voluntary contributions to fund the Programme of Work.

The *Main Features* sets out the approach to preparing the budget, highlights areas of programmatic priority, de-emphasis and realignment in line with the main policy thrusts for the biennium, including the regional dimension, and provides an overview of the related resource allocations and sources of funding for the Programme of Work.

Elements for *Improved Delivery* are presented in relation to implementation arrangements, the organizational structure, efficiencies, and allocation of posts for improving the delivery of the Programme of Work.

The *Financial and Budgetary Dimension* presents the requirements to fully fund the Programme of Work, including anticipated cost increases, and also sets out requirements to provide for long-term liabilities and reserve funds. A draft Conference Resolution is presented for approval of the biennial Programme of Work and the Budgetary Appropriations funded from assessed contributions.

The detailed *Programmes and Resource Allocations*, and the *Results Frameworks*, are provided in Annexes 1 and 2 for the 14 budgetary chapters (five Strategic Objectives, Objective 6, four Functional Objectives, four Special Chapters). Breakdowns of the budget proposal by chapter and outcome, by region and by organizational unit are set out in eight additional annexes in the document.

A comparison of the Strategic Objective results framework 2014-17 to 2018-21, as well as the Scheduled Sessions, are provided in Web annexes.

This document and the Web annexes are posted on the FAO Web site in all the languages of the Organization at www.fao.org/pwb.

MEDIUM TERM PLAN 2018-21

Introduction

1. The Medium Term Plan (MTP) sets out the Strategic Objectives and Outcomes for achievement by Members and the international community with support from FAO, in accordance with the reviewed Strategic Framework. The MTP covers a period of four years and provides the programmatic basis and results framework for preparing the two-year Programme of Work and Budget with Outputs, indicators and targets.²
2. The first quadrennial review of the FAO Strategic Framework was completed in 2012-13 and provided the basis for preparing the MTP 2014-17, which is currently being implemented by the Organization. The second quadrennial review of the FAO Strategic Framework took place during 2016, starting from FAO's Vision and Global Goals, which have not been altered as part of the review (*Box 1*).

Box 1: FAO's Vision and Global Goals

FAO's vision is "*A world free from hunger and malnutrition where food and agriculture contribute to improving the living standards of all, especially the poorest, in an economically, socially and environmentally sustainable manner*".

The three Global Goals of Members are:

- 1) eradication of hunger, food insecurity and malnutrition, progressively ensuring a world in which people at all times have sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life;
- 2) elimination of poverty and the driving forward of economic and social progress for all, with increased food production, enhanced rural development and sustainable livelihoods; and
- 3) sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

3. The reviewed Strategic Framework³ provides the basis for preparing the MTP 2018-21 presented in this document, comprising: A) an overview of challenges and developments in the food and agriculture sector; B) FAO's attributes and core functions; C) the programmatic framework for results and monitoring; and D) the Strategic Objective results framework and contribution to the SDGs.

² Conference Resolution 10/2009 in Basic Texts Part II.F

³ C 2017/7

A. Overview of challenges and developments in food and agriculture

4. The reviewed Strategic Framework was developed through a consultative strategic thinking process during 2016. This process involved identification of global trends expected to frame agricultural development over the medium term,⁴ and sectoral and regional trends arising from regional strategic reviews and deliberations of the FAO Regional Conferences⁵ and Technical Committees;⁶ derivation of main challenges expected to be faced by countries and development actors in food and agriculture in the coming years; analysis of main global developments setting the overall context in which FAO operates; and the implications of these challenges and developments for FAO's Strategic Objectives in the context of FAO's basic attributes and core functions.

5. The review and analysis of global and regional trends identified ten challenges⁷ to FAO's vision of a world free from hunger and malnutrition where food and agriculture contribute to improving the living standards of all, especially the poorest, in an economically, socially and environmentally sustainable manner. These challenges are:

1. sustainably improving agricultural productivity to meet increasing demand;
2. ensuring a sustainable natural resource base;
3. addressing climate change and intensification of natural hazards;
4. eradicating extreme and persistent poverty and reducing inequality;
5. ending hunger and all forms of malnutrition;
6. making food systems more efficient, inclusive and resilient;
7. improving income earning opportunities in rural areas and addressing root causes of migration;
8. building resilience to protracted crises, disasters and conflicts;
9. preventing transboundary and emerging agriculture and food system threats; and
10. addressing the need for coherent and effective national and international governance.

6. Furthermore, several important global developments occurred in 2015-2016. The adoption of the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals, and entry into force of the Paris Agreement on climate change, provide the broad context in which FAO will operate and adapt for enhanced delivery and impact of the Organization's work. Other important developments in the areas of FAO's mandate include the Rome Declaration on Nutrition (Second International Conference on Nutrition – ICN2) and Decade of Action on Nutrition; entry into force of the Port State Measures Agreement (PSMA), which is a key element in the fight against illegal, unreported and unregulated fishing; the Sendai Framework for Disaster Risk Reduction (SFDRR) 2015-2030; the New York Declaration for Refugees and Migrants (UN Summit for Refugees and Migrants); as well as the outcomes of the deliberations of the World Humanitarian Summit, Habitat III which focuses on urbanization; and the XIV World Forestry Congress and United Nations Forum on Forests Ministerial Declaration.⁸

⁴ FAO 2016. *The future of food and agriculture – Trends and challenges*. Rome.

⁵ C 2017/14, C 2017/15, C 2017/16, C 2017/17, C 2017/18, C 2017/LIM/1

⁶ C 2017/21, C 2017/22, C 2017/23, C 2017/24

⁷ C2017/7 Sections B.2 and B.3

⁸ C2017/7 Section B.1

7. As set out in the reviewed Strategic Framework, the challenges identified, including the regional trends and specificities, represent the main development problems that countries and the development community will face in the near future. They formed the basis for the review of the conceptual framework and theory of change of the five current Strategic Objectives (SO), within the context of FAO's vision, attributes and core functions, taking into account the strong and consistent support expressed by the FAO governing bodies for continuity in the strategic direction of the Organization:

SO1: Contribute to the eradication of hunger, food insecurity and malnutrition

SO2: Make agriculture, forestry and fisheries more productive and sustainable

SO3: Reduce rural poverty

SO4: Enable more inclusive and efficient agricultural and food systems

SO5: Increase the resilience of livelihoods to threats and crises

8. To ensure a robust and practical results-based approach to all of the work of the Organization, FAO must ensure that it has the internal technical capacity and integrity to achieve the expected results. Therefore the Strategic Framework includes a sixth objective, *Technical quality, statistics and cross-cutting themes (climate change, gender, governance, and nutrition)*, to ensure technical leadership and integration of statistics and the cross-cutting issues of climate change, gender, governance and nutrition in the delivery of the Strategic Objective programmes.

B. FAO's attributes and core functions

9. The challenges and developments are broadly defined, and cannot be tackled by FAO alone. In order to understand the implications for FAO's work, these challenges need to be considered in light of FAO's attributes, core functions and way of working.

FAO's basic organizational attributes

10. The most relevant basic attributes and strength of an organization are those that are intrinsic and unique to it, and which define its basic organizational characteristics. There are several basic attributes which are intrinsic and in combination unique to FAO:

- a) it is the United Nations specialized agency in food and agriculture, with a comprehensive mandate from its Members to work globally on all aspects of food and agriculture (including fisheries, forestry and natural resources' management), food security and nutrition across the humanitarian-development continuum;
- b) its intergovernmental status and neutrality and the authority to provide a neutral platform where nations can call on each other for dialogue and knowledge exchange;
- c) it has the authority to request any Member Nation to submit information relating to the purpose of the Organization;
- d) its Regular Budget is derived from assessed contributions that provide a minimum guaranteed amount of resources that can be committed for priority activities agreed upon by Members in the governing bodies, complemented by significant voluntary contributions, increasingly mobilized in support of FAO's Strategic Objectives to leverage FAO's knowledge and enhance outreach;
- e) a staff with a broad range of expertise across its areas of mandate working in an interdisciplinary fashion; and
- f) country-level presence, supported by regional and global teams of experts, to respond to demands articulated by countries and regions.

Core Functions

11. Core Functions are the critical means of action employed by FAO to achieve results. Consequently, they represent the types of interventions to which the Organization will give priority in its plan of action. They are areas in which FAO is expected to play a lead, but not necessarily exclusive role. In such cases, FAO needs to work with partners and should intensify its efforts to develop and operationalize strategic partnerships.

- a) *Facilitate and support countries in the development and implementation of normative and standard-setting instruments such as international agreements, codes of conduct, technical standards and others.* This work will be developed at global, regional and national levels through global governance mechanisms, policy dialogue and support and advice, coupled with the development at country level of the necessary policies and institutional capacities for their implementation.
- b) *Assemble, analyze, monitor and improve access to data and information, in areas related to FAO's mandate.* This includes the development of global and regional trends, perspectives and projections and the associated responses by governments and other stakeholders (e.g. policies, legislation and actions) and direct support to countries in the development of institutional capacities to respond to the identified challenges and possible options.
- c) *Facilitate, promote and support policy dialogue at global, regional and country levels.* FAO as an intergovernmental organization is especially well positioned to help countries at national and international levels to organize policy dialogue activities directed to improve the understanding on important issues and to the establishment of agreements between stakeholders and/or countries.

- d) *Advise and support capacity development at country and regional level to prepare, implement, monitor and evaluate evidence-based policies, investments and programmes.* This includes advice and support for activities directed to institutional strengthening, human resources development and direct advice to programme implementation.
- e) *Advise and support activities that assemble, disseminate and improve the uptake of knowledge, technologies and good practices in the areas of FAO's mandate.* FAO as a knowledge Organization needs to be at the forefront of knowledge and technology in all the areas of its mandate and be a source and organizational instrument to support countries in the utilization of available knowledge and technologies for development purposes.
- f) *Facilitate partnerships for food security and nutrition, agriculture and rural development between governments, development partners, civil society and the private sector.* FAO has a broad mandate that includes major development problems that need to be targeted from a broad and comprehensive perspective. However, FAO will focus its work on the areas in which it has special competence and will establish strong partnerships with other organizations to cover other complementary actions required.
- g) *Advocate and communicate at national, regional and global levels in areas of FAO's mandate.* FAO has a main responsibility in providing communication and information services in all areas of its mandate to countries and the development community and to strongly advocate on corporate positions in relation to relevant and urgent development issues.

FAO's way of working

12. The Core Functions ensure that, within the areas of FAO's mandate, countries at all levels of development, particularly the poorest, have access to knowledge, public goods and services they need. This requires FAO to be a global policy setter, facilitator, partner and coordinator, as well as "doer".

13. To perform these tasks, FAO: (a) focuses on its technical expertise and knowledge and promote good practices available at country level; (b) plays a leading role when activities are linked to its mandate; and (c) draws upon its networking and partnerships capacity. Furthermore, in some cases FAO will need to continue to strengthen its capacities, both organizational and human resources to be able to fully implement the Core Functions and in particular to reaffirm its position as the main global player in the provision of public goods and policy advice in the areas of food, agriculture, fisheries and forestry.

14. While the Core Functions are the most important instruments on which FAO will organize and develop its work, each of the five Strategic Objectives embodies the development problems where FAO will concentrate its work through the Strategic Objective programmes. Consequently, the organization and focus of FAO's work developed under each Strategic Objective will be implemented through the application of the seven Core Functions.

15. From the start, the reviewed Strategic Framework and its implementation arrangements have had the overarching aim of applying FAO's technical knowledge more effectively to help countries achieve their goals of eradicating hunger, reducing poverty and producing food in a more sustainable manner. Consequently, to be effective the Organization must focus and prioritize its efforts, and it needs to work across disciplines and in partnership with others.

16. FAO's organizational structure is designed to facilitate the results-based process, organizing and shaping the way in which its component parts interact with each other, with countries and with other partners. From the onset of the implementation of the reviewed Strategic Framework with its transversal Strategic Objectives, the Secretariat was aware that it would require not only significant changes in the way the Organization works, but also the capacity to adapt and adjust management arrangements with the view to improving and accelerating the delivery of concrete results.

17. Transformational change during 2012-13 brought about new ways of working in 2014-15: the reviewed Strategic Framework focusing FAO's work on five Strategic Objectives; a results-based planning and monitoring framework in the MTP/PWB; and a matrix management approach to deliver time-bound results at country, regional and global levels.

18. The Adjustments to the Programme of Work and Budget 2016-17 approved by the Council in December 2015 put in place measures to strengthen programme delivery through enhanced internal management arrangements and a rationalized headquarters capacity, which were further consolidated at the end of 2016. In particular, five dedicated Strategic Programme Leaders (SPLs) were established and their small management teams put in place to support the design, programme planning, strategic management and monitoring of the Strategic Programmes delivered by teams comprising staff from decentralized offices and technical departments, with the technical departments also responsible for ensuring the technical excellence of the work delivered, as well as the Corporate Technical Activities and provision of global public goods.

C. Programmatic framework for results and monitoring

19. The elements of FAO's results framework comprise FAO's Vision, the three Global Goals, the five Strategic Objectives, a sixth objective on technical quality, knowledge and services, the seven Core Functions as means of delivery and the four Functional Objectives for the enabling environment, as shown in *Figure 1*, reflecting two changes compared with 2016-17:

- a. The title of Strategic Objective 2 has been simplified without changing the substance;
- b. The title of Objective 6 has been updated better reflect its scope, as requested by Council.⁹

Figure 1: FAO Results Framework – Main Components

FAO's vision

A world free from hunger and malnutrition where food and agriculture contributes to improving the living standards of all, especially the poorest, in an economically, socially and environmentally sustainable manner.

The three Global Goals of Members:

- eradication of hunger, food insecurity and malnutrition, progressively ensuring a world in which people at all times have sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life;
- elimination of poverty and the driving forward of economic and social progress for all, with increased food production, enhanced rural development and sustainable livelihoods; and
- sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

Strategic Objectives

- 1) Contribute to the eradication of hunger, food insecurity and malnutrition
- 2) Make agriculture, forestry and fisheries more productive and sustainable
- 3) Reduce rural poverty
- 4) Enable more inclusive and efficient agricultural and food systems
- 5) Increase the resilience of livelihoods to threats and crises

Additional objective

- 6) Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)

Core Functions

- 1) Facilitate and support countries in the development and implementation of normative and standard-setting instruments, such as international agreements, codes of conduct, technical standards and others
- 2) Assemble, analyse, monitor and improve access to data and information, in areas related to FAO's mandate
- 3) Facilitate, promote and support policy dialogue at global, regional and country levels
- 4) Advise and support capacity development at country and regional level to prepare, implement, monitor and evaluate evidence-based policies, investments and programmes
- 5) Advise and support activities that assemble, disseminate and improve the uptake of knowledge, technologies and good practices in the areas of FAO's mandate
- 6) Facilitate partnerships for food security and nutrition, agriculture and rural development, between governments, development partners, civil society and the private sector
- 7) Advocate and communicate at national, regional and global levels, in areas of FAO's mandate

Functional Objectives

- Outreach
- Information Technology
- FAO governance, oversight and direction
- Efficient and effective administration

⁹ CL 155/REP paragraph 8e

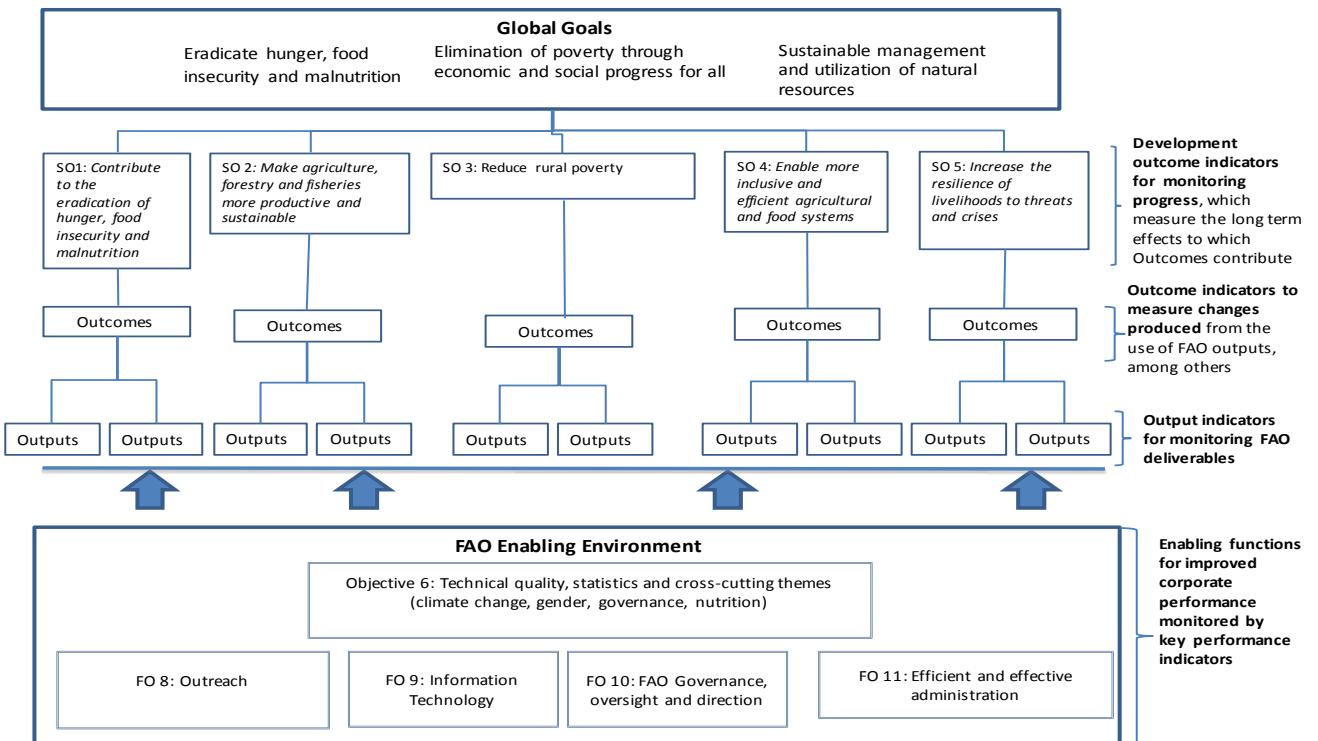
20. FAO's results framework is based on a 'results chain' model which links objectives, outcomes and outputs as illustrated in *Figure 2*. Three levels of results contribute to the *Global Goals of Members*:

- *Strategic Objectives* express the development outcomes in countries, regions and globally. They are expected to be achieved over a long-term timeframe by Members with FAO's contributions.
- *Outcomes* describe changes in the country, regional or global enabling environment and in capacities available to achieve a specific Strategic Objective.
- *Outputs* are FAO's direct contributions to Outcomes. They result from the delivery of FAO's interventions at the national, regional and global levels, using both regular and extrabudgetary resources.

21. Achievement of results is facilitated by three additional elements that help to focus and make FAO's work more effective, as shown in *Figure 2*:

- *Objective on technical quality, statistics and cross-cutting themes (climate change, gender, governance, and nutrition)* that are integrated across the Strategic Objectives.
- *Core functions* are the critical means of action to be employed by FAO to achieve results.
- *Functional Objectives* provide the enabling environment for FAO's work.

Figure 2: FAO's results chain model



22. The FAO results framework guides the planning and monitoring of the Organization's work. The framework has been designed from the top down by the design of Outcomes needed to achieve each Strategic Objective, and Outputs to attain each Outcome. The links as they relate to delivery of results are planned and implemented from the bottom up, determined by priorities at national and

regional level. At the core of the framework are the indicators that measure progress at each level of the results chain, providing the basis for assessing and reporting how FAO's actions contribute to changes at national, regional and global level.

23. Each level of the results framework represents a different type of result to be delivered, starting from what FAO produces (Outputs) contributing to changes at country or wider level (Outcome) and wider development impacts (Strategic Objective). This results chain is the link between FAO's work and the different levels of results produced. It also demonstrates the logic underlying these linkages: *if* particular FAO products/services are completed as planned, *then* the Output will be delivered; *if* the Outputs are delivered and the assumptions hold true, *then* that should lead to the desired Outcome; *if* the Outcomes are achieved, *then* the conditions are in place to result in the Objective's development impact.

24. The accountability of FAO, Members and development partners at each level of results, along with means of measuring progress, is set out in *Figure 3*.

Figure 3: FAO monitoring framework – accountability and measurement

Result level	Accountability and measurement
Outputs	<ul style="list-style-type: none"> FAO's direct contribution (in terms of processes, products and services) to the Outcomes. Outputs represent the tangible delivery of FAO's interventions funded through regular and extrabudgetary resources at the national, regional and global level. FAO produces, controls and is fully accountable for delivery: full attribution. Indicators and targets established for each output and measured annually.
Outcomes	<ul style="list-style-type: none"> Changes in the country-level or global enabling environment and capacities to achieve a specific Strategic Objective. FAO influences, but does not fully control Outcome level results. FAO has some accountability, but delivery is the responsibility of all partners – FAO, Member States and development partners. FAO can contribute to the changes. Indicators (some of which SDG indicators) measured biennially through a corporate assessment which includes secondary data, a review of policy documents, and a survey of a range of respondents in a sample of countries, to assess progress.
Strategic Objectives	<ul style="list-style-type: none"> Development impacts at the global level, in the areas where FAO has committed to achieve results (providing a clear line of sight to FAO's own programme of work). FAO contributes to, but does not have control over these high-level, long-term results. There is no attribution of any one entity, it is a collective accountability. SDG targets and indicators have been adopted to track global trends at this level and will be monitored by FAO (using international data sources).

D. Strategic Objective Results Framework and SDGs

25. The trends, challenges and developments identified in the reviewed Strategic Framework provide the basis to focus FAO's Strategic Objective results framework and programmes on the commitments made by countries and international community, in particular the overarching Sustainable Development Goals.

26. The 2030 Agenda for Sustainable Development constitutes a new global charter for international development cooperation and governance, and defines the context in which FAO and its member countries will be working toward reaching the SDGs and achieving country specific targets.

27. The second Sustainable Development Goal (SDG 2) explicitly aims to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture simultaneously by 2030. SDG 2 and its related targets reflect the notion that hunger and malnutrition are multifaceted problems and that overcoming these forms of deprivation is a multi-sectoral challenge. Furthermore, the 2030 Agenda recognizes that progress towards many other SDGs, especially the eradication of poverty (SDG 1), access of the rural poor to productive employment and decent work opportunities (SDG 8), response to climate change (SDG 13) and the sustainable use of marine and terrestrial ecosystems (SDG 14 and SDG 15), will depend on the extent to which food insecurity and malnutrition are effectively reduced and sustainable agriculture is promoted. Conversely, progress towards SDG 2 will depend on progress made toward several of the other goals.

28. One of the challenges of the 2030 Agenda for FAO is to think beyond the resources it uniquely controls to ask more challenging questions about how it can more effectively catalyse action by others and build key partnerships with development actors, including the Rome-based and other UN agencies. The Organization is also being called upon to help governments and regional and global institutions cope with the complexity of the new agenda by breaking down the complicated tasks they have set for themselves into discrete, solvable problems. In this regard, the MTP 2018-21 presents the expected contribution of each of the SOs to Members' achievement of the SDGs.

29. Proposed refinements to the Strategic Objective results frameworks, in particular contributions to the SDGs, are set out below. The programme, priorities and the full results framework for each Strategic Objective (the Strategic Programme) in 2018-21, as well as opportunities to address statistics and the cross-cutting issues relating to climate change, gender, governance and nutrition, are presented in *Annexes 1 and 2*.

Approach

30. Food and agriculture are critical to achieving the SDGs. In the context of continuity in the strategic direction of the Organization, the preparation of the results framework for 2018-21 aims to sharpen the focus of the Strategic Objectives, Outcomes and Outputs through their contributions to relevant SDG targets and indicators, and to improve the quality of the results chains, so as to address the main challenges expected to be faced by countries. This will provide a clear, coherent and concrete view of FAO's contribution to support country level implementation and monitoring of the SDGs.

31. FAO can support countries to achieve the SDGs through the alignment of its Strategic Objective results framework and programmes to the SDG framework, and through statistical methods and capacity development to support the establishment and monitoring of national indicators related to food security and sustainable agriculture. To this end, FAO analyzed the full set of 169 targets and 230 indicators for the 17 SDGs to ensure that the set of SDG targets and indicators eventually incorporated in the SO results framework were those where FAO could provide support to countries through the SO programmes.

32. The review considered the relationship of the SDG targets to the SO result chain in three ways: the main challenges identified to achieve the five Strategic Objectives; the relevance of SDG indicators to support the monitoring of the SO results framework at country level; and the meaningfulness of SDG indicators with regards to what should be measured at SO or Outcome level

to assess progress. Special attention was given to the 25 SDG indicators for which FAO is a custodian or a contributing agency.

33. The adoption of SDG targets and related indicators in the SO results framework will help to improve FAO's results planning and monitoring system. First, it will facilitate a direct relationship between the FAO country programming frameworks (CPFs) and nationally-owned SDG monitoring frameworks. Second, Outcomes will be measured by progress against indicators rather than against targets, since countries will be setting their own SDG targets at national level. Third, several non-SDG Outcome indicators will be retained, being measures of FAO's contributions to Outcomes not measured by SDG indicators.

Incorporation of SDG targets and indicators

34. At the level of the *Strategic Objectives*, the main innovation has been to identify and use exclusively the SDG targets and indicators that relate to each SO. This has resulted in a new set of SDG-based SO level indicators that will be monitored biennially to report trends and progress toward global targets.

35. At the level of *Outcomes*, indicators have been simplified by replacing specific dimensions of measurement, or in some cases, entire indicators with SDG indicators. Outcome indicators will continue to measure the biennial level of change achieved and the extent to which countries have made progress in those areas where FAO more directly contributed through its work.

36. Overall, FAO's work will contribute to 40 SDG targets measured through 53 unique SDG indicators as part of the proposed FAO Strategic Objective results framework for 2018-21, as summarized in *Figure 4* and shown in *Annex 2*.

Figure 4: SDG targets and indicators included in the 2018-21 Strategic Objective results framework

SDG symbol	SDG reference	SDG Targets contributed to	Number of indicators	Reference to SO (in bold for 3 or more indicators)
	SDG 2	8	13	SO1, SO2, SO3, SO4, SO5
	SDG 1	6	10	SO3, SO5
	SDG 15	5	6	SO2, SO5
	SDG 8	4	4	SO3, SO4
	SDG 13	3	4	SO2, SO5
	SDG 14	4	4	SO2, SO3, SO4
	SDG 10	2	2	SO3, SO4
	SDG 5	1	2	SO3, SO5
	SDG 6	1	2	SO2
	SDG 3	1	1	SO1
	SDG 9	1	1	SO4
	SDG 11	1	1	SO5
	SDG 12	1	1	SO4
	SDG 16	1	1	SO5
	SDG 17	1	1	SO4
Total	15	40	53	

37. Based on the review, all eight targets of SDG 2 and 13 related indicators, all but one of the targets of SDG 1 and ten related indicators, and half of targets of SDG 15 and six related indicators have been included in the proposed SO results framework. For other SDGs, the selected indicators are related to clear areas of FAO's work.

Sharpened focus and improved quality of results chain

38. The review and incorporation of SDG targets and indicators and refinements to the Strategic Objective results framework have sharpened the focus of the Strategic Objectives and improved the quality of the Outcome and Output results chain, as summarized below and elaborated in *Annexes 1* and *2*. A comparison of the 2018-21 results framework with the 2014-17 results framework is provided in *Web Annex 11*, as requested by Council.¹⁰

Strategic Objective level

39. *Strategic Objective 1:* FAO's contribution to the sustainable eradication of hunger, food insecurity and malnutrition gives stronger attention to country capacity for effective implementation of policies, strategies and investment programmes. All forms of malnutrition are addressed, including undernourishment, micronutrient deficiencies and problems of overweight, obesity and diet-related non-communicable diseases. The SO-level indicators comprise five indicators of SDGs 2 and 3 to track progress on reducing food insecurity and malnutrition in all its forms, with one more SDG 2 indicator adopted at Outcome level, to monitor progress on level of government financing.

40. *Strategic Objective 2:* FAO will focus on building a stronger dialogue and integration within and across sectors and stakeholders to sustainably increase production and productivity, address climate change, biodiversity and environmental degradation in agriculture, forestry and fisheries in the context of nutrition and gender-sensitive food systems. Support to enhance countries' capacities to adapt to the adverse impacts of climate change, and to develop or implement national adaptation plan for Nationally Determined Contributions is very prominent. The SO-level indicators comprise 12 indicators of SDGs 2, 6, 14 and 15 to track progress in sustainable productivity, environment degradation and climate change adaptation by sector, and genetic resources conservation. Four additional SDG indicators (SDGs 13, 14 and 15) are included at Outcome level to monitor progress on climate change adaptation and mitigation, implementation of international instruments for fisheries, and level of financing for sustainable use of ecosystems.

41. *Strategic Objective 3:* FAO's contribution to reducing rural poverty will focus on support to broad, multi-sectoral pro-poor policies and strategies at country and regional level that target the diverse spectrum of livelihoods. This requires broadening FAO's engagement beyond traditional partners in Ministries of Agriculture, as well as efforts to embed FAO's technical work within the processes of rural poverty reduction policies at country level. The SO-level indicators comprise nine indicators of SDGs 1, 2, 8, and 10 and the Outcome-level indicators include seven SDG indicators (SDGs 1, 5, 8 and 14) to measure poverty and access to productive resources, income and decent employment, and gender equality.

42. *Strategic Objective 4:* In contributing to the development of agricultural and food systems, FAO supports countries in increasing their inclusiveness of small-scale actors and more vulnerable groups, while at the same time continuing to take advantage of opportunities for efficiency gains. Focus will be on enhancing countries' capacities to participate in the formulation of international standards and trade agreements, to design and implement supportive policies and regulations, and in the development of value chain. The SO-level indicators comprise four indicators of SDGs 2, 12 and 17, and Outcomes include seven SDG indicators (SDGs 2, 8, 9, 10 and 14), on financing and investments, loans or credit, exports subsidies, tariff lines applied to imports from developing countries and implementation of international instruments on illegal, unreported and unregulated (IUU) fishing.

43. *Strategic Objective 5:* To reflect the recent global political commitments, FAO's contribution to increasing the resilience of agricultural livelihoods and responding to threats and crises gives focus to climate change and induced extreme weather events, risks to ecosystem health, food chain threats and One Health, and damage and losses, conflict prevention, peace and stability and displacements. SO-level indicators comprise nine indicators of SDGs 1, 2, 11, 13, 15 and 16, and Outcome indicators include five indicators of SDGs 1, 5, and 13.

¹⁰ CL 155/REP paragraph 8c

Outcome and Output level

44. There are 20 Outcomes proposed for 2018-21 (*Annex 2*). *Outcomes* reflect changes at national, regional or global level needed to foster achievement of the Strategic Objectives. They relate to sound or conducive policies, strategies, investment plans, level of resources and investments committed, level and capacity of coordination, and availability and use of information for decision-making that can be improved with contribution from FAO.

45. *Outcomes* have been reformulated to address the challenges identified and relate to the SDGs. They clearly reflect and have raised the profile of the expected results from FAO's work on normative and standard setting at global level (very prominent in SO2 and SO4); of data, use of information, knowledge products and analysis to support evidence-based decision-making, with a dedicated Outcome in four SOs; of work supporting improved design and in particular implementation of policies, strategies, legal frameworks, investments plans and programmes at country level (all SOs), including by analyzing or advocating for adequate level of financing; work on livelihoods at community level (in SO2, SO3 and SO5) related to upscaling of good practices; and strengthening capacities for inclusive governance or coordination mechanisms (all SOs).

46. *Outputs* are FAO's direct contributions to Outcomes delivered through FAO's Core Functions at national, regional and global level using all sources of funds. As defined by the United Nations Development Group,¹¹ Outputs capture the “*changes in skills or abilities and capacities of individuals or institutions, or the availability of new products and services that result from the completion of activities within a development intervention within the control of the organization.*”

47. There are 40 Outputs proposed for 2018-21, as shown in *Annex 2*. They follow a more standardized formulation around FAO's Core Functions (norms and standards, data and information, policy dialogue, capacity development, knowledge and technologies, partnerships, advocacy and communication). Compared with 2014-17, the aim is to more adequately describe a set of deliverables or improvements resulting from FAO's interventions that contribute through a cause and effect relationship to the Outcomes. The Output formulation process will continue throughout 2017, to refine the formulation and develop targets and indicators linked to the country programming frameworks.

Objective 6 and cross-cutting themes

48. *Objective 6* ensures the quality and integrity of FAO's technical knowledge and services in six key areas of work cutting across the Strategic Objectives. The results framework for Objective 6 (*Annexes 1 and 2*) reflects expected improvements measured by key performance indicators for technical leadership, statistics, gender, governance, nutrition and climate change, and opportunities to address them in each Strategic Programme.

¹¹ Definition of Outputs according to UNDG Results-Based Management Handbook

PROGRAMME OF WORK AND BUDGET 2018-19

A. Main Features***Approach***

49. The Programme of Work and Budget 2018-19 presents the programme priorities and results framework (objectives, outcomes, outputs, indicators and targets) established in accordance with the reviewed Strategic Framework and Medium Term Plan 2018-21, a quantification of costs for all Outcomes and related commitments, a calculation of cost increases and efficiency savings, provision for long-term liabilities and reserve funds, and a draft Conference resolution for approval of the biennial programme of work and the budgetary appropriations.

50. In preparing the PWB 2018-19, the Director-General has considered the challenges and developments identified in the review of the Strategic Framework, and the guidance received from the FAO Regional Conferences, Technical Committees, Programme and Finance Committees and Council concerning priority areas of work. This context demonstrates an increasing demand for delivering FAO's technical services to achieve results, particularly to support countries in meeting the Sustainable Development Goal targets in a resource constrained environment.

51. Therefore, the PWB 2018-19 has been developed around four main principles.

- a) Maintain a flat nominal budget, with no change in the level of assessed contributions and net budgetary appropriation compared with 2016-17, by absorbing cost increases and reinvesting savings in priority areas of work, recognizing the budgetary pressure on Members in uncertain times (*Sections A and C*).
- b) Identify areas of programmatic priority and de-emphasis, reallocate resources to priority areas and highlight other priority areas where voluntary contributions would help the Organization meet the demand for its technical services (*Section A*).
- c) Increase the share of the Technical Cooperation Programme to 14 percent of the net budgetary appropriation, in line with Conference Resolution 9/89 and the recommendation of Conference at its 39th session (*Section A and Annex 1*).
- d) Use the programme management arrangements now in place to accelerate the delivery of effective and demonstrable results, particularly at country level (*Section B*).

Programmatic and budgetary highlights

Priorities and resource reallocation

52. Based on the priorities of the Strategic Objective programmes (Strategic Programmes) and Objective 6 articulated in the Medium Term Plan, resources within the PWB amounting to USD 19.7 million are reallocated to increase technical capacity in ten higher-priority areas in the Programme of Work:

- a) *USD 3.7 million* for climate change adaptation and mitigation, in line with FAO's Climate Change Strategy and Plan of Action, including to support countries to access climate finance and support to Small Island Developing States.
- b) *USD 3.1 million* for support to sustainable agricultural production, particularly at country level, including agroecology, genetic resources and governance.
- c) *USD 2.8 million* for food systems including nutrition and food safety, particularly at country level.
- d) *USD 2.7 million* to bring the Technical Cooperation Programme to 14 percent of the net appropriation.
- e) *USD 1.9 million* for work on statistics, including support for development and measurement of SDG indicators coordinated by the Office of the Chief Statistician.
- f) *USD 1.7 million* for work on antimicrobial resistance (AMR) and One Health, including livestock.
- g) *USD 1.2 million* for work to support peacebuilding in relation to food security, conflict analysis and partnerships.
- h) *USD 1.1 million* for work on poverty reduction, particularly capacity in rural development, including family farming.
- i) *USD 0.9 million* for fisheries, in particular support to countries in the implementation of the Port State Measures Agreement to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing.
- j) *USD 0.6 million* for forestry in particular for support to national forest assessments.

53. In addition, USD 4.0 million is reallocated to improve programme delivery by regularizing the positions of Regional Programme Leaders, who were put in place on a trial basis in 2016 and have proven effective (USD 2.9 million), and to establish the Office of the Deputy Director-General Programmes (USD 1.1 million) as authorized by the 154th session of the Council in December 2016.

54. Furthermore, to ensure that the Strategic Programmes work together and support delivery at country level, most of the budgeted Multi-disciplinary Fund of USD 10 million will be allocated during the biennium to the Strategic and Regional Programme Leaders to support the Regional Initiatives and the work of the Strategic Programmes at country level, building on the consolidated programme management arrangements put in place during 2016-17 (*Section B*).

55. In considering the technical capacity needed to deliver the Programme of Work, the Director-General has addressed the requirements to the extent possible through prioritization, savings and reallocations within a flat budget, in line with the process following since 2012 (*Section B*). However, there are unmet technical capacity requirements, set out in a *Web Annex*, highlighting the opportunity for Members and partners to provide voluntary contributions and engage in partnerships, including secondment of technical experts, in areas such as AMR, One Health, climate change adaptation and mitigation, innovations, geospatial information systems, soils, and statistics.

Resources for commitments to conventions, treaty bodies and gender

56. FAO's funding commitments for various conventions, treaty bodies and intergovernmental arrangements are managed by the head of the relevant technical department or office in conjunction with the concerned Secretariat. The resources for these commitments, which are budgeted and ring-

fenced as Corporate Technical Activities under the relevant Strategic Objectives and Objective 6, are maintained at their current level, totalling USD 22.3 million, as follows:

- a) *USD 7.1 million* for the Codex Alimentarius Commission (SO4);
- b) *USD 1.6 million* for Joint FAO/WHO Expert Committee on Food Additives (JECFA) and Expert Meeting on Microbiological Risk Assessment (JEMRA), and Joint Meetings on Pesticide Management (JMPM), Pesticide Residues (JMPR), and Pesticide Specifications (JMPS) (SO2 and SO4);
- c) *USD 5.9 million* for the International Plant Protection Convention (SO2);
- d) *USD 1.5 million* for the Rotterdam Convention on prior informed consent procedure for certain hazardous chemicals and pesticides in international trade (SO2);
- e) *USD 2.0 million* for the International Treaty on Plant Genetic Resources for Food and Agriculture (SO2);
- f) *USD 1.9 million* for other treaty bodies established under Article XIV of the FAO Constitution (SO2 and SO4);
- g) *USD 1.3 million* for the Committee on World Food Security, being an equal share agreed with IFAD and WFP (SO1);
- h) *USD 1.0 million* for the United Nations Standing Committee on Nutrition, which is hosted by the FAO Secretariat from 2016 (Objective 6).

57. Furthermore, the level of funding for FAO's work on Gender equality and women's empowerment across the Strategic Objectives and Objective 6 has been maintained at USD 21.8 million for the biennium, as set out in *Annex 1*.

Savings and areas of de-emphasis

58. The pursuit of efficiency gains and savings remains a high priority for the Organization (*Section B*). The Council has welcomed the efficiency savings achieved since 2012 and expressed concern that further savings should not impact negatively on the delivery of the programme of work,¹² while underlining the importance of articulating areas of programmatic emphasis and de-emphasis.¹³ Bearing this in mind, the resources reallocated for 2018-19 come from four main sources:

- a) Savings of USD 7.3 million arising from the further efficiencies in administrative services being put in place during the 2016-17 biennium relating to: outsourcing of printing and distribution work and streamlining of language services, while respecting Members' expectations for timely despatch of documentation in the languages of the Organization; and restructuring of the Shared Services Centre (*Section B*).
- b) Staff cost savings of USD 10.9 million due to changes in the staff compensation package, the continued freeze on remuneration, lower cost of after-service medical coverage, and lower than anticipated inflation rates in 2016-17 (*Section C*).
- c) Downgrading of 37 vacant professional posts amounting to USD 2.8 million to allow for the recruitment of highly qualified younger professionals (*Section C*).
- d) Areas of de-emphasis and re-alignment identified by heads of technical departments amounting to USD 2.7 million, arising from reduced demand for some technical areas of work or services in delivering the Strategic Programme work plans; streamlining work in the Corporate Technical Activities; and use of strategic partnerships, as set out below.

¹² CL 149/REP paragraph 18e

¹³ CL 150/REP paragraph 16b

59. The Agriculture and Consumer Protection Department will de-emphasize the following work:
- a) *Animal reproduction bio-technology*, where work by the Animal Production and Health Division (AGA) in this area will be discontinued since this work is handled fully by the Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture (AGE).
 - b) *Animal Genetic Resources Journal* will cease publication since the need is being met by other institutions.
 - c) *Programme Against African Trypanosomosis (PAAT)* will be relocated from AGA to the Regional Office for Africa - which already has the capacity - with AGA maintaining links with WHO, OIE¹⁴ and AGE as needed.
 - d) *Global and regional dialogues on pulses* will be reduced and reoriented on country level work integrated in the Strategic Programmes.
 - e) *Disposal of obsolete stocks of pesticides* will continue to be reduced to focus on management of pesticide stocks.
 - f) *Support to platforms and databases targeting individual commodities*: single commodity networks and databases will be phased out, as well as support to single cropping systems, more in line with the principles of sustainable food and agriculture.
 - g) *Specific extension methods and approaches* will be de-emphasized, with a shift to institutional level issues related to extension and advisory services within the context of strengthening agricultural innovation systems.
 - h) *Good hygienic practices in food production/processing* will be reduced and work in this area will focus on guidance on management of food safety risks in specific sectors.

60. The Climate, Biodiversity, Land and Water Department will de-emphasize work on *water infrastructure* involving upstream irrigation systems and large water capture, retention and conveyance structures such as dams. There are other agencies and entities with more comparative advantage on water infrastructures. FAO will continue supporting countries on works at the downstream end, including small water harvesting structures through sustainable soil management, and on-farm storage schemes, to help make agriculture more productive, and helping farmers, especially smallholders, with enhanced livelihoods and resilience.

61. The Economic and Social Development Department will de-emphasize the following work:

- a) Development of *methods, guidelines and analytical modelling* to underpin the economic assessment and policy framework for climate smart agriculture, agricultural and food policy analysis (MAFAP), and resilience index measurement and analysis (RIMA) will be reduced and focused on country-level support in these areas.
- b) *Nutrition education* curriculum development and some *food composition* work, development of Minimum Dietary Diversity indicator, nutrient productivity concept development, and preparation of technical guidance in support of agroindustry development will be reduced.
- c) Work on knowledge generation products to mainstream *decent rural employment* through guidance notes and other related tools has been largely completed and will be de-emphasized.
- d) Refocus the *statistical work programme* on the operational functions related to methodological development, as well as data acquisition, processing, validation, imputation and dissemination for the statistical domains currently covered, including for SDG indicators, and refocus statistical capacity development on tools for SDG indicators.
- e) Work on some *non-food commodities* will be reduced, for which demand is low or there is another institution carrying out similar work.

¹⁴ World Organisation for Animal Health (OIE)

62. The Fisheries and Aquaculture Department will de-emphasize the following work:
- a) *Global estimates of discards*, which will be completed by the end of 2017.
 - b) *UN Atlas* development, which has lost momentum in the UN system, and improvements of the *FIGIS¹⁵ platform in relation to spatial data* that cannot be developed further due to lack of significant data.
 - c) *Aquaculture technologies*, while crucial to improving productivity and to reducing greenhouse gas emissions per unit production, is now driven by the private sector.
 - d) *Development of global governance instruments* will continue to be reduced with a focus on implementation.
 - e) *Catch documentation scheme guidelines* are expected to be adopted in 2017 at the FAO Conference and implementation work will be undertaken through projects.
 - f) Publication of *commodity updates* based on market data compilations will cease due to low interest, as the information is now also available from other sources.
 - g) Work on *certification as a benchmarking tool* based on FAO instruments has been completed.
63. The Forestry Department will de-emphasize the following work:
- a) *National Forest Programmes* will be reduced since, following FAO's support over the past decade, most countries now have a functioning National Forestry Programme in accordance with the principles of sovereignty and country leadership, partnership and participation, and integration beyond the forest sector.
 - b) Work on *edible insects*, which culminated in the publication of the widely used Forestry Paper 171 "Edible insects: future prospects for food and feed security".
 - c) *Watershed management*, where emphasis will shift to the role of watershed management in disaster risk management, climate change adaptation, and strengthening of resilience as part of the Strategic Programmes.
 - d) *Soil and water conservation* work will be reduced since other organizations are better placed to provide assistance in this area.
 - e) *Forest tenure* work, following successful awareness raising initiatives on the VGGT and in particular on the value of the VGGT for addressing forest tenure issues, will be reduced and focused on supporting countries that have expressed interest in using the VGGT to improve their forest tenure systems.

¹⁵ Fisheries Global Information System (FIGIS)

Regional dimension

64. The Regional Initiatives serve as a mechanism to ensure effective delivery and impact of FAO's work on the key priorities of each region contributing to the Strategic Objectives. The 2016 Regional Conferences considered achievements of the 15 current Regional Initiatives and identified priority areas to be considered for new Regional Initiatives in the next biennium.¹⁶ Taking account of lessons learned with Regional Initiatives since 2014, the main regional priorities that will be addressed through this mechanism in the next biennium are summarized below.

65. **Africa:** The three main Regional Initiatives, which support the SDGs and the commitments under the Malabo Declaration (2014), will be maintained: *Africa's Commitment to End Hunger by 2025; Sustainable Production Intensification and Value Chain Development; and Building Resilience in Africa's Drylands*. Further efforts will be made to anchor the Commitment to End Hunger within the CAADP¹⁷ process. Sustainable Production Intensification will benefit from collaboration between Strategic Programmes (notably SP2 and SP4) and the conceptual underpinnings of the Sustainable Food and Agriculture approach. The Dryland Resilience programme will place further emphasis on climate-related shocks, with the aim of mobilizing climate finance. As requested by the Regional Conference, work in the region will also give priority to decent youth employment in agriculture and agribusiness, and sustainable rice systems development.

66. **Asia and the Pacific:** Three of the current regional initiatives will continue: *Zero Hunger Challenge; Blue Growth; and Value Chains in the Pacific*. The latter will be reorganized and incorporated as a component within the Inter-regional Initiative on Small Island Developing States. Two new Regional Initiatives will be formulated: *Climate Change*, which will incorporate the work of the current Regional Rice Initiative; and *One Health*, which will address complex and cross-cutting issues in food systems in the region, including antimicrobial resistance, emerging infectious diseases and food safety.

67. **Europe and Central Asia:** The two Regional Initiatives will be maintained, with some adjustments, and a third initiative will be developed. *Empowering Smallholders and Family Farms* for improved livelihoods and poverty reduction will aim to scale-up ongoing country programmes and better incorporate cross-cutting issues of gender, nutrition, governance, and climate change. *Agrifood Trade and Market Integration* will target capacity-building relating to SDGs 1 and 2, and scale-up activities. A new Regional Initiative will focus on *Sustainable Agriculture and Natural Resources Management in a Changing Climate*, aiming to mobilize climate finance in the region.

68. **Latin America and the Caribbean:** The three Regional Initiatives will be maintained, with some adjustments. *Support to the Hunger Free Latin America and the Caribbean* will focus on improving the enabling policy and institutional environment to address the relevant SDG indicators, while giving less emphasis to the development of new guidelines and technical tools. *Family Farming and Inclusive Food Systems*, cutting across SOs 2, 3 and 4, will extend value chains work to identify the pro-poor and the nutrition-sensitive aspects. *Sustainable Use of Natural Resources, Adaptation to Climate Change and Disaster Risk Management*, started in 2016, will continue in its current form, with an emphasis on risk management strategies, governance and legislation on food security and nutrition and climate change.

¹⁶ See PC 119/2 Regional Priorities and PC 121/3–FC 166/6 Mid Term Review Synthesis Report 2016, Annex 5
¹⁷ Comprehensive Africa Agriculture Development Programme (CAADP)

69. **Near East and North Africa:** The three Regional Initiatives will be maintained, with some adjustments. The *Water Scarcity Initiative*, where additional countries are interested to join the initiative, places an emphasis on water use efficiency, climate change, drought management, strategic planning of water resources and sustainable land management. *Small Scale Family Farming* will strengthen producers' capacity for sustainable productivity and value chains, through farmer field schools and others means, as well as developing capacity of producers organizations and rural institutions, supporting market access for small-scale farmers. *Food Security and Nutrition Resilience* will support development of policy and institutional frameworks in countries across the region, as well as improving access to food and nutrition security information for decision support, promoting efficient and inclusive food systems and developing household resilience.

Budgetary chapter allocations and sources of funding

Budgetary chapter allocations

70. The starting point for determining budgetary chapter allocations in the PWB 2018-19 is the Adjustments to the PWB 2016-17 approved by the Council in December 2015.¹⁸ The net change in allocation of the flat USD 1,005.6 million net appropriation among budgetary chapters in the PWB 2018-19, shown in *Table 1*, arises from:

- a) shifts of resources arising from detailed work planning and implementation of the PWB 2016-17, as reported to the Finance Committee;¹⁹
- b) proposed allocations to areas of programmatic priority from areas of de-emphasis, efficiency savings and staff cost savings set out in this document.

Table 1: Comparison of Net Appropriation between the 2016-17 biennium and the proposed PWB 2018-19 (USD thousands)

Budget chapter	Strategic/Functional Objectives	Adjusted PWB 2016-17	Change	PWB 2018-19
1	Contribute to the eradication of hunger, food insecurity and malnutrition	84,391	(2,263)	82,128
2	Make agriculture, forestry and fisheries more productive and sustainable	200,735	(3,783)	196,952
3	Reduce rural poverty	65,707	500	66,207
4	Enable more inclusive and efficient agricultural and food systems	105,266	133	105,399
5	Increase the resilience of livelihoods to threats and crises	50,841	3,294	54,136
6	Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)	59,215	9,668	68,883
7	Technical Cooperation Programme	138,131	2,657	140,788
8	Outreach	77,740	1,014	78,754
9	Information Technology	35,437	807	36,244
10	FAO governance, oversight and direction	76,983	(6,060)	70,923
11	Efficient and effective administration	71,275	(5,967)	65,308
12	Contingencies	600	0	600
13	Capital Expenditure	16,892	0	16,892
14	Security Expenditure	22,420	0	22,421
Total Appropriation (Net)		1,005,635	0	1,005,635

71. Concerning the resources for the five Strategic Objectives (Chapters 1 to 5), there is a net decrease of USD 2.1 million due entirely to the reprogramming of USD 3.6 million in staff costs for the Global Perspective Studies Unit, including for preparation of SOFA, from SO1 to Objective 6 (6.01). The shift is offset by a reprogramming of USD 1.5 million of the savings in Chapters 10 and 11 for priority areas of work in the Strategic Objectives. The resource shifts among the five Strategic Objectives are a composite of programmatic realignment during 2016-17, particularly the better integration of work of the technical departments contributing to Strategic Objectives 3, 4 and 5.

¹⁸ CL 153/3 and CL 153/REP (December 2015)

¹⁹ FC 166/7 Annual Report on Budgetary Performance and Programme and Budgetary Transfers (March 2017)

72. Objective 6 sees an increase of USD 9.6 million due to the USD 3.6 million shift from the SOs noted above, the establishment of the consolidated management arrangements (under 6.01), and allocation of additional resources to statistics (6.02) and climate change (6.06).

73. Resources for the Functional Objectives decrease by USD 10.2 million arising from the efficiency savings of USD 7.3 million and the effect of staff cost savings on posts in these Chapters. The resources are used to fund the USD 2.7 million increase in Chapter 7 TCP, as well as USD 6 million for Objective 6 and USD 1.5 million for the SOs to partially offset the shift of USD 3.6 million to Objective 6.

Sources of funding

74. The PWB proposes a biennial Programme of Work funded from the assessed contributions by Members and an estimate of extrabudgetary voluntary contributions. The assessed contributions by Members (based on the agreed scale of contributions) finance the net appropriation voted by the Conference in the Budgetary Appropriations Resolution. Extrabudgetary resources can be provided by Members and other partners on a voluntary basis through direct support to the Programme of Work, or through Trust Funds to provide technical and emergency assistance to governments for clearly defined purposes linked to the Programme of Work.

75. *Table 2* provides a summary of overall resource requirements for 2018-19 by budgetary chapter and source of funding, i.e. net appropriation of USD 1,005.6 million funded from assessed contributions by Members (from *Table 1*), and an estimate of extrabudgetary resources.

Table 2: 2018-19 Budget proposal by Chapter and funding source (USD thousands)

Budget chapter	Strategic/Functional Objectives	Net Appropriation	Extrabudgetary	Total
1	Contribute to the eradication of hunger, food insecurity and malnutrition	82,128	184,030	266,158
2	Make agriculture, forestry and fisheries more productive and sustainable	196,952	458,972	655,924
3	Reduce rural poverty	66,207	90,438	156,645
4	Enable more inclusive and efficient agricultural and food systems	105,399	138,822	244,221
5	Increase the resilience of livelihoods to threats and crises	54,136	654,758	708,894
6	Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)	68,883	17,197	86,080
7	Technical Cooperation Programme	140,788	0	140,788
8	Outreach	78,754	194	78,948
9	Information Technology	36,244	0	36,244
10	FAO governance, oversight and direction	70,923	1,179	72,102
11	Efficient and effective administration	65,308	9,369	74,677
12	Contingencies	600	0	600
13	Capital Expenditure	16,892	0	16,892
14	Security Expenditure	22,421	181	22,602
	Total Appropriation (Net)	1,005,635	1,555,140	2,560,775

76. The extrabudgetary resources reflect the preliminary estimates for voluntary contributions in 2018-19, comprising 61 percent (USD 1,555 million) of overall resource requirements. The estimates of delivery are based on operational projects that will extend into the next biennium, proposed projects in the pipeline and likely to be approved, and prospects based on project ideas and positive contacts with partners.

77. In view of the fact that this document has been prepared one year before the start of the biennium, adjustments in resource allocations and results frameworks will be necessary, arising from decisions and guidance of the governing bodies during March to July, the work planning process during July to October including definition of Output targets, and updates to the estimated level and distribution of voluntary contributions. These changes will be reported in the Adjustments to the PWB 2018-19 for consideration by the Council in December 2017, in line with the established programming and budgeting process.²⁰

²⁰ Basic Texts, Volume II Part F

B. Improved delivery

78. As highlighted in the Medium Term Plan, the reviewed Strategic Framework and its implementation arrangements have the overarching aim of applying FAO's technical knowledge more effectively to help countries achieve their goals of eradicating hunger, reducing poverty and producing food in a more sustainable manner. Since 2012, transformational change in FAO has put in place new ways of working along these lines, culminating in the consolidated management arrangements approved by the Council in December 2016.

79. For the 2018-19 biennium, the focus will be on improving delivery of the Strategic Programmes, with fine tuning of the implementation arrangements and organizational structure while seeking efficiencies, and continued attention to adjusting technical capacity to meet programme requirements.

Implementation arrangements

80. The five Strategic Programmes are designed, planned, managed and monitored by the Strategic Programme Leaders and their small management teams to achieve the Outputs in the results framework, under the overall direction of the Deputy Director-General (Programmes). The Strategic Programmes are delivered by teams comprising staff from technical divisions and decentralized offices operating through Service Level Agreements, which define the products and services to be delivered contributing to the Outputs and the allocation of resources, focusing on priorities in the Regional Initiatives and the country programming frameworks.

81. Besides providing specific technical services to the Strategic Programmes, technical divisions are responsible for ensuring the technical quality of the work undertaken, as well as providing services to ensure the integration of climate change, gender, governance and nutrition as defined in Objective 6. Technical divisions are also responsible for the assigned Corporate Technical Activities (e.g. statistics, flagship publications, Technical Committees, conventions and treaty bodies) funded by ring-fenced resources.

82. During 2018-19 the focus of implementation arrangements will be on improving delivery of results at the country level. The Regional Strategic Programme Coordinators, who were appointed on a trial basis in 2016, have proven instrumental in bringing a programmatic dimension to FAO's work across countries. Therefore, their positions are established as Regional Programme Leaders in the PWB 2018-19. They will continue to work closely with the Regional Representatives, FAO Representatives, Strategic Programme Leaders and technical divisions to focus and ensure delivery of programmes and achievement of results at country level.

83. To help focus work at country level, the Service Level Agreements for 2018-19 will be tightened-up to better match deliverables and resources, make use of longer-term technical support missions from technical divisions and regional offices, and leverage partnerships with national and regional institutions, guided by the priorities in the Regional Initiatives and country programming frameworks.

84. Delivery of the Functional Objectives (outreach; information technology; FAO governance, oversight and direction; and efficient and effective administration) and special Chapters (TCP, Capital and Security Expenditure) is guided by the heads of the responsible business units, who are accountable for the policy, standards and performance improvements in the enabling services they provide.

85. Internal management governance is also streamlined. The Executive Management and Monitoring Team (EMMT), chaired by the Director-General and comprising the Deputy Directors-General, ADG-ES and Director OSP, continues as the highest internal governance occurrence, overseeing the span of corporate strategies, policies and management. The Corporate Policy and Programmes Board (CPPB) will oversee corporate policies and programmes, optimizing interdisciplinary functions and ensuring the integrity of the Strategic Framework. The CPPB substitutes the policy role of the former Senior Management Meeting and the programming functionality of the former Corporate Programmes Monitoring Board. The CPPB is chaired by the

Director-General and comprises the Deputy Directors-General, Assistant Directors-General (all locations), Strategic and Regional Programme Leaders, and Directors OCC and OSP. A new Programme Implementation and Monitoring Board, chaired by the Deputy Director-General (Programmes) and with a similar composition, will oversee the implementation and monitoring of corporate programmes.

86. Programme delivery is monitored using four streams of information: delivery of products and services; budgetary and financial performance; project performance; and achievement of results against the monitoring framework described in *Section C* of the MTP. The governing bodies provide oversight through the annual report on budgetary performance, the Mid-term Review Synthesis Report and the Programme Implementation Report.

Organizational structure

87. Following the approval of the consolidated management arrangements by the Council in December 2016, which are reflected in the PWB 2018-19, the Organizational structure has now stabilized, with fine-tuning for 2018-19 to help improve delivery and achieve efficiencies.

Reflection of structural changes approved during 2016-17

88. The Organigramme (*Annex 10*) reflects the headquarters' structural changes approved by the Council in December 2016, as follows:

- a) *Deputy Director-General for Programmes (DDP)*, encompassing the existing Strategic Programme management units, the Technical Cooperation Department, the Partnerships, Advocacy and Capacity Development Division, the Liaison Offices, and the Office of Chief Statistician, to elevate and strengthen the Programme Management function and better link it with technical knowledge and operations.
- b) *Office of Chief Statistician (OCS)*, with a small team of staff seconded from the increased complement of statisticians in the Statistics Division and other statistical units, with a focus on the SDG indicators and coordination of statistical functions that cut across technical and operational work and contribute to the Strategic Programmes.
- c) *Department of Climate, Biodiversity, Land and Water (CB)*, encompassing the Climate and Environment Division (CBC) and the Land and Water Division (CBL), as well as the Secretariats of the biodiversity-related bodies, to raise the profile and strengthen FAO's work on climate change adaptation and mitigation, as well as biodiversity.

89. The Organigramme also reflects the two new subregional offices approved by the Council in June 2016, as follows:

- a) *Subregional Office for West Africa (SFW)*, as a separate office preferably based in a francophone country, with the location to be determined by the Director-General in consultation with the countries concerned. It is expected that a decision on the location will be taken during 2017. The location and proposed staffing will be included in the Adjustments to the PWB 2018-19 in December 2017.
- b) *Subregional Office for Mashreq Countries in Beirut, Lebanon (SNM)* with the logistical, administrative and financial support to host this office agreed with the Government of Lebanon in December 2016, and the office being established during 2017.

Office of Human Resources

90. Since 2012, human resources management capacity has been progressively adjusted to realign reporting lines and accountability for human resources strategy and policy, and for staff recruitment, development and social security, in the Office of Human Resources reporting directly to the Director-General. In order to optimize functions and leverage synergies with other units, two adjustments are made with respect to responsibility for aspects of human resources policy and recruitment.

91. First, responsibility for administrative law and the legal aspects of human resources policy is transferred to the Legal and Ethics Office to ensure consistency in legal matters, involving the transfer of three posts. Second, responsibility for recruiting interns and volunteers is transferred to the Partnerships, Advocacy and Capacity Development Division under the DDG-Programmes, to ensure close coordination in the recruitment of these short-term human resources with the needs of the Strategic Programmes, involving the transfer of three posts.

South-South Cooperation and Partnerships

92. With the consolidated management arrangements now in place, there are opportunities to better link responsibilities for the stewardship of South-South Cooperation and triangular partnerships, as well as the recruitment of interns and volunteers, with the needs of the Strategic Programmes. For this purpose, a small unit headed by a D-1 Deputy Director will be established in the Partnerships, Advocacy and Communications Division (OPC).

93. In addition to the responsibility for recruiting interns and volunteers transferred from OHR (see above), the responsibility for South-South Cooperation and triangular partnerships is transferred from the South-South and Resource Mobilization Division (TCS) to OPC, involving the transfer of four posts (one D-1 and three professionals) and associated resources.

94. As a result, TCS is renamed *Resource Mobilization Division* and will focus on its core mandate of resource mobilization and project cycle management and oversight, aiming to increase and diversify FAO's resource base and ensure all resources mobilized are supporting the Strategic Framework.

Shared Services Centre

95. The Shared Services Centre (SSC) was established in 2008 with the primary goal to reduce the cost of performing back-office administrative transactions. It has evolved and matured over the years in terms of structure and services offered.

96. During 2016-17 the SSC is being restructured to further reduce administrative costs and improve service quality in two ways: administrative process ownership is moved from policy owners at headquarters to the SSC in Budapest to reduce fragmentation; and SSC Budapest is being restructured to increase resilience to staff turnover, with a small stable core team of experienced and knowledgeable staff responsible for service quality and consistency, supported by employees for cost-effective transaction processing, resulting in a net reduction of 23 posts. While the head of the SSC reports directly to the ADG Corporate Services Department, further evolution of the SSC is overseen by a board chaired by the DDG Operations.

97. The new structure of the SSC Budapest is creating opportunities to introduce further service improvements and efficiencies. For example, during 2017 functions such as payroll and payment processing are being transferred from the Finance Division (CSF) to the SSC Budapest, with a net transfer of seven posts. Opportunities to further consolidate back office functions will be explored and reported in the Adjustments to the PWB 2018-19 in December 2017.

Conference, Council and Protocol Affairs Division

98. As foreseen in the consolidated management arrangements, measures are being taken to outsource printing and distribution work, as well as streamline language services undertaken by the Conference, Council and Protocol Affairs Division (CPA). The impact on the structure and function of CPA is described below, and the savings arising are set out in the section on efficiencies.

99. Concerning printing and distribution, a contract has been awarded to an outside company to provide high-quality printing services on-site and on-demand in order to reduce overhead costs. As a result, the Printing and Distribution Group has been downsized and transferred to the Office for Corporate Communication, which has primary responsibility for FAO's publication policy and will manage the printing contract (six posts abolished, six posts transferred).

100. Concerning language services, including official correspondence, interpretation, translation and terminology, a higher volume of work will be outsourced, taking advantage of rapidly evolving

language service technology and capacity worldwide. This will allow CPA to reduce support staff and concentrate on the timeliness and quality of language service products delivered to Members and the Secretariat, with a net reduction of 23 posts.

Coverage of FAO decentralized offices

101. The Council in June 2016 recognized the need to update the coverage of the FAO decentralized offices in a flexible manner, supported the principles and criteria to be applied on a region-specific manner, and endorsed the region-specific recommendations arising from each of the 2016 Regional Conferences on a cost-neutral basis.²¹ Based on this guidance, the Secretariat has embarked on a review of the scope and modalities of country coverage in each region, with a view to progressively increasing flexibility in managing the available budgeted resources and improving the cost sharing arrangements.

102. As a first step, the PWB 2018-19 includes the change of eight of the thirty D-1 FAO Representative positions to P-5 level, to reflect the grade level of the incumbents in line with the size of the country programme, with the savings retained in the FAO country office network budget. Further changes to the country office network will be included in the Adjustments to the PWB 2018-19 in December 2017.

²¹ CL 154/REP paragraph 18

Efficiencies and savings

103. The pursuit of efficiency gains and savings remains a high priority for the Organization. The Conference has emphasized that identification of efficiency gains and savings should be driven by the goal of ensuring the most efficient and effective use of resources, and not at the expense of the delivery of the Programme of Work. Furthermore, the Conference has stressed the importance of reducing the increases in staff costs of the Organization, and requested that further efficiency gains and savings be achieved particularly by measures aimed at reducing the staff costs, which constitute approximately 75 percent of the budget.²²

104. The Director-General's transformational change for FAO, starting in 2012, included as a prime element the need to institute a mindset of value-for-money within the Organization. This has resulted in substantial efficiency savings over three biennia:

- a) USD 71.6 million in 2012-13 and USD 36.6 million during the 2014-15 biennium, while delivering the approved Programme of Work. The savings during this period were mainly in staff costs and in the administrative units, resulting in the abolition of 235 posts.²³
- b) USD 5 million reallocated in the PWB 2016-17 from the Capital Expenditure Facility to high-priority technical areas of work, arising from less costly investment in information technology infrastructure and systems, and a further USD 2.7 million in savings required by the Conference.

105. Furthermore, during 2016-17 a reduction in staff costs is being achieved due to a downward adjustment in personnel costs (freeze on remuneration, reductions in after-service medical cost) and will be biennialized as staff cost savings in 2018-19, as explained in *Section C*.

106. For the 2018-19 biennium, efficiencies of USD 7.3 million will be obtained from three initiatives:

- a) USD 1.9 million from restructuring of the Shared Services Centre as described above.
- b) USD 4.6 million from the outsourcing of printing and distribution work and streamlining of language services undertaken by the Conference, Council and Protocol Affairs Division (CPA), as described above.
- c) USD 0.8 million from further streamlining of procurement services in the Administrative Services Unit of the Corporate Services Department, resulting in the abolition of one professional and two general service posts.

107. Greater efficiency will continue to be pursued throughout the 2018-19 biennium. This will be driven by the principle of streamlining the overall administrative construct, particularly at headquarters, while maintaining and enhancing to the extent possible the technical capacity of the Organization. Accordingly, opportunity for further efficiency will be sought in the cost of consultants, travel and procurement, in facility maintenance and Security Services while safeguarding the safety and security of staff and delegates, and through synergies and convergence of administrative systems and processes among the Rome-based agencies.

²² C 2013/REP paragraphs 97-110

²³ C 2017/8 paragraphs 346-354

Posts overview

108. In preparing the PWB 2018-19 with a flat nominal budget and reinvestment of savings, the aim has been to continue to shift posts from administrative work, which has been streamlined through efficiencies, to priority technical areas, as described earlier in this document, staying within the total number of 2,945 posts budgeted in 2016-17. The change in distribution of posts by organizational unit and grade group resulting from this approach is shown in *Annex 9*. An overview of post changes is provided below.

109. In preparing the PWB, senior management undertook an exercise to match the technical requirements of the Strategic Programmes and Objective 6 (including the Corporate Technical Activities) with the technical capacity of the Organization. Proposals for new or reprofiled technical posts made by heads of technical departments and regional offices were reviewed and ranked by the Strategic Programme Leaders. The Executive Management and Monitoring Team then reviewed and decided on those proposals that should be included in the PWB taking account of the priorities, finding that not all worthy proposals could be accommodated within the resources available (*Section A* and *Web Annex*).

110. Taking into account the requirements of the consolidated programme management arrangements approved in November 2016, 58 new technical posts (of which 8 D-level and above, 47 professional and 3 general service) are included in the PWB 2018-19, as shown in *Table 3* column 2. The breakdown of the posts by priority area and location is shown in *Table 4*.

111. The new posts were offset by a net of 59 posts (*Table 3* column 3) abolished through restructuring, streamlining and efficiency measures in the Shared Services Centre; the Conference, Council and Protocol Affairs Division; and the Corporate Services Department as described earlier.

112. In addition, a few other post adjustments in post counts arise from conversion of four general service to professional posts, and the split of one higher graded professional position into two lower graded posts (*Table 3* column 4).

113. As part of the post review exercise, 76 professional posts were downgraded in order to allow the recruitment of highly qualified younger professionals, resulting in a reduction of the Professional grade point average from 3.52 to 3.43.

Table 3: Evolution of budgeted posts by location and category

Grade Category	Adjusted PWB 2016-17 (1)	New tech posts (2)	Efficiencies (3)	Other adjustments (4)	Total Change (5)	PWB 2018-19 (6)
Headquarters						
Professional and above	868	32	(13)	4	23	891
General Service	606	3	(30)	(3)	(30)	576
Total Headquarters	1,474	35	(43)	1	(7)	1,467
Decentralized						
Professional and above	611	23	8	1	32	643
General Service	860	0	(24)	(1)	(25)	835
Total Decentralized	1,471	23	16	0	7	1,478
All locations						
Professional and above	1,479	55	(5)	5	55	1,534
General Service	1,466	3	(54)	(4)	(55)	1,411
Total	2,945	58	(59)	1	0	2,945

Note: Professional counts in the decentralized offices in the PWB 2018-19 include 36 officers outposted from headquarters: 1 liaison officer, 4 internal auditors, 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.

Table 4: New technical posts by priority area and location

Priority area	Decentralized Offices	Headquarters	Total
Agroecology	1	1	2
AMR		2	2
Climate change	3	8	11
Fisheries and PSMA		3	3
Food safety	1		1
Food systems	3	2	5
Forestry		2	2
Genetic resources		1	1
Livestock		1	1
Nutrition	2		2
One health	1	1	2
Partnership	1		1
Peacebuilding		2	2
Poverty reduction	2	1	3
Statistics		7	7
Sustainable production	4	2	6
Technical management	5	2	7
Grand Total	23	35	58

C. Financial and budgetary dimensions

114. The section presents the requirements to fully fund the Programme of Work, including anticipated cost increases, and also sets out requirements to provide for long-term liabilities and reserve funds. A draft Conference Resolution is presented for approval of the biennial Programme of Work and the Budgetary Appropriations funded from assessed contributions.

Overview of anticipated cost increases

115. The cost increase estimates cover the recosting of Regular Programme inputs from 2016-17 to 2018-19 levels to deliver the Programme of Work, namely for personnel, goods and services, and the lapse factor. The methodology, assumptions, and the detailed breakdown of the costs are provided in Annex 3.

116. The cost increase estimates are developed on a biennial basis from actual cost adjustments that are occurring during the course of the current biennium (*biennialization*), and forecasted adjustments to unit costs that will take effect in the next biennium (*inflation*).

Personnel, goods and services

117. *Personnel services* comprise all staff costs, including salaries, pension fund contributions, dependency allowances, social security and other staff-related entitlements and after-service benefits for both the professional and general service staff categories. The changes in personnel services costs are derived from the decisions regarding the United Nations common system, as reviewed by the International Civil Service Commission (ICSC) and approved by the United Nations General Assembly, independent verification, and other external factors. *Goods and services* include other non-staff human resources (e.g. consultants), travel, general operating expenses, contracts and other (e.g. furniture and equipment).

118. The total estimates for personnel services in 2018-19 have been calculated as a downward adjustment of USD 10.9 million in costs. This is due to the decline in the costs of *personnel services* experienced in the UN system in the course of 2016 and 2017 *biennialized* for the next biennium, partially counterbalanced by *inflation* calculated based on slightly lower than the lowest CPI²⁴ indexes in the region or country where FAO has large offices, as detailed in Annex 3.

119. The inflation for *total goods and services* is estimated at USD 8.1 million, assuming the same expenditure pattern as the last biennium. These costs can be absorbed within the proposed net appropriation through the ongoing drive to reduce costs of consultants, travel and procurement.

120. The evolution of the estimated cost increases for 2018-19 is summarised by input category in Table 5 and explained below.

²⁴ Consumer Price Index (CPI)

Table 5: Summary of cost increases under the Net Appropriation in 2018-19 (USD million)

	PWB 2018-19 Proposed Net Appropriation at 2016-17 costs	Biennialization	Inflation	Cost Increases for 2018-19	PWB 2018-19 Proposed Net Appropriation at 2018-19 costs	Percent Cost Increase Biennial)
	a	b	c	d = b + c	f = a + d	e = d ÷ a
Personnel Services						
Salaries, Pension Fund Contributions and Allowances	678.6	(15.9)	13.8	(2.1)	676.5	(0.3%)
After-service Benefits	75.6	(8.8)	-	(8.8)	66.8	(11.7%)
Total Personnel Services	754.2	(24.7)	13.8	(10.9)	743.3	(1.4%)
Total Goods and Services	413.7	-	-	-	413.7	-
Corporate and Other Income	(151.4)	-	-	-	(151.4)	-
Budget Level for Net Appropriation	1,016.5	(24.7)	13.8	(10.9)	1,005.6	(1.1%)

* The breakdown of the budget by input category as shown in the column entitled “PWB 2018-19 Proposed Net Appropriation at 2016-17 costs” reflects the input mix of the 2018-19 proposal at 2016-17 costs. Figures are rounded to the nearest tenth.

121. *Biennialization* results in a downward adjustment of personnel costs of USD 24.7 million mostly due to the extended freeze in professional staff net remuneration and the salary scales for the general service staff in Rome and other several duty stations, and to the reductions in both the 2016 and 2017 cost of After-service Medical Coverage (ASMC) compared to the amount budgeted based on the past actuarial valuations. The impact of the revised compensation package gradually implemented in 2016 and the new unified salary scale for the professional staff implemented effective 1 January 2017 is close to being cost neutral for the next biennium due to the transition measures.²⁵

122. *Inflation* estimates for salaries, pension fund contributions and allowances have been calculated based on slightly lower than the most recent lowest EIU²⁶ CPI indexes forecasts in the region or country where FAO has large offices, with a risk-taking approach for staff costs. The total inflation estimate of USD 13.8 million for personnel services represents the lowest inflation at 1.4% of net appropriation in the last nine biennia, which is fully offset by biennialization.

123. The FAO governing bodies have been advised that staff costs are difficult to predict despite the refined information systems used to analyse current cost patterns and quantify trends, which leads to variances from the budgetary estimates prepared in advance of the budget implementation.²⁷ Since the PWB 2000-01, out of nine biennia, five ended with less costly and four more costly actual staff costs compared with cost estimates. The strong push for cost reductions in personnel services pursued by the UN system since 2015 is an important new factor, which is contributing to the lower than estimated staff costs in 2016-17 and allows for tighter estimates of staff cost inflation in 2018-19.

Lapse factor

124. The lapse factor is an adjustment of the budgetary provision for the estimated cost of established posts to account for the fact that some of them will be vacant for some time as a result of staff movements. The lapse factor methodology, approved by the Council at its 107th session (November 1994), is based on three aspects: (i) staff turnover rates, as measured through separations;

²⁵ FC 160/10 Recommendations and Decisions of the International Civil Service Commission and UN Joint Staff Pension Board to the General Assembly (including Changes in Salary Scales and Allowances); FC 161/9 (May 2016) and FC 164/8 paragraphs 1 and 2

²⁶ Economist Intelligence Unit (EIU)

²⁷ FC 113/10 Treatment of Staff Cost Variance

(ii) standard recruitment times; and (iii) the extent to which separations are foreseen, so that recruitment action can be anticipated and the effective lead time thus reduced.

125. The 2018-19 lapse factor is 1.39 percent for professional and 1.79% percent for general service costs respectively. Compared to the percentages used in 2016-17, the lapse factor decreased for the professional category (from 1.69 percent), and increased for general service category (from 1.62 percent). Given the overall minimal change, the new lapse factor has a marginal impact on staff costs of USD 1.2 million when applied to all locations.²⁸

Elements for improving FAO's financial health, liquidity and reserves

Overview

126. The financial health of the Organization can be appraised in relation to three components of the General and Related Funds as follows:

- a) the **General Fund** - reflects the accumulated historical result of all assessments on Members, miscellaneous and other income, offset by cumulative expenditures to execute the Programme of Work;
- b) the **Working Capital Fund (WCF)** - in accordance with Financial Regulation 6.2, the primary purpose of the WCF is to advance monies to the General Fund to finance expenditures pending receipt of assessed contributions to the budget. The WCF can also be used to finance emergency activities not contemplated in the budget;
- c) the **Special Reserve Account (SRA)** - established by Conference Resolution 27/77 in 1977 and expanded by Conference Resolutions 13/81 and 17/89 and further guidance from Conference in 2005,²⁹ the SRA protects the Programme of Work against the effects of unbudgeted extra costs arising from adverse currency fluctuations and unbudgeted inflationary trends. The SRA can also advance monies on a reimbursement basis to the General Fund.

127. The General and Related Funds presented an overall deficit of USD 869.6 million as at 31 December 2015. The main factors which have contributed to the deficit balance on the General and Related Funds at 31 December 2015 are the unfunded past service costs for After-service Medical Coverage (ASMC) plan and the Termination Payments Fund (TPF) as determined by the external actuarial valuation, and unbudgeted expenditures that since 1998 have not been matched with funding.

128. As reported in previous biennia, unless significant measures are adopted by the governing bodies to address unfunded liabilities, the accumulated deficit under the General Fund will continue to deteriorate. In addition, FAO continues to remain vulnerable to liquidity shortfalls due to the impact of delays in the timing of payments of major contributors and the Organization's recourse to external commercial borrowing to cover liquidity shortfalls also due to the low levels of the reserves.

Requirements proposed for 2018-19

129. Two requirements are proposed to stabilize the General Fund deficit and address liquidity shortages as summarized below and presented in more detail in *Annex 4*.

130. After-service Medical Coverage past service liability. In light of the ongoing review and discussions of this matter by both the FAO Secretariat and the United Nations common system, it is recommended to continue the approach previously approved of partial funding of USD 14.1 million towards the After-service Medical Coverage past service liability as a separate additional assessment for the biennium.

131. Requirements to address liquidity shortages. FAO continues to remain vulnerable to the timing of payments of major contributions. The Organization's recourse to external commercial

²⁸ For country and liaison offices, the Conference approved in 2009 the removal of the lapse factor adjustment.

²⁹ C2005/REP, paragraph 101

borrowing to cover liquidity shortfalls during 2005, 2006 and 2007 was preceded by the full utilization of the Working Capital Fund (WCF) plus any available balance of the Special Reserve Account (SRA). At its 164th session in November 2016, the Finance Committee underlined the importance of the Working Capital Fund in providing a safety net for the Organization with respect to the impact of delays in the payment of Members' contributions and looked forward to considering proposals for replenishing the reserves of the Organization in the PWB 2018-19.

132. An increase of the WCF from the currently authorized level of USD 25.8 million to at least one-month's Regular Programme Cash Flow (USD 42 million) would enable mitigation against potential vulnerability of the Organization with respect to delays in payments of Members Nations. Therefore, it is recommended that there be a one-time assessment on Members of USD 16.2 million to bring the WCF to USD 42 million, to cover one month of current cash outflow and to mitigate the vulnerability of the Organization with respect to potential delays in payments of Members Nations.

Summary requirements

133. This section provides an overall view of the funding requirements to execute the 2018-19 Programme of Work under all sources of funds; the requirements to tackle the financial health, liquidity situation and reserves; and how the funding requirements for the Programme of Work would impact on future financial commitment of Members.

Funding requirements for Programme of Work

134. The PWB presents an integrated view of total resource requirements to carry out the Programme of Work, in the form of assessed contributions to fund the net budgetary appropriation, and estimated extrabudgetary resources from voluntary contributions, as summarized in *Table 6*.

135. For the *net budgetary appropriation*, the starting point is the 2016-17 level of USD 1,005.6 million. As explained in *Section A*, the PWB 2018-19 maintains a flat nominal budget, with no change in the level of assessed contributions and net budgetary appropriation compared to 2016-17 by:

- a) reinvesting USD 7.3 million in further efficiencies in administrative services arising in the 2016-17 biennium;
- b) reinvesting savings of USD 10.9 million in staff costs, being the net of USD 24.7 million of biennialized savings that are occurring in 2016-17 and USD 13.8 million in forecasted inflation in 2018-19.

136. Furthermore, as explained in the section on efficiencies, the Organization will absorb the expected inflation of USD 8.1 million in the cost of goods and services through efficiency measures relating to the costs of consultants, travel and procurement.

137. Therefore, the total proposed net budgetary appropriation level to be funded from assessed contributions in 2018-19 is USD 1,005.6 million, with a *zero percent* increase over the 2016-17 net budgetary appropriation.

138. The level of *extrabudgetary resources* reflects the delivery estimates of voluntary contributions of USD 1,555.1 million in 2018-19. This comprises estimated voluntary contributions provided by Members and other partners through direct support to the Organization, or through Trust Funds to provide technical and emergency assistance to governments for clearly defined purposes linked to the Programme of Work.

Table 6: Cumulative funding requirements in 2018-19 for the Programme of Work

Programme of Work	Amount
Requirements under the net appropriation work programme	
Budgetary requirements at 2016-17 cost levels	1,005.6
Net programmatic requirements	10.9
Staff cost savings	(10.9)
Programme of Work net budgetary appropriation for 2018-19 at 2018-19 cost levels	1,005.6
Percent change in net appropriation	0%
Total requirement under voluntary contributions	1,555.1
Total integrated Programme of Work in 2018-19	2,560.7

Improving financial health, liquidity and reserves

139. The requirements to improve FAO's financial health, liquidity and reserves are summarized as follows:

- a) continue the approach previously approved of partial funding of USD 14.1 million towards the After-service Medical Coverage past liability as a separate additional assessment for the biennium in light of the ongoing discussions on the recurring incremental requirements to address staff-related liabilities; and
- b) one-time assessment on Members of USD 16.2 million to bring the Working Capital Fund to the level of at least one month Regular Programme cash flow (USD 42 million).

Impact on assessments of funding requirement under the programme of work

140. As in past biennia, the assessed contributions in 2018-19 will be based on the biennial net appropriation plus any other agreed funding to restore the financial health of the Organization. The impact on assessments of the net appropriation funding requirement for the Programme of Work is outlined below.

141. In calculating Members' assessed contribution, Financial Regulation 5.2(a) foresees that the resolution on the Budgetary Appropriation should include a deduction for estimated Miscellaneous Income. The Miscellaneous Income estimate for 2018-19 is set at the same level as in 2016-17, USD 5.0 million.

142. The overall 2018-19 funding requirement for the budget funded from assessed contributions after deduction of miscellaneous income amounts to USD 1,000.6 million, representing a zero percent increase in the level of net appropriation assessments compared with the present biennium.

143. Under the split assessment methodology adopted by Conference Resolution 11/2003,³⁰ contributions to the budget shall be assessed partly in US dollars and partly in euro, in accordance with the estimated expenditures in each of these currencies. The split assessment methodology was put in place to reduce the operational currency risk to the Organization by matching contributions to the two main currencies of expenditure, thereby shielding the Organization from exchange rate fluctuations.

144. Based on past and expected expenditure patterns, the Organization has estimated the expected expenditure in US dollar and Euro for 2018-19 will not change from 2016-17. The Organization receives and spends contributions in these two currencies, using hedging techniques to manage marginal differences and expenditure in non-dollar and non-euro linked currencies.

145. Table 7 reflects the overall impact on assessments of the proposed 2018-19 budget, compared with the approved US dollar and Euro contributions for 2016-17. It demonstrates that there are no changes in the assessments.

³⁰ Financial Regulation 5.6 refers.

Table 7: Assessed contributions from Members in 2016-17 and 2018-19

Biennum	Funding Level for	USD million at EUR 1=USD 1.22	Assessments due in USD (in millions)	Assessments due in Euro (in millions)
2016-17	Implementation of Programme of Work funded from assessed contributions - Less Miscellaneous Income	1,005.6 (5.0)	546.4 (5.0)	376.4 0
Total Assessments paid by Members in 2016-17		1,000.6	541.4	376.4
2018-19	Implementation of Programme of Work funded from assessed contributions - Less Miscellaneous Income	1,005.6 (5.0)	546.4 (5.0)	376.4 0
Total Assessments proposed to Members in 2018-19		1,000.6	541.4	376.4
<i>Percent difference from 2016-17</i>		<i>0%</i>	<i>0%</i>	<i>0%</i>

146. The budget rate of exchange of the 2016-17 biennium, Euro 1 = USD 1.22, has been used in *Table 7* to restate the Euro assessment in US dollars as the functional currency of the Organization,³¹ and it is proposed to maintain this rate for 2018-19. The level of the budget rate of exchange has no effect on the level of assessed contributions in US dollars and Euros, nor on the operations of the Organization. It only affects the nominal restatement of the Euro portion of the assessments in US dollars to derive the level of the net appropriation stated in US dollars. The use of a constant budget rate of exchange facilitates the comparison of the budgetary appropriations,³² in particular with regards to the PWB 2018-19 proposal that maintains a flat nominal budget, with a combination of efficiency and staff cost savings that have been reinvested in high priority areas of work.

³¹ Financial Regulation 3.2 and 11.4 refers.

³² For example, UNESCO has adopted the use of constant or fixed USD to EUR exchange rate since 1996 to facilitate the comparison of the regular budget from one biennium to another.

DRAFT RESOLUTION FOR ADOPTION BY THE CONFERENCE

RESOLUTION __/2017

Draft Budgetary Appropriations 2018-19**THE CONFERENCE,****Having considered** the Director-General's Programme of Work and Budget;**Having considered** the proposed total net appropriation of USD 1,005,635,000 for the financial period 2018-19 at the 2016-17 rate of Euro 1= USD 1.22, which assumes US dollar and Euro expenditure equal to USD 546,399,000 and Euros 376,423,000;**Having considered** that the above net appropriation remains equivalent to USD 1,005,635,000 at the same budget rate of Euro 1 = USD 1.22 established for 2018-19 after translation of the Euro portion;**1. Approves** the Programme of Work proposed by the Director-General for 2018-19 as follows:

a) Appropriations are voted at a rate of Euro 1 = USD 1.22 for the following purposes:

	USD
Chapter 1: Contribute to the eradication of hunger, food insecurity and malnutrition	82,128,000
Chapter 2: Make agriculture, forestry and fisheries more productive and sustainable	196,952,000
Chapter 3: Reduce rural poverty	66,207,000
Chapter 4: Enable more inclusive and efficient agricultural and food systems	105,399,000
Chapter 5: Increase the resilience of livelihoods to threats and crises	54,136,000
Chapter 6: Technical Quality, Statistics and cross-cutting themes (climate change, gender, governance, nutrition)	68,883,000
Chapter 7: Technical Cooperation Programme	140,788,000
Chapter 8: Outreach	78,754,000
Chapter 9: Information Technology	36,244,000
Chapter 10: FAO Governance, Oversight and Direction	70,923,000
Chapter 11: Efficient and Effective Administration	65,308,000
Chapter 12: Contingencies	600,000
Chapter 13: Capital Expenditure	16,892,000
Chapter 14: Security Expenditure	22,421,000
Total Appropriation (Net)	1,005,635,000
Chapter 15: Transfer to Tax Equalization Fund	87,450,000
Total Appropriation (Gross)	1,093,085,000

- b) The appropriations (net) voted in paragraph (a) above minus estimated Miscellaneous Income in the amount of USD 5,000,000 shall be financed by assessed contributions from Member Nations of USD 1,000,635,000 to implement the Programme of Work. Such contributions shall be established in US dollars and Euro and shall consist of USD 541,399,000 and Euro 376,423,000. This takes into account a split of 54% US dollars and 46% Euro for the appropriations (net) and of 100% US dollars for Miscellaneous Income.
- c) An additional amount of USD xxx shall also be financed by assessed contributions from Member Nations to fund the After-service Medical Coverage (ASMC) past service liability. The contributions shall be established in US dollars and Euro, taking into

account a split of 33% US dollars and 67% Euro, and shall therefore amount to USD xxx and Euro yyy.

- d) The total contributions due from Member Nations to implement the approved Programme of Work and to fund the amortization of ASMC shall amount to USD xxx and Euro yyy. Such contributions due from Member Nations in 2018 and 2019 shall be paid in accordance with the scale of contributions adopted by the Conference at its Fortieth session.
- e) In establishing the actual amounts of contributions to be paid by individual Member Nations, a further amount shall be charged through the Tax Equalization Fund for any Member Nation that levies taxes on the salaries, emoluments and indemnities received by staff members from FAO and which are reimbursed to the staff members by the Organization. An estimate of USD 6,500,000 has been foreseen for this purpose.

2. Encourages Members to provide voluntary contributions to facilitate achievement of the Strategic Objectives and implementation of the integrated Programme of Work under the results framework.

(Adopted on _____ 2017)

ANNEXES

Annex 1: Programmes and resource allocations 2018-19 – Strategic and Functional Objectives

147. *Annex 1* presents, for each budgetary Chapter (five Strategic Objectives, Objective 6, four Functional Objectives, four Special Chapters), the programme priorities and resource allocations for 2018-19, as follows:

- a) *Strategic Objectives*: context and the strategic programme to achieve the objective, highlighting changes in emphasis and changes in the results framework compared with the previous biennium.
- b) *Objective 6*: priorities for the biennium for each of the six Outcomes, and how work on statistics and the cross-cutting themes (gender, governance, nutrition, climate change) will be incorporated in each strategic programme.
- c) *Chapters 7 to 14* (TCP, Functional Objectives, Special Chapters): the scope of work and priorities for 2018-19.

148. The results frameworks for each budgetary chapter are presented in *Annex 2*.

Strategic Objective 1: Contribute to the eradication of hunger, food insecurity and malnutrition

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
1.1	50,129	102,205	152,334
1.2	14,654	25,628	40,281
1.3	12,704	56,197	68,901
1.4	4,642	0	4,642
Total	82,128	184,030	266,158

Context

149. Strategic Objective 1 explicitly targets the sustainable eradication of hunger, food insecurity and all forms of malnutrition, including undernourishment, micronutrient deficiencies and problems of overweight, obesity and diet-related non-communicable diseases.

150. Extreme poverty, income inequality and inadequate access to productive assets and decent employment constrain poor people's access to a safe, nutritious and healthy diet and are the main drivers of persistent hunger, food insecurity and malnutrition. The precarious situation of the poor is often aggravated by the impact of conflict, civil strife and social unrest, natural disasters, and other crises, like the economic and financial crises, and health crises such as HIV-AIDS and Ebola virus.

151. At the same time, new challenges and trends are changing the nature and context of the problems, adding complexity and posing the risk of reversing progress. Along with persistent problems of hunger, food insecurity and undernourishment, the increased prevalence of overweight, obesity and diet-related chronic diseases is emerging as an important challenge all around the world, in developing and developed countries alike.

152. The emerging trends and challenges in terms of their main impact on food security and nutrition, fall into three broad clusters, including: (i) changes in demographic structures and pressures from population growth, especially in resource-constrained countries that have high population growth rates; (ii) climate change and natural resource competition; and (iii) urbanization, changing lifestyles and consumption patterns.

153. Addressing the root causes of hunger, food insecurity and malnutrition requires that a number of elements be in place, including: political commitment; common understanding of problems and solutions based on sound data, information and analysis; inclusive governance mechanisms and stakeholder coordination; a coherent framework of policies, programmes and investments; leveraging food and agricultural systems for better nutrition; addressing the gender gap. These elements constitute the pillars of the SO1 programme.

Strategic Programme for the eradication of hunger, food insecurity and malnutrition (SP1)

154. The focus of the Strategic Programme (SP1) is on building an enabling environment for the eradication of not only hunger, food insecurity and undernourishment, but also addressing problems related to nutritionally imbalanced diets, unsafe food and excess dietary energy intake. This requires strong political commitment at the highest level of government. Commitment from relevant development partners and other decision-makers and food system actors is important in order to provide all consumers, and in particular the poor and vulnerable, access to a nutritionally adequate and healthy diet.

155. Besides the need to work with relevant government ministries, there is also need for food security governance mechanisms to include legislators, the judiciary and non-state actors including civil society organizations, private sector, consumer organizations, academia, think-tanks, etc. In this

context, FAO works in partnership with governments and other development actors at global, regional and national levels, including Rome-based and other UN agencies in order to develop the policy and institutional environment and the capacities needed to sustainably eradicate hunger, food insecurity and malnutrition.

156. Through SP1 FAO will support government and non-state actors to work in a coordinated and focused manner in order to address the immediate and underlying causes that keep the hungry, food insecure and malnourished trapped in a vicious cycle of chronic deprivation (SDG 2 targets 2.1, 2.2) and support the adoption of healthy diets with consumer information based on scientific evidence (SDG 3 target 3.4).

Change in emphasis

157. Emphasis of SP1 will be on “all” forms of malnutrition, to ensure that the rapidly growing problem of overweight, obesity and diet-related non-communicable diseases receives adequate attention. In addition, there is explicit reference made to the need to address the emerging food security, nutrition and health impacts of climate change, urbanization and changing dietary patterns, linked to income growth and changing lifestyles and to the adoption of a nutrition-sensitive food systems approach, in order to move the focus of policy dialogue and action from being production-centred towards the problems and needs of consumers in terms of nutrition and access to healthy diets. The implication of this change is also the need for greater involvement of food system actors, in particular private sector and consumer organizations, but also law makers and civil society organizations. This is now made explicit in the SP1.

158. In line with the recommendations of the Technical Committees and Regional Conferences during 2016, increased attention will be given to promoting a more “nutrition-sensitive food systems” agenda. Building on existing global guidelines, the focus will be on promoting policy and institutional change and stimulating nutrition-sensitive investments in food systems and across those sectors that are important for food security and nutrition, including: agriculture, livestock, forestry, fisheries and aquaculture, social protection and education. Social protection and education, when designed to contribute to furthering nutrition and food security goals, are important target sectors for SP1. When linked to family farming (for example through school food and nutrition programmes and/or public procurement schemes), social protection and education not only impact on poor consumers, but can also produce positive effects on local production, the local economy and dietary habits. This is an important area for collaboration with SP3.

159. There is also renewed emphasis on governance mechanisms, encompassing coordination mechanisms and working with stakeholders on assessing the political economy of main issues that are hampering progress in translating policies, programmes and legislation into food security and nutrition outcomes. This includes refocusing of the strategy of SP1 on evidence-based decision-making on the food security and nutrition analysis and its use, which goes beyond the production of data or the existence of information systems.

160. In addition, feedback from countries shows that weak implementation capacities constitute a major bottleneck for countries when translating policies, strategies and programmes to concrete action and results on the ground. For effective implementation of their food security and nutrition frameworks, countries need to allocate adequate financial resources, as well as mobilize the necessary human resources and competencies. This issue is addressed by a key change in the SO1 results framework with the introduction of an additional Outcome (1.4) on the effective implementation of policies, strategies and investment programmes.

Change in the results framework

161. The change in emphasis on all forms of malnutrition is reflected in the five SO-level SDG indicators, as well as in the updated Outcome and Output statements. The three existing SO-level indicators are supplemented by two additional indicators: the prevalence of wasting and over-weight in children under the age of five (SDG 2.2.2); and the mortality rate due to non-communicable diseases (SDG 3.4.1). As shown in the figure for SO1, four of the SO-level indicators monitor progress against SDG targets 2.1 and 2.2, and one SO-level indicator monitors progress against SDG

target 3.4. Outcome level indicators have been partly reorganized, with the inclusion of one SDG indicator to track progress on financing implementation.

162. At Outcome level, the previous Outcome 1.1 has been split into two separate Outcomes, to give more emphasis on the need to focus on actual and effective implementation as opposed to design and development of new policies and programmes to achieve food security and address all forms of malnutrition. Therefore, new Outcome 1.1 focuses exclusively on progress in terms of political commitment ascertained through the adoption of policies, strategies, programmes and legal frameworks for food security and nutrition (FSN), while new Outcome 1.4 is about the implementation of effective policies, strategies and investment programmes for FSN, with a focus on resource allocation, resource use and implementation capacities.

163. The seven existing Outputs have been reorganized accordingly. They maintain strong focus on leveraging global and regional work and partnerships to produce country level result and on developing necessary capacities and the enabling policy/institutional environment.

Outcomes and Outputs

164. The results framework has been structured around four interconnected Outcomes and seven Outputs that are needed to contribute to the eradication of hunger, food insecurity and all forms of malnutrition (*Annex I*).

Outcome 1.1 - Countries made explicit political commitment to eradicate hunger, food insecurity and malnutrition by 2030

165. Under this Outcome, FAO will continue to strengthen and deepen its contribution to various global, regional and national policy processes in order to leverage the momentum created by the Secretary-General's Zero Hunger Challenge. In particular FAO will contribute to the implementation of the 2030 Agenda for Sustainable Development and the ICN2 Rome Declaration on Nutrition and its Framework for Action.

166. With the emergence of climate change and urbanization as increasingly important determinants of food system performance, it is critical that assistance to countries and regional organizations is also guided by the Paris Agreement and the outcomes of the UN Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) at its 21st session (COP21) and the Milan Urban Food Policy Pact and the UN Habitat III Conference. On climate change, SP1 work will focus on the cross-cutting theme on climate change in terms of integrating food security and nutrition concerns in climate change strategies and Intended Nationally Determined Contributions (INDCs). Food security, food safety and nutrition in urban areas are fields for close collaboration with SP4.

167. In addition, FAO will provide support to governments and stakeholders to improve their capacities to design, formulate or implement policy frameworks, investment plans and programmes, as well as legal frameworks to realize the right to adequate food, largely through advocacy, facilitation of policy dialogue, technical assistance and capacity development. FAO will also influence and monitor the level of investments in agriculture as a proxy for government commitment.

Output 1.1.1: Capacities of governments and stakeholders are improved to develop sectoral and cross-sectoral policy frameworks and investment plans and programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030

Output 1.1.2: Capacities of governments and stakeholders are improved to develop and implement legal and accountability frameworks to realize the right to adequate food

Outcome 1.2 - Countries implemented inclusive governance and coordination mechanisms for eradicating hunger, food insecurity and all forms of malnutrition by 2030

168. The achievement of the policy and institutional change of Outcome 1.1 depends on the effectiveness of existing governance mechanisms and the policy processes through which sector and food system stakeholders interact and coordinate their actions. Participation, transparency, equity and accountability are key principles. Such governance mechanisms will lead to inclusive, transparent,

accountable and evidence-based policy processes, supported by appropriate legislation and well-functioning institutions.

169. Strategic coordination across this range of stakeholders is required to ensure coherence of food security and nutrition interventions, avoid duplications and gaps across various sectors and stakeholders, ensure relevant cross-cutting issues (gender, climate change, etc.) are addressed and stimulate exchange of ideas and experience. The representation of civil society and the private sector within such coordination mechanisms is essential, as active participation of those stakeholders tends to contribute to concrete results and improved accountability.

170. While the existence of coordination and multi-stakeholders mechanism is essential, it is not sufficient to address critical governance bottlenecks that hamper the translation of policies and programmes into improved food security and nutrition outcomes. Strengthening the capacities of institutions and stakeholders to understand the political economy of critical problems, identify the bottlenecks and stimulate decision-makers to address them is also required to improve effective governance. Parliamentarians, ombudspersons, consumer protection authorities, Human Rights Commissions and other oversight bodies, in collaboration with other stakeholders, can play a key role in promoting change of behaviour to improve food security and nutrition governance.

171. FAO will support public sector and non-governmental stakeholders to identify critical bottlenecks and to actively participate in global, regional or national food security and nutrition governance mechanisms. Support will mostly take the form of facilitation, advocacy and uptake of knowledge and information.

Output 1.2.1: Capacities of governments and stakeholders are improved for food security and nutrition governance

Outcome 1.3 - Countries made decisions based on evidence for the eradication of hunger, food insecurity and all forms of malnutrition by 2030

172. Increased use of cross-sectoral evidence by decision-makers when developing and implementing policies, legislation, programmes and investment plans for food security and nutrition underpin the achievement of Outcomes 1 and 2. FAO will continue promoting a common understanding of the food security and nutrition problems and solutions, based on solid analysis and data related to the contribution made by relevant areas (gender, food safety, and climate change). The aim is to ensure that these data and analyses will inform decision-making on sectoral and cross-sectoral policies, programmes, legislation and associated resource allocation.

173. FAO will also continue to promote methods and tools to analyse and monitor food security and nutrition and the likely impact of policies and programmes on food security and nutrition. Stronger emphasis will be placed on supporting the uptake of information from various sectors that can contribute directly or indirectly to food security and nutrition rather than on gathering primary data and establishing new databases and information systems. FAO will also support countries to take up the information, analysis and recommendations derived from monitoring of actions and results of their food security and nutrition frameworks which involves strengthening capacities for monitoring and assessing impact of policies, strategies and investment programmes. This will be especially important in the context of supporting countries to implement and monitor the 2030 Agenda.

174. The work in this area is often challenged by isolated, fragmented or non-existent information regarding food security and nutrition; lack of information regarding the contributions and actions taken by different sectors and stakeholders towards FSN objectives; or the lack of capacity to analyse and use the information that is available to inform policies and programmes. Under Outcome 1.3 FAO will address these challenges, by building on existing information systems to help promote cross-sectoral information exchange relevant to FSN and build the capacity to analyse essential data, statistics and information to promote a common understanding of FSN problems and solutions.

Output 1.3.1: Capacities of governments and stakeholders are improved to analyse food insecurity and all forms of malnutrition and the contribution of sectors and stakeholders to the eradication of hunger, food insecurity and all forms of malnutrition by 2030

Output 1.3.2: Capacities of governments and stakeholders are improved *to monitor and evaluate policies*, programmes and legislation relevant to the eradication of hunger, food insecurity and all forms of malnutrition by 2030

Outcome 1.4 - Countries implemented effectively policies, strategies and investment programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030

175. It is estimated that the eradication of hunger requires an additional investment of USD 267 billion per year. Income redistribution within and across countries is needed, given that the financing constraints that low-income countries face are expected to persist. There is need to work with Ministries of Finance and Planning to identify options for mobilizing additional investment from both public and private sources. Low-income countries should work with international financial cooperation agencies, including international financial institutions, regional development banks and donors.

176. Feedback from countries, as well as the first outcome assessment that FAO undertook show that allocation of resources and available implementation capacities remain major impediments to translating food security and nutrition frameworks (policies, investment and legal framework) into action. The 2030 Agenda for Sustainable Development itself emphasizes the need for effective implementation: “*countries commit themselves to working tirelessly for the full implementation of this Agenda by 2030*”.

177. For effective implementation of their food security and nutrition frameworks, countries need to allocate adequate financial resources to finance them, as well as mobilize the necessary human resources and competences. They also need to ensure that organizational capacities of their institutions contributing to food security and nutrition outcomes are strengthened.

178. FAO’s role would be to support countries to: enhance the institutions involved in implementing these actions for food security and nutrition through human and organizational capacity development; and assess financing requirements to eradicate hunger, food insecurity and all forms of malnutrition and to increase resource mobilization.

Output 1.4.1: Capacities of governments and stakeholders are improved for the allocation and use of financial resources to eradicate hunger, food insecurity and all forms of malnutrition by 2030

Output 1.4.2: Capacities of governments and stakeholders are improved for human resource and organizational development in the food security and nutrition domain

Strategic Objective 2: Make agriculture, forestry and fisheries more productive and sustainable

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
2.1	77,280	239,323	316,603
2.2	28,640	76,403	105,043
2.3	39,938	64,288	104,225
2.4	51,094	78,959	130,053
Total	196,952	458,972	655,924

Context

179. The main challenge addressed by Strategic Objective 2 is the sustainable improvement of productivity in agriculture, forestry and fisheries and related services in the context of an increasingly stressed natural resource base due to increased competition for natural resources, environmental degradation and climate change.

180. The intensive agricultural production systems to meet food, wood and fibre needs have come at a high price to society and the environment. The agricultural gains in the past fifty years have led to adverse impacts on the natural resource base. These include loss of forests and land degradation, loss of biodiversity and habitats of a variety of flora, fauna and aquatic species, as well as their ecosystem services. Further consequences include the negative externalities caused by production practices, including chemical and nutrient pollution of watersheds, overuse of water and loss of wetlands, soil fertility decline, human and environmental health impacts of pesticides, resistance to antibiotics, and greenhouse gas emissions (GHG) from fertilizer and fossil fuel for machines and heavy mechanization. The same applies to fishing and fish production - heavy demand for fish has led to overexploitation of fish stocks, and intensive fish farming, which satisfies a growing market with increasing impacts on the environment.

181. The challenges to agriculture, forestry and fisheries are many: improving production and productivity, and the nutritional quality of food; reducing environmental impacts; ensuring the long-term provision of ecosystem services; developing production systems that are more resilient and adaptive to changing climate conditions; and providing decent conditions of living for rural populations. The nature of these challenges and the extent of their impacts vary across regions, particularly those with fragile natural environments vulnerable to shocks such as small island developing states (SIDS). Addressing these challenges requires a combination of farming systems, including mixed, multiple or integrated systems at farm and landscape scales, as well as broadening the number of species and their genetic diversity, namely locally adapted varieties of crops, livestock breeds and fish. However, agricultural development strategies often tend to focus exclusively on maximizing production and productivity, with insufficient attention to the impacts on natural resources, ecosystem goods and services, or the multiple products and services that agricultural production can and should provide, including environmental and social benefits.

182. Considering the growing pressure on natural resources in an increasing number of regions, new and stronger governance mechanisms will be necessary to address the complex linkages and growing competition. Policies and governance mechanisms will also need to consider the multiple and often conflicting social, economic, nutritional and environmental goals and adapt agricultural development programmes accordingly. More integrated, cross-sectoral and coherent approaches, including those based on landscapes, territories, agricultural heritage systems, agroecology, ecosystems, and/or value chains, are needed to change policies and practices in a sustainable way. When implemented, such approaches help optimize the management of resources to ensure food security and nutrition in light of different and often competing development goals, as well as to meet

societal demands in the short, medium and long term. Furthermore, sustainable agriculture, forestry and fisheries offer significant potential to build resilience, adapt and mitigate climate change impacts. These integrated approaches must put farming communities at the centre of these changes and innovations.

Strategic Programme to make agriculture, forestry and fisheries more productive and sustainable (SP2)

183. To address these key challenges requires promoting cross-sectoral initiatives, dialogue and collaboration, and strengthening international and national governance mechanisms and policy instruments relevant to sustainable agriculture with particular emphasis on the development of institutional capacities.

184. SP2 will focus on sustainably increasing production and productivity, and addressing climate change and environmental degradation in agriculture, forestry and fisheries in the context of the broad food systems jointly addressed by all five Strategic Programmes, through:

- a) supporting producers, as key partners, with emphasis on gender equality, to become agents of change and innovators, enabling them to achieve higher production and productivity in a sustainable way. This includes reducing waste in pre-harvest and harvest losses, ensuring a more diverse food base and nutrition; identification, safeguarding, promotion and support of globally and locally significant agricultural biodiversity (GIAHS);³³ avoiding deforestation and degradation; and managing a natural resource base and climate change, including through agroecology and biotechnology;
- b) supporting governments to establish enabling environments, including the development of conducive policies, investment plans, programmes and governance mechanisms on sustainable agriculture, forestry and fisheries, and addressing climate change and environmental degradation in a cross-sectoral, integrated and more participatory way;
- c) supporting governments to strengthen policy implementation, including through international and regional instruments relevant to sustainable agriculture, forestry and fisheries;
- d) promoting the use of knowledge and information for evidence-based decision-making. This includes support to countries to monitor the SDGs.

185. SP2 will be driven by the five principles for sustainable food and agriculture that balance the social, economic and environmental dimensions of sustainability: (i) improving resource use efficiency through multi-prong production systems that simultaneously perform ecological, economic and social functions; (ii) managing natural resources and ecosystems sustainably; (iii) protecting and improving rural livelihoods and social wellbeing; (iv) enhancing the resilience of people, communities and ecosystems; and (v) promoting innovative, effective and responsible governance of both natural and human systems. Special attention will be given to gender and nutrition in all of the four key Outcomes.

186. Through SP2, FAO will work with countries in the achievement of targets under SDGs 2, 6, 13, 14 and 15 explicitly identified through 12 indicators at the SO level and four indicators at Outcome level measuring productivity, environmental degradation and climate change by sector, and conservation of genetic resources.

Change in emphasis

187. The main change in emphasis is a sharper focus in three pivotal areas, in order to: (i) address the need to sustainably increase productivity in all agricultural sectors; (ii) tackle climate change impact by building resilience through adaptation and mitigation; and (iii) restore and prevent environmental degradation, including ecosystems and biodiversity loss.

³³ Globally Important Agricultural Heritage Systems (GIAHS)

Change in the results framework

188. The change in emphasis is reflected in the 12 SO-level SDG indicators, as well as in the updated Outcome and Output statements. As shown in the SO2 results framework, the SO-level SDG indicators monitor progress against three targets of SDG 2, one target of SDG 6, two targets of SDG 14, and three targets of SDG 15.

189. The four Outcomes have been restructured with significant shifts in focus.

- a) *Outcome 2.1* focuses on sustainably increasing productivity while addressing climate change and environmental degradation. Progress is to be achieved through the adoption of sustainable practices and production systems that promote climate change adaptation and mitigation and prevent natural resources degradation. The six indicators have been reduced to three, of which one SDG indicator.
- b) *Outcome 2.2* has a new focus on policy and programme development, investment and governance to achieve sustainable productivity increases in agriculture, forestry and fisheries while considering the centrality of addressing climate change and environmental degradation, compared with the previous emphasis on policy review and analysis of governance mechanisms. Progress will be measured through one indicator.
- c) *Outcome 2.3* focuses on improved implementation of policies and international instruments, moving beyond the previous focus on the adoption or endorsement of selected international instruments. It incorporates the governance dimension of previous Outcome 2.2 to ensure effective implementation and integration of agriculture, forestry and fisheries in international governance mechanisms, measured by four indicators, three of which are SDG indicators.
- d) *Outcome 2.4* moves beyond generation and provision of data and statistics to give greater attention to promoting the use of data, analytical tools and knowledge products in decision-making. This will be measured by one indicator.

190. These changes and the experience during 2014-17 led to a significant reformulation and consolidation of the Outputs for 2018-21.

Outcomes and Outputs

191. The results framework has been structured around four interconnected Outcomes and eight Outputs that are needed to promote the transition towards more productive and more sustainable agriculture, forestry and fisheries sectors.

Outcome 2.1 - Countries adopted practices to increase productivity sustainably while addressing climate change and environmental degradation in agriculture, forestry and fisheries

192. The adoption of production systems and practices for sustainable agriculture, fisheries and forestry is a long-term and crucial outcome at country level. This Outcome supports producers - farmers, pastoralists, fisherfolks and forest users - to adopt more sustainable production systems and innovative practices, in order to sustainably increase their production and productivity, improve their livelihoods, as well as adapt to climate change. For this reason, the participation of farmers, pastoralists, fisherfolks and forest dwellers with emphasis on gender equality in the identification of innovative sustainable practices is essential as they are familiar with the constraints and opportunities on the ground and can inform priority setting and development of technology. Research and development of affordable technology will require robust partnerships between technical and investment-oriented organizations. In addition, national and local capacity will be developed to support the promotion of sustainable practices and development of technologies and innovation, and scaling up their adoption. Innovative sustainable practices and/or sustainable production systems will be assessed by the five principles of sustainable food and agriculture that represent the approach adopted by FAO, including socio-economic assessment of the production systems.

193. FAO will assist countries in strengthening capacities of institutions to promote adoption of cross-sectoral practices to sustainably increase production, address climate change and environmental degradation.

Output 2.1.1: Innovative practices and technologies piloted, tested or scaled-up by producers, to sustainably increase productivity, address climate change and environmental degradation

Output 2.1.2: Capacities of institutions are strengthened to promote the adoption of more integrated and cross-sectoral practices that sustainably increase production, address climate change and environmental degradation

Outcome 2.2 - Countries developed or improved policies and governance mechanisms to address sustainable production, climate change and environmental degradation in agriculture, fisheries and forestry

194. This Outcome focuses on addressing sustainability and productivity, climate change and environmental degradation at policy level in a more integrated and cross-sectoral way. The following priorities have been identified to contribute to this Outcome: policy development and formulation, including investment strategies, planning and resource mobilization need to be strengthened to foster transition to sustainable agriculture, forestry and fisheries; multi-stakeholder policy dialogue and platforms across sectors will be facilitated to raise awareness and achieve consensus, with particular regard to supporting countries in the implementation of the SDGs in a coherent way. Key elements governing transformation towards sustainable food and agriculture in the framework of the 2030 Agenda will be promoted, including: (i) country ownership and leadership; (ii) cross-sector, integrated approaches and policy coherence; (iii) multi-stakeholder approaches and partnerships; (iv) alignment of public and private investments; and (v) focus on actions with measurable results.

195. Specifically, FAO will assist countries in the formulation of policies and programmes and strengthen government capacities to facilitate cross-sectoral policy dialogue for more integrated strategies in sustainable agriculture, forestry and fisheries, climate change and environmental degradation.

Output 2.2.1: Policies, strategies and investment programmes formulated in support to sustainable agriculture, forestry and fishery, and address climate change and environmental degradation

Output 2.2.2: Government and stakeholders' capacities improved to facilitate cross-sectoral policy dialogue to develop more integrated strategies in sustainable agriculture, forestry and fisheries, address climate change and environmental degradation

Outcome 2.3 - Countries improved implementation of policies and international instruments for sustainable agriculture, fisheries and forestry

196. This Outcome addresses the implementation of policies, including strengthening coordination within and across sectors, collaboration with civil society and private sector, as well as adaptation of legal frameworks and incentives to promote sustainable agriculture, forestry and fisheries. It also addresses the implementation of relevant international and regional instruments and agreements. The priorities are to support countries to implement policies and to monitor implementation, including international instruments related to sustainability objectives in agriculture, forestry and fisheries and ensure better integration of related issues in international governance mechanisms related to 2030 Agenda implementation, UNFCCC³⁴/Paris Agreement, biodiversity and environmental agendas and other mechanisms and instruments under FAO's responsibility.

197. FAO will provide support to countries to ensure effective integration of agriculture, forestry and fisheries in national and international governance mechanisms and implementation arrangements, in particular in relation to the 2030 Agenda, the Paris Agreement, the Convention on Biological Diversity and other environmental agendas and instruments under FAO's responsibility, as well as to strengthen capacity of implementing institutions.

³⁴ United Nations Framework Convention on Climate Change (UNFCCC)

Output 2.3.1: Support provided to ensure effective integration of agriculture, forestry and fisheries in international governance mechanisms, in particular in relation to 2030 Agenda, climate change, biodiversity, desertification, as well as environmental agendas and instruments under FAO's responsibility

Output 2.3.2: Capacities of institutions strengthened to implement policies and international instruments that foster sustainable production and address climate change and environmental degradation

Outcome 2.4 - *Countries made decisions based on evidence for sustainable agriculture, fisheries and forestry while addressing climate change and environmental degradation*

198. FAO will provide support to countries in making evidence-based decisions in the management of production systems and natural resources to support the transition to sustainable agriculture. The following priorities have been identified to contribute to this Outcome: (i) provide capacity-building on statistics and geospatial information, and qualitative information to underpin the extent, quality, use and productive capacity of land, water, forests, oceans and inland waters; (ii) assess the impacts of agriculture, forestry and fisheries on these resources; (iii) monitor climate-related variables and evaluate how practices improve agriculture production and productivity by adapting to climate change; (iv) and support the provision of strategic knowledge products (data, information, tools and analyses) developed at global and regional level to be used by national and regional institutions in order to make evidence-based decisions. Using the framework of sustainable food and agriculture principles, support will also be provided in implementing the sustainable agriculture, forestry and fisheries aspects of SDGs to which SO2 will be contributing. This also includes supporting member countries to monitor the SDG indicators.

199. FAO will develop strategic knowledge products addressing regional or global issues that integrate information on sustainable production, climate change and environmental degradation and strengthen capacities of institutions to collect data and produce evidence for decision-making in these areas, including the relevant SDGs.

Output 2.4.1: Strategic knowledge products developed addressing regional or global issues that integrate information on sustainable production, climate change and environmental degradation

Output 2.4.2: Capacities of institutions are strengthened to collect, analyse and report data for decision-making on sustainable production, climate change and environmental degradation, including relevant SDGs

Strategic Objective 3: Reduce rural poverty

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
3.1	28,551	62,249	90,800
3.2	16,355	23,974	40,329
3.3	10,382	4,215	14,597
3.4	10,919	0	10,919
Total	66,207	90,438	156,645

Context

200. The challenge that the world faces to achieve SDG 1 on ending poverty in all its forms has huge dimensions: over 2.1 billion people still live in poverty, about 900 million still live in extreme poverty with almost half of them living in conflict areas, signalling the need to address poverty across the humanitarian and development continuum. While great progress in poverty reduction - measured by absolute poverty lines was achieved over the last few decades, progress was not equal for all. Even in countries where overall poverty was reduced, the poorest have been left behind. Inequalities remain pervasive between economic classes, rural and urban areas, regions, ethnic groups and men and women. Sustained and rapid economic growth is necessary, but not sufficient, for poverty reduction.

201. In many low and middle-income countries, especially in sub-Saharan Africa and South Asia, population growth is outpacing economy-wide job growth. Unemployment is a consequence of the lack of economic opportunities, lack of access to productive resources and skills. Migration is historically part of economic development, the structural transformation of agriculture, and the transformation of rural areas. In the coming decades, however, distress migration, both within and across countries, will be accelerated by the world's increasing population, globalization, climate change and political conflict. Managing migration flows will require additional efforts, including addressing its root causes and increasing access to social protection and employment opportunities in origin and destination locations.

202. Population growth also means more competition for increasingly scarce natural resources, most likely to the detriment of the poorest. Climate change is likely to lead to greater production risk and reduced agricultural productivity over time, through rising temperatures, increasingly extreme and unpredictable weather events, as well as higher incidence and intensity of natural disasters, and again will have a larger negative effect on the rural poor who depend on natural resources for their livelihoods and are less able to manage and cope with risk. The nature and extent of these risks will vary across regions with some more impacted than others, such as SIDS. All these challenges increase the vulnerability of the poor, but also the vulnerability of the non-poor to fall into poverty.

Strategic Programme to reduce rural poverty (SP3)

203. SP3 follows an enhanced approach which considers the diverse spectrum of households living in rural poverty and proposes differentiated strategies to support the livelihoods and empowerment of poor rural households and address vulnerabilities to help cope with climatic shocks and ongoing structural transformation. A stylized typology of rural households in low-income countries, organized around access to natural resources and productive potential is used to develop context specific approaches. Focus is on those households related to the principal productive and extractive activities which use natural resources, including crop and livestock producers, pastoralists and fisherfolks (i.e. agricultural households). This approach allows to identify context-specific pathways out of poverty that consider a number of factors such as geographic location and market dynamism (peri-urban, intermediate, hinterland), agroclimate conditions, access to natural resources, technology and information, existence of rural infrastructure, institutional frameworks, household characteristics

(gender, ethnicity, dependency ratio), the propensity of man-made and natural disasters, and political economy.

204. Evidence has shown that in low-income countries in particular, investing in the agricultural sector - and especially in small-scale agriculture - is more poverty-reducing than investment in other sectors, as it offers the most direct route of raising returns to land and labour, the main assets of the rural poor. Investing in agriculture, however, is not enough to achieve rural poverty reduction.

Reducing rural poverty requires a broad-based multi-sectoral approach which takes into account overall economic growth and the role that agriculture and other sectors play in development and economic structural transformation. It also requires focus on improving the *enabling environment* required for addressing problems across multiple dimensions and sectors, including new trends in the global landscape. In addition, reducing poverty will require placing the problem of poverty higher on political agendas. Given the multiple pathways out of poverty and multiple conditioning factors, a broad, multi-sectoral approach to poverty, with differentiated strategies, is necessary for successful rural poverty reduction. This set of policies should foster inclusive structural and rural transformation and economic growth, enabling the poor (including family farmers and smallholders) to actively participate in, and significantly benefit from economic activity, while addressing the root causes of distress migration.

205. Social protection can play a fundamental role in reducing vulnerability by helping households manage risks and shocks, and in terms of facilitating economic transition, from providing a minimum income for the poorest (as safety-net function), to helping the poor transition into jobs and income-generating opportunities by relaxing insurance and credit constraints (e.g. through cash and asset transfers, through targeted subsidies). The role of social protection plays a more prominent role for the extreme poor and poor with few income-generating opportunities.

206. Indigenous peoples, often among the poorest of the poor and facing historical processes of marginalization, will require special consideration in terms of formulating policies that specifically address the challenges they face, incorporate their world view, and include their participation. Achieving gender equality remains a prominent focus, with a large span of activities addressing gender-based barriers to escaping rural poverty in agriculture, including through employment opportunities and social protection, and through increased agency and stronger role in decision-making.

207. The scope of what is needed goes well beyond FAO's mandate and capacity. Partnerships with International Financial Institutions such as the World Bank, the regional development banks, and IFAD, as well as strengthened joint work with other UN Organizations including UNDP, WFP, UN Women, ILO, IOM and UNICEF,³⁵ is fundamental to achieving impact at scale.

208. Through SP3, FAO will work with countries and other development partners in a coordinated and focused manner in order to contribute to building an enabling environment addressing poverty, access to productive resources, as well as supporting countries to formulate, evaluate and scale-up pro-poor multi-sectoral policies and strategies (targets under SDGs 1, 2, 10 and 14), income and decent employment, with a focus on youth and social protection (targets under SDG 8), and gender equality (target under SDG5).

Change in emphasis

209. Emphasis of SO3 will be on addressing the political economy of rural poverty reduction through a major emphasis on policy work, advocacy, stakeholder participation and partnerships.

210. The interlinkages among the Outcome areas – in particular social protection – will be strengthened, leveraging a territorial/multi-sectoral approach to poverty reduction, as well as its linkages to the sustainable management of natural resources. Specific social protection interactions with food security, natural resource management and humanitarian work will be a main focus.

³⁵ International Fund for Agricultural Development (IFAD); United Nations Development Programme (UNDP); World Food Programme (WFP); International Labour Organization (ILO); International Organization for Migration (IOM); United Nations Children's Fund (UNICEF)

Cross-cutting issues such as migration and climate change, are also better embedded in the Outcome structure, recognizing the need to consider their two-way cause/effect relationship with poverty. Strong linkages between SP3 and SP5 have been developed to better address the root causes of migration so as to refine FAO's responses in the development-humanitarian continuum. For climate change mitigation and adaptation, efforts will be focused on safeguarding agricultural livelihoods and productivity and the safety nets for rural poor to ease their transition out of poverty into more sustainable and decent employment opportunities.

211. The Outcomes place more emphasis on the multiple pathways out of poverty in the context of agricultural and rural transformation processes. In this regard, an increased focus is put at the level of multi-sectoral rural development policies, both in terms of supporting scale-up and catalysing other actors, as well as focusing on the knowledge, statistics, and evidence-base to formulate and direct effective interventions. This is a major constraint to the achievement of SDG 1 in the context of climate change and accelerated distress migration, which was not sufficiently articulated in the previous SP3 Outcomes.

212. Leveraging the work of FAO for poverty reduction in the context of assuring food security, nutrition and environmental sustainability is of crucial importance, given the world's ambition for eliminating poverty. The challenge is to make ongoing processes of structural, agricultural and rural economic transformation in low-income countries pro-poor and more inclusive of the poor, including family farmers and smallholders; and to build human capital as fundamental building blocks to more productive employment and improved wellbeing.

Changes in the results framework

213. The change in emphasis is reflected in the nine SO-level SDG indicators, as well as the updated Outcomes and Output statements. The previous SO-level indicators on poverty have been replaced with SDG indicators and targets covering level of poverty, access to basic services and land rights, as well as income and decent employment, including child labour dimensions. Outcome level indicators have been partly reorganized, with the inclusion of seven SDG indicators to track progress of countries on the degree of application of policy frameworks which protects access rights for small scale fisheries, women's access and equal right to land, proportion of population covered by social protection systems and level of government spending for policy implementation.

214. At Outcome level, a new fourth Outcome is proposed on gender-equitable multi-sectoral policies, strategies and programmes for poverty reduction (Outcome 3.4), while the formulation of Outcomes 3.1, 3.2 and 3.3 have been refined to improve focus and clarity.

- a) *Outcome 3.1* now addresses more specifically the dimension of empowerment, while the focus on removing barriers to productive resources, services, knowledge and market access for the rural poor is considered more holistically. An increased emphasis is put on harnessing the poverty reduction potential of agriculture, fisheries and forestry, with particular attention to the challenge of climate change.
- b) *Outcome 3.2* remains largely unchanged with some emphasis on facilitating income diversification in the context of rural transformations and climate change adaptation and mitigation, strengthened component of rural poor inclusion in specific value chains and markets, and a modification in title to promote closer alignment with ILO.
- c) *Outcome 3.3* is adjusted to reflect the strengthening of linkages within SP3 and with SPs 1, 2 and 5. As such, the Outcome extends coverage and seeks to scale-up social protection systems in rural areas, including nutrition-sensitive social protection, resilience-building social protection systems in humanitarian contexts and enhanced synergies with agriculture and natural resources management.
- d) New *Outcome 3.4* focuses on strengthening national capacities to put in place gender-equitable multi-sectoral policies, strategies and programmes for poverty reduction. FAO will assist countries to meet the challenge of SDG 1 in the context of climate change and migration, promoting and supporting broad-based multi-sectoral approaches to poverty

reduction that reflect the differentiated strategies required to access the multiple pathways out of poverty. This Outcome also includes related evidence and knowledge generation, data, evaluation, and information sharing on successful approaches.

215. The nine current Outputs have been reorganized accordingly (and reduced by one). In particular for Outcome 3.1 the change in focus led to the consolidation of work around pro-poor sustainable production, natural resource management and rural services. The Outputs retain a strong focus on country-level results through developing necessary capacities and strengthening the enabling policy/institutional environment.

Outcomes and Outputs

216. FAO will contribute to the reduction of rural poverty through four interconnected outcomes and nine Outputs.

Outcome 3.1 - Rural poor and rural poor organizations empowered to access productive resources, services and markets

217. SP3 contributes to the strengthening of Producer Organizations and their participation in policy dialogue, and to providing poor households with access to services, inputs and technologies. The need for a broader-based approach to rural poverty reduction and the explicit targeting of the rural poor in projects and programmes is necessary in order to achieve scale, and to leverage the full breadth of technical capacities available in the Organization to help address structural constraints faced by poor rural agricultural households in terms of increasing their access to, and control over, natural resources and other assets over time, including land tenure; ability to manage risks, including climate-related; increasing productivity and sustainable management of natural resources; and linking small-scale agricultural households to food systems through both mainstream and alternative markets. The Organization will continue to promote rural innovation and productive inclusion initiatives that cater for the needs of small-scale producers and family farmers.

218. People's empowerment will continue to be supported in rural areas where poor people face pressing challenges to their livelihoods by supporting their rights and access to natural resources through participatory and accountable knowledge and advisory processes; by enhancing access of poor rural producers to land, a set of services, finance, knowledge, innovative technologies and markets. SP3 is explicitly targeting the poorest of the poor to ensure that no one is left behind in the development agenda, as well as addressing specific groups that require differentiated policies and interventions, such as women and indigenous peoples.

Output 3.1.1: Rural organizations and institutions strengthened and collective action of the rural poor facilitated

Output 3.1.2: Strategies, policies, guidelines and programmes to improve the rural poor's access to, and control over, a set of services, finance, knowledge, technologies, markets and natural resources, including in the context of climate change

Output 3.1.3: Policy support, capacity development and knowledge generation to accelerate gender equality and rural women's economic empowerment

Outcome 3.2 – Countries enhanced access of the rural poor to productive employment and decent work opportunities, particularly among youth and women

219. SP3 responds to the challenge of promoting productive employment and decent work for the poor, particularly among rural women and youth, by promoting field-tested approaches for employment creation in agrofood systems and extending the application of international labour standards to rural areas, particularly for child labour prevention in the agricultural sector. This builds on the recognition that the rural poor mostly include workers that are in subsistence work, or that hold precarious, poorly paid, and informal jobs, or that are excluded from the labour market. Policy support and capacity development for the creation of decent agricultural and non-agricultural employment opportunities, including fostering rural entrepreneurship and development of necessary occupational

skills and human and social capital, in particular for women and youth, are at the centre of the work under this Outcome.

Output 3.2.1: Policy support and capacity development in the formulation and implementation of strategies, policies, guidelines, and programmes for enhanced decent rural employment opportunities, entrepreneurship and skills development, especially for youth and women

Output 3.2.2: Policy support and capacity development to strengthen the application of international labour standards in rural areas in order to enhance the quality and safety of jobs, especially as regards child labour and forced labour

Outcome 3.3 – Countries enhanced access of the rural poor to social protection systems

220. The interlinkages of social protection to rural employment are better addressed by leveraging a territorial/multi-sectoral approach to poverty reduction, as well as linkages to the sustainable management of natural resources. Specific social protection interactions with food security, nutrition, natural resources management and resilience-building will be a main focus of SP3 under this Outcome. Cross-cutting and inter-related issues such as migration and climate change, are also better embedded in the Outcome structure, recognizing the need to consider their cause to effect relationships with poverty. As part of its efforts to reach the poorest, SP3 will scale-up its work on nutrition-sensitive social protection and its support to poverty reduction strategies in humanitarian contexts (in collaboration with SP5).

Output 3.3.1: Policy support, knowledge generation and capacity development provided, and advocacy strengthened, for expanding coverage of social protection to the rural poor, including in fragile and humanitarian contexts

Output 3.3.2: Policy support, knowledge generation and capacity development provided, and advocacy strengthened, for enhancing synergies amongst social protection, nutrition, agriculture and natural resources management, including climate change

Outcome 3.4 – Countries strengthened capacities to design, implement and evaluate gender equitable multi-sectoral policies, strategies and programmes to contribute to the achievement of SDG 1

221. SP3 is increasing its focus and support to multi-sectoral pro-poor policies and strategies at country and regional level. This requires broadening FAO's engagement beyond traditional partners in the Ministry of Agriculture, as well as efforts to embed FAO's technical work - and the efforts of others - within broader processes of rural poverty reduction policies at country and territorial level. This Outcome therefore provides the overall conceptual frame for providing support to countries in responding to the challenge of poverty reduction in view of SDG 1 and faced with the twin and inter-related challenges of climate change and migration.

222. Work will take place both at the level of advocacy, strengthening institutional capacities in coordination mechanisms, information sharing fora, evidence base, as well as supporting countries in formulating and implementing multi-sectoral, territorial and comprehensive approaches (policies, strategies and programmes) that address the main drivers of poverty reduction at the same time. Hence, FAO's support provided under this fourth Outcome should set the stage for a more coordinated and joined-up response, including providing opportunities to work with other key development partners.

Output 3.4.1: Strengthened national capacities to design and implement comprehensive, multi-sectoral poverty reduction policies, strategies and programmes, including in the context of migration and climate change

Output 3.4.2: Data, knowledge and tools provided to promote and evaluate comprehensive, multi-sectoral poverty reduction policies and strategies, including in the context of migration and climate change, and monitor progress in rural poverty reduction

Strategic Objective 4: Enable more inclusive and efficient agricultural and food systems

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
4.1	38,676	40,162	78,838
4.2	29,490	76,379	105,869
4.3	15,035	22,280	37,315
4.4	22,199	0	22,199
Total	105,399	138,822	244,221

Context

223. In linking production to consumption, agricultural and food systems directly influence the availability, affordability, sustainability, diversity, quality and safety of food and agricultural products. Evolutions in agricultural and food systems will also significantly affect the inclusiveness of processes of economic development and structural transformation through their impact on the levels and use of the incomes of engaged individuals and the profits of involved enterprises, and through their implications for resource use.

224. Agricultural and food systems are shaped by the way in which the involved actors, public sector institutions and private sector enterprises respond to the challenges and opportunities created by changes in consumer demand. Private sector actors seek to increase value to remain competitive through improved efficiencies, technological and managerial innovations, and through greater product differentiation. As a result, many components of agricultural and food systems are becoming more knowledge-, resource- and capital-intensive and increasingly characterized by vertically coordinated supply chains, with greater levels of cross-border trade, higher levels of investment in more sophisticated infrastructure, greater reliance on private standards, and development of more sophisticated products and marketing strategies.

225. While developments in modern agricultural and food systems can yield positive results, they can also give rise to several challenges which will need to be addressed if these developments are to contribute fully to the achievement of the national and global goals set out in Agenda 2030. These challenges include higher barriers to the participation in modern value chains of those strata of society that traditionally have less access to education, resources and capital, including women, youth, urban and rural poor, indigenous peoples, small-scale and family farms and fishers and small- and medium-scale enterprises. As producers, workers or entrepreneurs, these groups generally have limited access to more remunerative markets or employment opportunities, contributing to growing inequalities. Barriers also exist to the participation of poor consumers in many markets outlets, limiting their food choices and contributing to unhealthy diets.

226. Several additional outcomes of agricultural and food systems development may limit the extent to which SDGs can be met. These include: (i) increased dependence of small farmers, small-scale fishers, and of small and medium agro-enterprises on dominant actors in value chains; (ii) growing malnutrition and related health costs due to the emergence of new tastes and energy dense diets; (iii) increased incidence of food safety issues and transboundary animal and plant disease outbreaks; (iv) the misuse of antimicrobials resulting in antimicrobial resistance; (v) significant levels of food loss and waste; as well as (vi) environmental degradation manifested by depleted soils, carbon emissions, loss of biodiversity, polluted water bodies and deforestation.

227. Supporting the development of agricultural and food systems to achieve the often conflicting objectives of increasing the inclusiveness of small-scale and family farmers, herders, fishers and small- and medium-scale enterprises and of more vulnerable consumers, while at the same time continuing to take advantage of opportunities for efficiency gains will be a significant challenge. This is particularly so in many low-income countries where the agricultural sector will remain the principal

engine of economic growth and in countries which are particularly vulnerable to natural hazards and economic shocks (e.g. small island developing states). In these countries it is imperative that agricultural and food systems are transformed in a way that fosters economic growth and generates incomes and employment for their rapidly growing populations, but which at the same time promotes social inclusion and the equitable distribution of benefits.

Strategic Programme for enabling more inclusive and efficient agricultural and food systems (SP4)

228. A key adjustment to SP4 for 2018-21 is the recognition that achieving the objective of more inclusive and efficient agricultural and food systems requires integrated and coherent policy and institutional solutions based on holistic analyses that identify, prioritize and address critical constraints, and which are implemented through the coordinated efforts of the private sector, the public sector (including those ministries whose actions are increasingly relevant to agricultural and food systems development such as trade, planning and finance), civil society organizations (including producer organizations and those representing consumers), regional economic community organizations and platforms, and international organizations.

229. Increased coherence in the approach to agricultural and food systems development will be achieved along two dimensions. The first, vertical, dimension supports the formulation and adoption of (i) international food safety, animal health and plant health standards; (ii) multilateral and regional trade agreements including those addressing the use of tariff and non-tariff measures, subsidies, the implementation of the Port State Measures Agreement, and tackling illegal timber logging; and (iii) voluntary guidelines, which include, for example the Principles for Responsible Investment in Agriculture and Food Systems, the Code of Conduct for Responsible Fisheries, and the Voluntary Guidelines on Small-Scale Fisheries. Together, such instruments contribute to strengthening the global governance of agricultural and food systems (Outcome 1), providing the frameworks within which countries design and implement national policies, standards, regulations and mechanisms affecting these systems (Outcome 2).

230. The second, horizontal dimension supports better alignment of national policies and strategies that will assist improved design and implementation of coherent interventions supportive of agro-industrialization and food system development. In supporting national processes of alignment, assessments will clarify priorities for support, whether in terms of strengthening facets of the value chain, the enabling environment, or both. This prioritization will in turn help countries determine requirements for support from FAO in terms of changes to institutional and governance structures (Outcome 2) and/or to strengthen value chain capacities and increased mobilization of investments (Outcome 3) that are needed to resolve constraints to improved food security and nutrition (with SP1), sustainable intensification of production (with SP2), poverty reduction (with SP3) and/or increased resilience (with SP5).

231. The nature of agricultural and food systems, involving multiple individuals, institutions and enterprises and the linkages between them, creates opportunities for partnerships at different levels. In shaping the international regulatory frameworks and agreements that guide national policy, established partnerships with international organizations including WHO, OIE, WTO, UNCTAD³⁶ and relevant regional bodies (e.g. UNECA, UNESCAP)³⁷ will need to be strengthened in supporting countries' effective participation in standard setting and in the formulation and implementation of trade agreements. Global and regional level dialogue on priorities for agricultural and food systems development and in pursuit of coordinated actions on common objectives, will need to be supported in partnership with non-governmental organizations, and through platforms such as the Global Donor Platform on Agriculture and Rural Development and the Global Agenda for Sustainable Livestock.

232. At the country level, multi-stakeholder partnerships involving the public sector (working with multiple ministries, including trade and commerce, industry, and health in addition to the traditional

³⁶ World Organisation for Animal Health (OIE); United Nations Conference on Trade and Development (UNCTAD)

³⁷ United Nations Economic Commission for Africa (UNECA); United Nations Economic Commission for Asia and the Pacific (UNESCAP)

counterparts of agriculture, forestry and fisheries), the domestic and transnational private sector, producer organizations comprising small-scale and family producers, and associated chambers of commerce, consumers and civil society organizations will need to be encouraged and supported in the alignment of national strategies and policies. Partnership with the World Bank and other International Financing Institutions will need to be further developed in the mobilization of public sector investment in agricultural and food systems development. South-South Cooperation will need to be leveraged in the transfer of knowledge and experience on good practices. The nature of FAO's interventions needs to be determined by the specific situation and needs of each country and their involved stakeholders. Given the diversity in context, the positioning of FAO *vis-à-vis* agriculture and food systems development will differ across regions and countries.

233. Partnerships with (and within) the private sector are important to ensure coordinated investments in agricultural and food system development, particularly those required to facilitate the access of small-scale producers and processors to local, national and international markets as a precondition for doubling the income of small-scale food producers by 2030 (SDG 2.3). FAO can facilitate the strengthening of these partnerships to support the achievement of its identified outcomes, including for example, through implementing and supporting industry association platforms, facilitating better dialogue on policy development and implementation, informing the design of public-private partnerships in the provision of market infrastructure, and by creating innovative public and private systems for the provision of finance.

234. Attention will continue to be given to social inclusiveness (including family farmers, small-scale actors, youth and indigenous peoples), gender equality and women's economic empowerment. The main aim is to provide women and men with equal opportunities to benefit from higher levels of efficiency and competitiveness along the agrifood value chains and in food systems more broadly. Gender mainstreaming is therefore facilitated by separating the actions that are global and gender-neutral from those where gender considerations may find more natural entry points especially on work around the design and implementation of policies, regulatory frameworks and institutional arrangements, and the actions to promote capacities for inclusive agro-enterprises and value chain development.

235. The work of SP4 will contribute directly to targets under SDGs 2, 8, 9, 10, 12, 14 and 17 through the set of SDG indicators incorporated as part of the SO4 results framework.

Change in emphasis

236. The main change in SP4 is to bring increased coherence in the approach to agricultural and food systems development. As outlined above, this will be achieved through support to the formulation and adoption of various instruments (international standards, norms and agreements) which contribute to strengthening the global governance of agricultural and food systems; through support to improved coherence between national policies and strategies and their better alignment with international frameworks; and importantly, in the strengthening of structures such as multi-stakeholder platforms to ensure that the needs and concerns of diverse sets of actors, including small-scale producers and value adding enterprises, are recognized. Together these elements of support will assist improved design and implementation of coherent interventions.

237. The links to nutrition are strengthened through a more holistic and demand-driven approach to supporting food systems development which recognizes the different dimensions of malnutrition and through greater attention to access of the urban poor to food systems. Attention will continue to be given to social inclusiveness (including family farmers, small-scale actors, youth and indigenous peoples), gender equality and women's economic empowerment.

238. With regards to climate change, the theory of change allows for better integration of aspects critical to mitigation and adaptation including the alignment of climate change strategies with those influencing food system development, the greening of value chains and a greater focus on the bioeconomy.

Changes in the results framework

239. The results framework for SP4 has been reformulated to take the programme from the current thematically based structure, where outcomes and outputs were formulated around discrete themes such as standard setting, trade, value chain development, food loss and waste, investment and finance, to a structure that is more results focused. The new structure recognizes that achieving more inclusive and efficient agricultural and food systems requires a more integrated approach to the diagnosis and alleviation of critical constraints to system development. This in turn allows for a more coherent and coordinated set of actions by the private sector, public sector (including a wide range of ministries whose mandates impact agricultural and food systems), civil society and donor partners.

240. The new structure, by moving away from the independent treatment of thematic areas of work, will better target FAO's support to improving the efficiency and inclusiveness of agricultural and food systems. These changes are reflected at the SO level through the four SO-level indicators monitoring progress against two targets of SDG 2, one target each of SDGs 12 and 17, as well as in the updated Outcome and Output statements.

241. The four Outcomes have been restructured as follows:

- a) *Outcome 4.1* supports countries in the formulation and adoption of international standards for food safety, plant health and animal health; international trade agreements; and voluntary guidelines, which together contribute to the global governance of agricultural and food systems and provide the framework within which countries design and implement policies and regulations affecting system development.
- b) *Outcome 4.2* promotes improved cross-sectoral alignment of national policies and strategies in compliance with the international frameworks, by strengthening capacities of public sector organizations to design and implement policies, regulations (including those related to the implementation of standards) and investment plans, as well as to promote the operational arrangements such as contract farming and institutional procurement that facilitate greater inclusiveness of small-scale actors.
- c) *Outcome 4.3* focuses on strengthening the managerial and technical capacities of those involved in value chain activities, and of the providers of support services such as investment and finance.
- d) *Outcome 4.4* brings together work on strengthening the collection and use of data in supporting evidence-based decision-making at all levels, covering both the global market analysis (including AMIS)³⁸ and national level work on policy monitoring.

242. The Outputs have been reorganized and reduced from ten to eight with the consolidation of two outputs related to policy implementation and the lifting of the achievements on reductions in food loss and waste as an indicator of progress from Output to SO level.

Outcomes and Outputs

243. FAO will enable the development of more inclusive and efficient agricultural and food systems by supporting countries, in partnership with the development community and with relevant stakeholders, through four interconnected Outcomes and eight Outputs.

Outcome 4.1 - International standards, agreements and voluntary guidelines formulated to improve countries' access to, and functioning of, international markets

244. This Outcome ensures that the international standards, norms and trade agreements that contribute to the global governance of food systems, hence providing the framework within which countries design their national strategies and policies, are formulated in a way that provides adequate flexibility for countries to pursue their societal objectives, including improved access of small-scale producers to local, national and international markets. It comprises two Outputs, supporting the

³⁸ Agricultural Market Information System (AMIS)

effective participation of countries in the formulation of international standards, and in trade agreements and voluntary guidelines respectively.

Output 4.1.1: New and revised international standards for food safety and quality and plant health formulated and agreed by countries to serve as references for international harmonization

Output 4.1.2: Countries and their regional economic communities' capacities reinforced to engage effectively in the formulation of international agreements and voluntary guidelines that promote transparent market actions, enhanced trade and market opportunities, and more efficient agrifood systems

Outcome 4.2 - *Countries designed and implemented policies, regulatory frameworks and institutional arrangements supportive of inclusive and efficient agrifood systems development*

245. This Outcome seeks improvements in the alignment, design and implementation of national policies, regulations and institutional arrangements that comprise the national business environment. Working with relevant ministries to coordinate actions across government, FAO will assist countries in aligning and ensuring greater coherence in their national strategies and policies within the frameworks created by international standards, norms and trade agreements. It is through work under this Outcome and related Outputs that the identification of constraints to the development of more inclusive and efficient agricultural and food systems in a particular country will be identified, allowing interventions to become more focused and effective.

246. Specific interventions will include: support to the implementation of policies and regulatory frameworks to facilitate compliance with standards, to ensure coherent approaches to the use of antimicrobials, to facilitate trade promotion, and to reduce food loss and waste; support to the design and implementation of improved operational arrangements (e.g. contract farming, institutional/public procurement, contractual arrangements, warehouse receipt systems, short food supply chains etc.) that provide more structured demand and therefore improved market access for small-scale actors; and the promotion of multi-stakeholder governance structures (e.g. industry associations, consumer organizations, cross-ministerial coordination platforms and parliamentarians' fronts).

Output 4.2.1: Public sector organizations' capacities strengthened to design and implement national policies, strategies, regulatory frameworks and investment plans supportive of inclusive and efficient agrifood systems development

Output 4.2.2: Public and private sector organizations' capacities strengthened to design and implement operational arrangements supportive of inclusiveness and efficiency in agrifood systems

Outcome 4.3 – *Countries enhanced public and private sector capacities and increased investments to promote inclusive agro-enterprises and value chain development*

247. Work under this Outcome will support capacities of value chain actors to improve the implementation of business strategies, support services and investments relevant to agricultural and food systems development. Based on value chain analyses and good practices, actions will be supported to: (i) upgrade technical and managerial capacities of family farmers and small-scale producers, agribusinesses, enterprises and other value chain actors; (ii) improve the level and quality of public and private investments in transformation, processing and marketing activities, thereby contributing to stem the decline in global investment in food and agriculture; (iii) extend accessibility to financial services and risk management tools to more vulnerable groups; and (iv) help these groups to operate in a climate-sensitive, environmentally-friendly way, thereby assisting member countries in meeting their Nationally Determined Contributions. This Outcome will build on both the existing work on upgrading agribusinesses and value chains and improvements in investment, financial systems and risk management tools.

248. In recognition of the fact that it is now part of the SDG monitoring framework, food loss and waste reduction has been made a result at SO level, addressed through the inclusion of SDG indicator 12.3.1 *Global food loss index* for which FAO is the custodian agency together with the United

Nations Environment Programme (UNEP). Progress towards its achievement will require improvements in the enabling environment (Outcome 4.2), as well as support to producers and agribusiness on technical and managerial upgrading and access to finance (Outcome 4.3).

Output 4.3.1: Value chain actors equipped with technical and managerial capacities to develop inclusive, efficient and sustainable agrifood value chains

Output 4.3.2: Public and private sector organizations capacities strengthened to increase investments in, and design and implement financial instruments and services and risk management mechanisms for efficient and inclusive agrifood systems

Outcome 4.4 - Countries made decisions based on evidence to support agrifood systems development

249. Under this Outcome, FAO will support the development and use of trade and market data and analysis; and regional and national level systems of information and policy monitoring that provide data and analysis to inform policy changes that foster the emergence of safer, stronger, more competitive agrifood sectors and to enable small-scale actors to make informed decisions on what, when and where to sell their products. In doing so, FAO will provide evidence to address decision-makers' demand for evidence in support of the design and implementation of appropriate and coherent policies and adequate public spending to close the gaps in efficiency and inclusiveness that many agricultural and food systems face.

Output 4.4.1: Up-to-date global market information and analysis provided to promote transparent markets and enhanced global, regional and domestic trade and market opportunities

Output 4.4.2: Public sector organizations equipped to establish systems to monitor and analyse the impacts of trade, food, and agriculture policies on national agrifood systems

Strategic Objective 5: Increase the resilience of livelihoods to threats and crises

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
5.1	15,237	19,986	35,223
5.2	12,701	41,335	54,036
5.3	18,011	178,255	196,265
5.4	8,188	415,183	423,370
Total	54,136	654,758	708,894

Context

250. The contribution of Strategic Objective 5 is to increase the resilience of agriculture-based livelihoods to the main threats and crises that erode hard-won development gains, as well as progress made towards food security. Besides the triple challenge faced in developing countries to produce more food, provide more jobs and manage the natural resources in a sustainable way, the magnitude, frequency and impact of crises and disasters is on the rise, in particular those related to climate change, food chain security threats and conflicts.

251. Countries and communities are struck by recurring natural hazards, including climate extreme events. Between 2003 and 2013, the agriculture sector accounted for some 22 percent of damages caused by natural hazards and disasters in developing countries (25 percent for agriculture, if considering only extreme climate and weather events).³⁹ With climate change, the magnitude, intensity and frequency of climate extremes such as droughts, floods, cyclones and wildfires will increase and cause significant damages and losses. The Paris Agreement on climate change also reinforces the need to strengthen the ability of most vulnerable countries to anticipate hazards, absorb shocks, and reshape development to reduce climate risks.⁴⁰

252. Concurrently, the globalization of trade, intensive food production systems and climate change have contributed to increased food chain emergencies resulting from high-impact transboundary animal (including aquatic), plant (including forests) pests and diseases and food safety events. Epidemic threats are on the rise and are anticipated to continue unless more effective actions are taken to address the variety of underlying causes.

253. Finally, levels of stunting and under-five mortality rates are of particular concern for the nearly 500 million people living in protracted crisis situations, which are frequently conflict-affected. Protracted crises are characterized by a combination of recurring causes such as conflicts, natural hazards, socio-economic shocks, food chain threats, fragile governance and weak institutional capacity. Severe food insecurity is a common feature of protracted crises situations with undernourishment almost three times more prevalent than in other developing countries; situations where women are often disproportionately affected and subject to gender-based violence and abuse.

Strategic Programme to increase resilience of livelihoods to threats and crises (SP5)

254. SP5 is guided by the recent global policy processes to which FAO actively contributed. In addition, the programme is well aligned with the outcomes of the deliberations of the World Humanitarian Summit, which support the centrality of human rights and efforts to sustain peace with a view of enhancing operational and policy coherence across the humanitarian, development and peace nexus. In this context, additional focus in 2018-21 will be given to climate change and induced

³⁹ FAO, 2015, *The impacts of disasters on agriculture and food security*

⁴⁰ Anticipate, Absorb, Reshape (A2R) global climate resilience initiative launched at COP21

extreme weather events; food chain threats and One Health; and FAO's contribution to conflict prevention and human displacements.

255. SP5 will also strengthen its focus on climate change and the related extreme events, using the Paris Agreement and the Sendai Framework for Disaster Risk Reduction (SFDRR) as the basis for supporting countries and communities on sectoral aspects of climate change adaptation and disaster risk reduction for climate resilience.

256. As part of the Food Chain Crisis area of work, greater emphasis will be placed on the "One Health" approach in its broader perspective, which contributes to cross-sectoral collaborations to improve food security and nutrition, health and wellbeing by preventing and mitigating the effects of crises originating at the interface between humans, animals and their environments. The "One Health" thinking also encompasses the Organization's multisectoral work on the risks related to antimicrobial resistance and antimicrobial use, issues of global and local concern and one of the greatest threats to public health worldwide. On animal health, reinforcing capacities of veterinary extension services is a priority. Similarly, more attention will be given to poverty associated endemic diseases and trade limiting diseases particularly the peste des petits ruminants (PPR). More emphasize will be given to the nexus of climate change and animal and plant diseases and pests using comprehensive and integrated approaches combined with modelling tools to better prepare countries at risk, understand the impacts, and protect the most vulnerable.

257. In this regard, FAO will also pursue work to document and understand how addressing the specific priorities of men and women in nutrition and food interventions in conflict-affected contexts may shape peacebuilding processes and improve gender equality in the aftermath of violent conflicts. A focus will be to develop gender-sensitive programmes that seek to address, not only existing inequalities, but also to secure and build agricultural assets in ways that empower the victims (e.g. through the provision of safe and secure access to land, cash and other productive resources for women and youth).

258. Under the protracted crisis area of work, including violent conflicts, and guided by the CFS-FFA,⁴¹ there will be emphasis on the linkages between food security, peace and stability, while emerging priorities such as migration, displacement and durable solutions will also be addressed. Therefore, over 2018-2021, the focus of this area of action will be to showcase the role of agriculture and food security in sustaining peace and stability and in contributing to the prevention of conflict, including the linkages with displacements and migration.

259. Complementarities and synergies will be further reinforced with the other Strategic Programmes and with key technical, operational and resource partners, especially on resilience in the context of sustainable food security and nutrition policies and enabling environment; risk resilient, climate smart and sustainable agro-food-ecosystems; shock-responsive social protection and rural employment; and resilience of viable food value chains. On climate change, FAO and UNEP have reinforced their collaboration through the A2R initiative to support most climate vulnerable countries and communities, and on food security through conflict prevention and peace building. FAO and WFP have committed to regularly brief the UN Security Council on the food security situation of countries in crisis. FAO will continue its engagement and its collaboration at the interagency level, for instance with the Inter-agency Standing Committee (IASC) on humanitarian affairs and the UNDG/ECHA⁴² mechanisms, to find solutions to prevent conflicts and contribute to peacebuilding.

260. Overall, the fine tuning of the Outcome rationale will further emphasize efforts on climate change and extreme events, the One Health approach, the sustaining peace and stability agenda, and forced displacements. Special attention will be given to commitments made by FAO at the World Humanitarian Summit in support of the Secretary-General's agenda for humanity, where building resilience is at the core. Given the active role of FAO in shaping these recent global policy agreements, the priorities of these agreements are fully reflected under the SO5 result chain.

⁴¹ CFS Framework for Action for Food Security and Nutrition in Protracted Crises (CFS-FFA)

⁴² UN Development Group (UNDG) / Executive Committee on Humanitarian Affairs (ECHA)

261. The work of FAO will contribute directly to targets under SDGs 1, 2, 11, 13, 15 and 16 through the set of SDG indicators incorporated as part of the SO5 results framework.

Change of emphasis

262. As highlighted in the evaluation of FAO's contribution to Strategic Objective 5, analysis of issues at hand and the SP theory of change remain largely valid. Recommendations of the evaluation have been taken into account, with added emphasis on: climate-related extreme events, linkages between food security, peace and stability, adoption of a One-Health approach in its broader perspective.

263. SP5 will also make an effort to account for the outcomes of important international policy processes and dialogues that have taken place in the last two years, in particular the SDGs, the Sendai Framework for disaster risk reduction, and the Paris Agreement on climate change, and the World Humanitarian Summit where FAO has made a number of important commitments.

264. Increased attention will be given to the development of gender-sensitive programmes that focus not only on addressing inequalities, but also to secure and build assets in ways that empower the most vulnerable, especially those affected by protracted crises and conflicts (e.g. through the provision of safe and secure access to land, cash and other productive resources for women and youth).

Changes in the results framework

265. The change in emphasis is reflected in the nine SO-level indicators to monitor nine targets for SDGs 1, 2, 11, 13, 15 and 16.

266. The structure of the four Outcomes remains largely aligned with the structure of the Sendai Framework. The total number of Outputs has been reduced from nine to eight, through the consolidation of work on coordination under Outcome 1.

- a) *Outcome 5.1* on Risk Governance will put more emphasis on and better include Food Chain Crises and Protracted Crises into national DRR and crises strategies and policies, aiming to further strengthen the coordination in an integrated way in the spirit of the Humanitarian Development Nexus.
- b) *Outcome 5.2* will focus on enhancing the link between early warning and early action on the one hand, on resilience measurement, and on the institutionalizing the damages and losses statistic system and reporting.
- c) *Outcome 5.3*, in cooperation with SP3, will promote and implement risk-informed shock-responsive social protection systems while supporting access and tenure to land and natural resources especially in conflict and protracted crises.
- d) *Outcome 5.4* remains focused on building capacities for emergency preparedness and in providing humanitarian assistance for saving livelihoods. Under this Outcome, the number of Outputs has been reduced to two with the former Output on coordination now appearing under Output 5.1.2.

Outcomes and Outputs

267. FAO will contribute to increasing resilience of livelihoods to threats and crises through four interconnected Outcomes and eight Outputs.

Outcome 5.1 - Countries adopted or implemented legal, policy and institutional systems and frameworks for risk reduction and crisis management

268. Under this Outcome, three priority areas for strategic adjustments have been identified for 2018-2021. Building on disaster risk reduction for natural and climate related hazard, the first priority is to put more emphasis on, and to better include Food Chain Crises (including One Health) and Protracted Crises (including FAO's contribution to conflict prevention and peace building) into national disaster risk and crisis strategies and sectoral policies. This includes for instance supporting countries in aligning the different sectors' policies and programmes related to One Health

(institutional support to national multi-sector One Health platforms) and development of corporate policy on conflict prevention, sustaining peace and stability.

269. The second priority will be the continued thrust of FAO to integrate and mainstream disaster risk reduction and climate change adaptation in a consistent way into agricultural policies and strategies. This demand was reinforced by the Sendai Framework and the Paris Agreement. In addition, concrete actions will be fostered through the multi-stakeholders partnership under the UN Secretary General's climate resilience initiative (A2R), as well as in support of the development of specific resilience building strategies.

270. The third priority is to put more emphasis on risk-informed investments and other resilience funding, bridging humanitarian and development finance, maximizing related policy coherence and coordinating mechanisms. It includes, among others, coordination and improved investment programming for *ex ante* risk reduction and prevention and crisis management with actors across humanitarian, development, peace building and climate communities.

Output 5.1.1: National capacities of government and public organizations strengthened to formulate and promote risk reduction and crisis management policies, strategies, plans and investment programmes

Output 5.1.2: Coordination mechanisms are improved and resources mobilized for risk reduction and crisis management

Outcome 5.2 - Countries made use of regular information and early warning against potential, known and emerging threats

271. Two priorities are identified to strengthen the links between monitoring of risks, triggering of alerts and prevention, preparedness and early action work in case of acute alerts while better understanding the determinant of vulnerability and propose related action, with special focus given to climate extreme events, high-impact transboundary animal and plant diseases and protracted crises including conflicts: (i) enhance the link between Early Warning and Early Action, i.e. developing an Early Warning – Early Action System to translate warnings into preparedness anticipatory actions that reduce anticipated disaster impacts; (ii) enhance capacities in data gathering, analysis and resilience measurement of agriculture, food security and nutrition for risk-sensitive policy and programming, in particular for the estimation and reporting of damages and losses⁴³ for the agriculture sector.

Output 5.2.1: Mechanisms set up or improved to identify, monitor threats, and assess risks and deliver integrated and timely early warning

Output 5.2.2: National capacities improved to assess vulnerability and measure resilience

Outcome 5.3 - Countries reduced risks and vulnerability at household and community level

272. The work will be organized under three priorities: (i) advise on, and strengthen communities' risk reduction tools and practices for agriculture-based livelihoods with specific focus on climate related extreme events, food chain crises, including One Health and conflict situations; (ii) strengthen social protection and risk transfer tools, in particular in fragile contexts and in disaster prone areas, as well as the empowerment of women and their organizations in line with the principles of the CFS-FFA and gender-responsive approaches; and (iii) support access and tenure to land and natural resources to reduce vulnerabilities of communities, especially in conflict and protracted crises situations, with particular focus on gender, applying the Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security (VGGT).

Output 5.3.1: Capacities of government, communities and other key stakeholders strengthened to implement prevention and mitigation good practices to reduce the impacts of threats and crises

Output 5.3.2: Communities equipped with vulnerability reduction practices and measures

⁴³ Linking to the Damages and Losses for the Sendai framework for DRR and for the Warschau International Mechanism for Loss and Damages of the Climate Change Agreement

Outcome 5.4 - Countries prepared for and managed effective responses to disasters and crises

273. Three priority areas have been identified: (i) reinforcing capacities of countries and communities in preparedness for early action in response to early warnings on climate shocks (mainly drought, flood and storm), high-impact diseases emerging health threats and conflicts to better protect agriculture livelihoods; (ii) focus on forced displacements and especially to the situation of refugees and internally displaced persons (IDPs). SP5 will support solutions for displaced persons that ensure systematic application of gender-sensitive and youth inclusive measures, and partnerships to encourage innovative approaches to support self-reliance of refugees and IDPs with agriculture based livelihoods; (iii) increasing cash-based interventions in the context of shock-responsive social protection systems underpinned by increased coordination to support multi-year humanitarian planning and programming and flexible and unearmarked funding mechanisms.

Output 5.4.1: Capacities of national authorities and stakeholders reinforced for emergency preparedness to reduce the impact of crises

Output 5.4.2: Humanitarian assistance for livelihood saving timely delivered to crises affected communities

Objective 6: Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
6.1	38,811	1,421	40,232
6.2	9,606	14,697	24,303
6.3	3,195	1,015	4,209
6.4	1,689	0	1,689
6.5	3,418	64	3,481
6.6	2,165	0	2,165
6.9	10,000	0	10,000
Total	68,883	17,197	86,080

274. To ensure a robust and practical results-based approach for all of the work of the Organization, FAO must ensure that it has the internal technical capacity and integrity to achieve the expected results.

275. Objective 6 ensures and measures the delivery of FAO's technical quality, knowledge and services; the quality and integrity of statistics produced by FAO; and the provision of quality services to the Strategic Programmes for work on gender, governance, nutrition and climate change. The results framework for Objective 6 reflects expected improvements measured by key performance indicators for six outcomes, each led by a senior manager: technical leadership (Deputy Director-General, Climate and Natural Resources); statistics (Chief Statistician); gender (Director, ESP); governance (Assistant Director-General, ES); nutrition (Director, ESN); and climate change (Director, CBC).

Quality and integrity of technical and normative work of the Organization (Outcome 6.1)

276. The quality and integrity of the technical and normative work of the Organization is essential for effective implementation of the Strategic Framework. This Outcome is achieved through technical leadership and quality control by technical divisions and departments; corporate technical networks across headquarters and decentralized locations; delivery of technical expertise to the strategic programmes and Corporate Technical Activities; policy and technical dialogue at global and regional level; capacity to respond to emerging issues including through a Multidisciplinary Fund; advances on fundamental challenges in the main disciplines through the Technical Committees; and preparation of high-quality corporate flagship publications.

277. During 2018-19 attention will be given to:

- a) Implementation of the recommendations from the Evaluation of FAO's Contribution on Knowledge (2015) relating to measures that will ensure technical excellence, including the systematic implementation of quality assurance mechanisms; the monitoring and assessment of the quality and relevance of FAO knowledge products and services; and more systematic peer review of FAO flagship publications.
- b) Reviewing the scope and improving the effectiveness of the internal technical networks.
- c) Continued strengthening of collaboration across the Technical Committees (Agriculture, Fisheries, Forestry, Commodities).

***Quality and integrity of FAO statistics to support evidence-based decision making at all levels
(Outcome 6.2)***

278. High-quality statistics are essential for designing and targeting policies to reduce hunger, malnutrition and rural poverty and to promote the sustainable use of natural resources. They provide the foundation for evidence-based decision-making for governments and the international community, and play a critical role in measuring and monitoring progress towards national and international development goals and targets.

279. This Outcome is achieved by the development of international statistical standards and methods; collection, processing, dissemination and use of data under different data domains; and strengthening of national statistical institutions in collecting, analyzing, and disseminating data so that high-quality and internationally comparable data are produced by all countries and accessed by users worldwide.

280. During 2018-19, the Office of the Chief Statistician (OCS) will coordinate FAO's statistical system with a focus on:

- a) Reviewing international classifications and methodological frameworks for the statistical capture of evolving activities in the food and agriculture sector, thus increasing the relevance of international data and their comparability across countries and statistical domains.
- b) Making FAOSTAT,⁴⁴ the world's largest statistical database on food and agriculture, more accessible, user-friendly and comprehensive.
- c) Leading FAO's role as custodian agency for 21 SDG indicators, in particular the development and implementation of methodologies in cases where there is no internationally agreed methodology (Tier III indicators).
- d) Providing national statistical offices with internationally recognized definitions, concepts and classifications, with particular emphasis on the SDGs, and strengthening national statistical systems and institutions to generate high-quality and relevant data.
- e) Improving the analytical skills of official statisticians and the statistical literacy of users with the aim of strengthening the links between statistics and decision-making.

281. Opportunities to use statistics in each Strategic Programme are highlighted below.

SP1: Provide data and analysis on all forms of malnutrition and support the new areas of focus for *The State of Food Insecurity in the World* (SOFI); data on diets, disaggregated by gender; and data integration in support to the monitoring of comprehensive cross-sectoral policies.

SP2: Support countries to take advantage of international policy processes on sustainable production, climate change and management of natural resource base by providing high-quality data and analysis related to agriculture, land use, land use change and forestry; leverage growing partnerships with academia and the private sector for expanded data analysis and communication relevant to countries.

SP3: Strengthen data on rural poverty and extreme poverty, social protection and decent employment and their association with family farming and smallholders; develop a new database on migration; develop sex- and age-disaggregated data on different sources on rural income and support data integration to monitor pro-poor multisector policies; scale-up the rural livelihood monitor by strengthening the partnership with the World Bank and IFAD.

SP4: Strengthen and disseminate data on the functioning of international and national agricultural and food markets; strengthen data on investment; develop data on the structure of the agrifood system and activities of agri-enterprises, including those of small and medium scale; improve data on agrifood systems policy implementation and

⁴⁴ Corporate Database for Substantive Statistical Data (FAOSTAT)

impact; and develop the evidence base to underpin food loss and waste reduction strategies.

SP5: Finalize the methodology for measuring damage and losses in agriculture from natural disasters, including extreme climate and weather events, and institutionalize this work; further consolidate methodologies for vulnerability and resilience measurement under a cross-sectoral approach; new and timely data on conflicts, forced displacements and their relation with food security; strengthen early-warning assessments for early response.

Quality services and coherent approaches to work on gender equality and women's empowerment (Outcome 6.3)

282. Achieving food security and nutrition for all depends, to a great extent, on the equality of rights and opportunities women and men have and their capacity to thrive as actors within their social and economic contexts. The international community, through the 2030 Agenda, has catalyzed greater political attention on the urgency to address gender inequalities and the uneven distribution of capacities, opportunities, wealth, power and voice between women and men.

283. FAO recognizes that the agriculture sector is underperforming in many developing countries because half of its farmers – women - are not adequately supported and are still facing more constraints in accessing the resources and services they need to be more productive. Closing the “gender gap” would generate significant gains for the agricultural sector, raising total agricultural output and reducing overall food and nutrition insecurity in developing countries.

284. The FAO Policy on Gender Equality and the UN-SWAP⁴⁵ will continue to be the guiding frameworks for implementing and measuring work on gender equality and women's empowerment in the Organization, particularly the Strategic Programmes (*MTP Section C*), building on achievements since 2012.⁴⁶

285. During 2018-19 attention will be given to:

- a) Consolidating the existing mechanisms for gender mainstreaming, as defined by the Policy, and ensuring that the mechanisms and standards are systematically implemented and maintained by all FAO offices.
- b) Supporting production and use of sex-disaggregated data, promoting women's access to land, and development of gender-sensitive value chains through the Strategic Programmes.
- c) Supporting the Strategic Programmes to reduce gender inequalities and empower rural women in specific areas of work set out below and in *Annex 1*.
- d) Engaging in the revision of the UN-SWAP and in the formulation of its updated performance standards.

286. The funding for work on gender has been maintained at USD 21.8 million as requested by the Conference.⁴⁷ The resources have been planned under the Strategic and Functional Objectives as shown in the table below. The shift of resources from SO3 to SO1 and SO2 represents the effect of gender officers planning more of their time to support these two Strategic Objectives.

⁴⁵ UN System-Wide Action Plan (SWAP) on Gender Equality and the Empowerment of Women

⁴⁶ C 2017/8 Tables 1 and 2, PC 121/3 - FC 166/6 Tables 3 and 4

⁴⁷ C 2013/REP paragraph 66

<i>Resources for gender (USD thousands)</i>			
Chapter	Adjusted PWB 2016-17	Change	PWB 2018-19
1	2,009	1,224	3,233
2	2,128	2,960	5,088
3	9,013	(3,104)	5,909
4	1,471	630	2,101
5	1,274	(197)	1,077
6	4,277	(869)	3,408
8	482	(177)	305
9	109	(18)	91
10	566	(183)	383
11	426	(266)	160
Total	21,755	0	21,755

287. All Strategic Programmes contribute to gender equality, within their own specificity, to reduce existing gender inequalities and empower rural women. Under each Strategic Programme, specific areas of gender work have been identified for upscaling and to broaden geographical focus.

- SP1:** Women fulfil very important roles all across the food system and are more exposed and vulnerable to the impact of the underlying causes of hunger, food insecurity and malnutrition. To reduce this vulnerability countries will be supported to integrate the gender equality dimensions in food security and nutrition policies, legal frameworks and governance mechanisms. FAO will also continue to support the development, adoption and monitoring of appropriate gender indicators related to food security and nutrition.
- SP2:** FAO will upscale the work related to gender-responsive natural resource governance, climate-smart agriculture and labour saving innovations that reduce the burden of women's work by strengthening the collaboration with strategic international and national partners.
- SP3:** FAO will enhance countries' capacities to formulate and implement gender-equitable poverty reduction and eradication strategies, policies and programmes, including productive inclusion, social protection and decent rural employment, through the development of knowledge and multi-stakeholder dialogues.
- SP4:** FAO will build upon its on-going work on gender-sensitive value chain development by disseminating approaches and tools developed to support member countries in assessing and addressing specific gender-related constraints, such as access of women farmers, pastoralists and fishers to higher-value local, national and international markets and improved opportunities for women to engage in value-adding activities.
- SP5:** FAO will further develop countries' capacities to mainstream gender equality issues into disaster risk reduction planning and climate change adaptation in agriculture, and in addressing the linkages between gender equality and food security in protracted crises.

Quality services for more inclusive and effective treatment of governance issues at global, regional and national level and in the Strategic Objective programmes (Outcome 6.4)

288. Integrating a governance perspective into FAO's work helps to enhance the effectiveness of the Organization's policy support at global, regional and national levels. This is being done through the provision of strategic advice for key global governance mechanisms, guidance on policy and governance issues at regional and national levels, and support to FAO's work in countries and Regional Initiatives.

289. The governance work of the Organization is supported by a Governance Support Network of experienced FAO professionals. The network promotes sharing of knowledge and experiences and provides support to identified governance challenges. It works with governments to generate evidence and analysis to enhance policy and institutional coherence and effectiveness in identifying and dealing with key governance bottlenecks.

290. Priorities in 2018-19 include:

- a) Supporting application of the corporate approach to governance in Regional Initiatives and country programmes through the Strategic Programmes.
- b) Developing concepts and guidance for application of the governance framework in selected priority areas of the Strategic Programmes (e.g. Sustainable Food and Agriculture, territorial approaches to development, climate change and disaster risk management).
- c) Supporting corporate engagement in priority global processes, including the 2030 Agenda and the United Nations Decade of Action on Nutrition.
- d) Supporting the Strategic Programmes in the development of multistakeholder partnerships at global, regional and country levels to mobilize means of implementation.

291. Priority governance areas have been identified in each Strategic Programme as follows.

SP1: The focus is on creating awareness and improving capacity for identifying and dealing with governance issues while supporting efforts to eradicate food security and nutrition at country level - shifting attention towards addressing governance in key policy processes and programmes affecting food security and nutrition outcomes, rather than on establishment or reform of institutional mechanisms and arrangements.

SP2: Governance-related activities are combined under one Outcome integrating the global and country-related governance work. The focus is on facilitating cross-sectoral and multi-stakeholder policy processes and implementation to overcome fragmentation and enhance convergence among the subsectors of crop, livestock, fisheries and forestry, and supporting countries and other stakeholders in strengthening governance mechanisms in natural resource management at country level to achieve the sustainable development agenda.

SP3: Governance is central to a broad based approach to addressing rural poverty. This includes explicitly considering the political economy in policy formulation and programme implementation, as well as the role of institutions and national and local stakeholders in effectively implementing policies and programmes.

SP4: Includes interventions in support of improved coherence of trade and agricultural policies at country and regional level, promotion of better policy-investment linkages, and enhanced value chain governance, particularly for the benefit of family and small-scale farmers and other small-scale actors.

SP5: Identifying and finding ways to address governance issues related to integrating disaster risk management and climate change adaptation frameworks at country level, particularly at local level in a way that leads to strengthened resilience of people to climate-related disasters and food crises. Support also includes addressing specific governance issues to overcome humanitarian-development divide in the context of international response to conflicts and humanitarian emergencies.

Quality and coherence of FAO's work on nutrition ensured through mainstreaming of nutrition across the Strategic Framework and strengthening FAO's contribution in the international nutrition architecture (Outcome 6.5)

292. FAO gives increased attention to nutrition by addressing the long-term economic, social and environmental bases of food security and nutrition, in particular those related directly to the concept of sustainable food systems and value chains. This has enabled FAO to engage as a leader in the global initiatives and governance mechanisms for improved nutrition, as well as helping countries to achieve their nutrition-related goals embedded in the work of the Strategic Programmes.

293. The substantive areas to be covered for nutrition include overall technical leadership for FAO's work on improving nutrition through a food systems approach; policy and operational coordination around nutrition in the UN system; mainstreaming nutrition in the Strategic Programmes; and technical support to resource mobilization and communication in support of nutrition.

294. During the 2018-19 biennium, work will focus on:

- a) Supporting UN-system policy and operational coordination on nutrition.
- b) Supporting Members in implementing the ICN2 Rome Declaration on Nutrition and Framework for Action in the context of the SDGs, while accelerating efforts through the UN Decade of Action on Nutrition.
- c) Monitoring and reporting on implementation of the ICN2 Rome Declaration on Nutrition and Framework for Action jointly with WHO, in close collaborations with other UN agencies, funds and programmes and other regional organizations.
- d) Strengthening food systems analysis and policy intelligence to support evidence-based policy dialogue at global, regional and national levels.
- e) Promoting the implementation of a set of minimum standards and corporate approach for mainstreaming nutrition in the Strategic Programmes.

295. Opportunities to further integrate nutrition in the work of the Strategic Programmes are as follows.

SP1: Improving governance and strengthening stakeholder coordination for food security and nutrition, which are core elements of SP1, can be addressed by mainstreaming nutrition in food and agriculture policies, programmes and investment plans at all levels. Increased attention will be given to promoting a more “nutrition-sensitive food systems” agenda. Building on existing global guidelines, the focus will be on promoting policy and institutional change and stimulating nutrition-sensitive investments in food systems and across those sectors that are important for food security and nutrition, including agriculture, livestock, forestry, fisheries and aquaculture, social protection and education.

SP2: Transforming agriculture production systems (including crops, livestock, fisheries and forestry) in ways that contribute to favourable nutritional outcomes will target diversification of food production through nutrition-sensitive agriculture while respecting and managing the environment and promoting local biodiversity.

SP3: Promoting interventions specifically targeting nutritionally vulnerable groups (e.g. children, women of child-bearing age and people affected by a disease), as well as promoting healthy diets through nutrition-sensitive social protection programmes. Integrated school feeding and nutrition programmes can provide a holistic entry point (and a second window of opportunity after the first 1,000 days of life of children) to improve nutrition of children of school going age. School food and nutrition programmes also have a big potential to stimulate local smallholder production, create a ready market for these farmers, and improve their livelihoods.

SP4: In improving the efficiency of food distribution and its availability to all population groups, developments in food systems should ensure improvements in the nutritional quality of diets and avoidance of food and nutritional losses, and food safety risks. Developments in food systems can also provide employment opportunities and increased incomes, affording value chain actors the ability to access more nutritious food.

SP5: Will provide support in integrating nutrition objectives and nutrition policy actions in countries' resilience plans and aligning them with their food security and nutrition strategies. Another opportunity is providing technical assistance in the use of food security and nutrition surveillance systems such as the IPC⁴⁸ acute nutrition scale (including diet and nutrition indicators) to inform policy-makers and trigger timely actions against threats to food and nutrition.

Quality and coherence of FAO's work on climate change ensured in line with the climate change strategy through mainstreaming across the Strategic Objectives and strengthening FAO's contribution to the national, regional and international climate change architecture (Outcome 6.6)

296. Agriculture's role in adapting to, and mitigating climate change has gained prominence in recent years. The FAO Climate Change Strategy guides the Organization's action to achieve three mutually reinforcing outcomes: (a) enhanced national capacity on climate change through provision of technical knowledge and expertise; (b) improved integration of food security and nutrition, agriculture, forestry and fisheries considerations within the international agenda on climate change; and (c) strengthened coordination and delivery of FAO's work.

297. The Plan of Action of the FAO Climate Change Strategy is an integral part of the Strategic Framework and Medium Term Plan. The Plan of Action sets out for each of the expected climate outcomes the action to be taken by FAO through each Strategic Objective programme (*MTP Section C*) and Objective 6. FAO will:

- a) Enhance member countries' capacities through the provision of technical knowledge and expertise. FAO will directly support Nationally Determined Contribution implementation in the food and agricultural sectors in countries through policy processes, capacity-development and technical interventions; by facilitating access to national and international climate finance; and by providing assistance in preparing investment programmes and supporting countries in making their domestic investments more climate-smart.
- b) Support countries to integrate food security, agricultural sector considerations and climate change across relevant national and regional policies, strategies and programmes. FAO will work with relevant funding bodies to promote a higher profile of the food and agricultural sectors in financing decisions related to climate change. Key partners include the Green Climate Fund (GCF), Global Environment Facility (GEF), regional development banks, multilateral and bilateral development partners, the private sector, as well as other innovative financing opportunities.
- c) Strengthen internal capacity to coordinate and deliver FAO's work on climate change.

298. Opportunities to address climate change in each Strategic Programme are highlighted below.

SP1: Assessing vulnerabilities to the impacts of climate change will help to orient national policy and action on food security and nutrition to account for the changes that are foreseen. Building national capacity to generate and use data to model production forecasts in the face of climate change will strengthen planning to avoid hunger and malnutrition. Successful adaptation means for many poor countries ensuring food security and nutrition. This interlinkage needs to be represented in national climate plans. Diversification for better nutrition will also support adaptation to climate change and resilience to extreme weather events.

⁴⁸ Integrated Food Security Phase Classification (IPC)

- SP2:** The agricultural sectors are central to climate change adaptation and mitigation. Promotion of sustainable production systems for crops, livestock, forestry and fisheries that are climate-smart will provide options for countries to address food security, climate change and poverty simultaneously. Improved understanding of how climate change depletes natural resource availability and quality also supports better targeting of action to conserve and manage those same resources to sustainably increase productivity and production, support adaptation to climate change, as well as realizing greater mitigation potential.
- SP3:** Climate change disproportionately impacts communities and households that are already poor, as well as moving more people into poverty. It is vital that the social and economic impacts of climate change are better understood and planned for in order to reduce stress migration, conflict over resources or greater discrimination against women or against particular social groups. The role of family farmers and smallholders in sustainable resource management needs to be more broadly recognized. Climate policies should consider rural development, and rural development policies should be climate-informed.
- SP4:** Climate change will impact, and be impacted by, developments in agricultural and food systems. It will affect some countries' abilities to feed their growing urban populations, with significant ramifications for trade, and threaten the viability of a broad array of value chains also as a result of increased pest- and disease-related incidences. Adaptations in processing and distribution of agricultural and food products to strengthen value-added opportunities will also be needed to incentivise the adoption of climate-smart techniques across the value chain. Redesigning value chains and their energy supplies to reduce pressure on natural resources also offers opportunities for climate change mitigation.
- SP5:** Preventing climate-induced disasters is significantly more cost-effective than rehabilitation and recovery. In a time of growing demand, but limited budgets for humanitarian assistance, increasing efforts need to be placed on assessing vulnerabilities and guiding countries toward disaster risk reduction and climate change adaptation practices.

Chapter 7: Technical Cooperation Programme

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
7.1	4,444	0	4,444
7.2	136,344	0	136,344
Total	140,788	0	140,788

Scope of work

299. The Technical Cooperation Programme (TCP) is presented as a separate chapter in the Appropriation Resolution for budgetary purposes. It comprises two main components: the TCP Management and Support (7.01), shared between headquarters and the decentralized offices; and TCP Projects (7.02), providing direct assistance to member countries. In line with decisions of the Conference in 2008,⁴⁹ 82 percent of the appropriation for TCP Projects is earmarked for development projects and distributed across regions under the management of Regional Representatives, 15 percent is earmarked for emergency projects and 3 percent for inter-regional projects, as shown in *Annex 6*.

300. Measures to improve the TCP were approved by the Council at its 145th session in December 2012 and have been implemented, in particular: use of Country Programming Frameworks (CPF) as a starting point for the prioritization of in-country TCP technical assistance in line with the Strategic Objectives; greater role and responsibilities for FAO's decentralized offices; and simplification and harmonization of procedures.⁵⁰

301. Further measures approved by the Council at its 148th session in December 2013 were implemented during 2014-15.⁵¹ The measures better align the use of the TCP to the Strategic Framework and enhance the TCP programming, monitoring and delivery process to improve FAO's response to country priorities, achieve results and improve impact. One result has been a significant acceleration of the TCP project approval and expenditure rate, as reported in the Mid Term Review - Synthesis Report 2016. Furthermore, 59 percent of TCP projects active in 2016 address gender equality, exceeding the target of 30 percent (FAO minimum standard 15).⁵²

Perspectives for 2018-19

302. Taking account of the improvements put in place since 2012, including the acceleration of TCP project approval and delivery, and in line with Conference Resolution 9/89 reinforced by the recommendation of the Conference at its 39th Session in 2015,⁵³ the TCP appropriation is increased by USD 2.7 million to 14 percent of the net budgetary appropriation.

303. The focus will be continuing to increase the rate of TCP project approval and delivery to meet country priorities contributing to FAO's Strategic Objectives and the Sustainable Development Goals. To ensure such coherence, responsibility for managing resources for inter-regional TCP projects is assigned to the Deputy Director-General (Programmes) with the Strategic Programme Leaders. The responsibility for formulating emergency TCP projects is assigned to the Director, Emergency and Rehabilitation Division. At regional and country level, under the authority of the Regional Representative, the Regional Programme Leaders will be responsible for overseeing the formulation of regional (multi-country) TCP projects, while the responsibility for formulation of national TCP projects will remain with the FAO Representatives.

⁴⁹ CR 1/2008 IPA and C 2008/4 paragraph 35 actions 3.22 and 3.23

⁵⁰ CL 145/REP paragraph 18 and C 2015/8 PIR 2012-13 paragraphs 336-354

⁵¹ See C 2017/8 PIR 2014-15 paragraphs 309-317

⁵² PC 121/3 - FC 166/6 section IV.C and Annex 4

⁵³ CR 6/2015 paragraph 5

Functional Objective 8: Outreach

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
8.1	32,492	80	32,573
8.2	33,451	81	33,532
8.3	12,811	32	12,843
Total	78,754	194	78,948

Scope of work

304. Functional Objective 8 provides the basis for measuring the outreach functions of the Organization. These functions support the delivery of FAO's objectives through diversified and expanded partnerships and advocacy, increased public awareness, political support and resources, and enhanced capacity development and knowledge management. The responsible business units are, respectively, the Partnerships, Advocacy and Capacity Development Division (OPC); the Office for Corporate Communication (OCC); and the Resource Mobilization Division (TCR).

Priorities for 2018-19

Partnerships, advocacy and capacity development including South-South Cooperation

305. The Partnerships, Advocacy and Capacity Development (OPC) Division is responsible for coordinating and overseeing the identification, strengthening and stewardship of FAO partnerships with state and non-state actors, advocating FAO's messages and ensuring that initiatives to develop the capacities of member countries are concerted and have a lasting impact. OPC ensures that multi-stakeholder processes are an integral part of the work being planned and delivered by FAO, and provides targeted support to ensure awareness raising and capacity development.

306. New institutional arrangements have brought responsibility for interns, volunteers and South-South Cooperation under the partnership function, which has been located under the Deputy Director-General (Programmes) to ensure stronger coordination with the Strategic Programmes.

307. Priorities under these new arrangements will be:

- a) Strengthening the implementation of the Partnership Strategies, in alignment with SDG 17, and revitalizing the *Global partnership for sustainable development* by FAO staff at the regional and national levels.
- b) Greater use within the Strategic Programmes of capacity development approaches.
- c) Building on the momentum of South-South and Triangular Cooperation and expanding the dialogue to a larger pool of technical and financial Southern providers, in particular middle-income countries and non-state actors.

Communications

308. Flexible, strategic and targeted communications help mobilise support for the achievement of FAO's goals and Strategic Objectives. Corporate communication is coordinated by the Office for Corporate Communication (OCC), through a network of communications experts, at headquarters, regional and liaison offices and other locations worldwide. FAO has made great progress to reach new audiences, through an increased number of new media partnerships, an expanded use of social media, and the Regional Communication Networks, a consolidated and simplified Web site, a revamped FAO Document Repository and an increased number of publications issued.

309. Corporate communications will focus on:

- a) Further increasing the visibility of FAO as a centre of excellence through existing information dissemination channels and through special events, outreach campaigns, social marketing communications, and other corporate events.
- b) Supporting the communication needs of the Organization with particular emphasis on results at country level, to highlight the work FAO is undertaking to help Members achieve the Strategic Objectives and the goals set out in the 2030 Agenda.
- c) Strengthening the dissemination of FAO's knowledge and expertise via the reinforcement of the Web site as the main communication channel, increased use of, and coverage in social media, enhanced communication services for Permanent Representatives, and increased quality and monitoring in the production of FAO publications.
- d) Reinforce the collaboration with partners in areas related to media, social media and publishing.
- e) Further enhance internal communications and adopt innovative means for more widespread and diversified messaging and signage at headquarters.

Resource mobilization

310. The Resource Mobilization Division (TCR) aims to increase and diversify the resource base and ensure all resources mobilized are supporting the Strategic Framework, as measured by the value of voluntary contributions mobilized. Special emphasis will be given to:

- a) Resource mobilization in countries where FAO's current portfolio is below potential.
- b) Outreach and negotiations on joint development priorities and relating FAO's work to the SDGs as a common framework for action.
- c) Reinforcement of corporate capacity for resource mobilization and project management, particularly at country level.

Functional Objective 9: Information technology

USD '000			
Organizational Outcome	Net Appropriation	Exrabudgetary	Total
9.1	36,244	0	36,244
Total	36,244	0	36,244

Scope of work

311. Functional Objective 9 covers the provision of timely, effective and cost-efficient, customer-oriented IT solutions and services in support of FAO business needs, measured through two KPIs. The responsible business unit is the Information Technology Division (CIO) which has authority over all the IT activities of the Organization worldwide.

312. In the 2016-17 biennium, significant work has been undertaken to improve service delivery, in particular by ensuring efficient, effective and secure information systems, strengthening of FAO's IT policies and standards and their implementation, redesigning and simplifying IT processes to ensure clarity and consistency of work, and introduction of new products such as the Operational Monitoring and Results Dashboards. Therefore, expected future results have been designed to build on these developments.

313. The expected outcome for 2018-21 is that IT at FAO provides value through improved utility of digital assets for delivering in all geographical locations with timely, quality, effective and cost-efficient innovative solutions, transformative technologies and external partnerships, underpinned by corporate IT policies and standards. This will be achieved through three Outputs: (i) effective and timely products and services and business support; (ii) digital assets developed and related security and availability ensured; and (iii) control to ensure that IT at FAO moves forward in a cohesive manner as per Organizational policies and standards.

Priorities for 2018-19

314. Priorities for the 2018-2019 biennium are:

- a) develop and adopt an FAO digital strategy;
- b) improve efficiency of the working processes that utilize cost-effective and reliable IT solutions, including modernization of IT platforms in decentralized offices;
- c) develop and implement a digital platform that facilitates access to information across FAO worldwide.

Functional Objective 10: FAO governance, oversight and direction

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
10.1	20,954	451	21,405
10.2	15,566	135	15,701
10.3	34,404	592	34,996
Total	70,923	1,179	72,102

Scope of work

315. Functional Objective 10 encompasses the governance, oversight and direction functions of the Organization. The responsible business units are the Conference, Council and Protocol Affairs Division (CPA), the Office of Evaluation (OED), the Office of the Inspector-General (OIG), the Office of the Director-General (ODG), the Legal and Ethics Office (LEG), the Office of Strategy, Planning and Resources Management (OSP), and the Office of Support to Decentralized Offices (OSD).

316. These functions aim for effective direction of the Organization through strategic management and oversight, and enhanced political commitment and collaboration with Member States. This involves establishing the institutional arrangements and processes to assess and take action on programmatic results and on the underlying health of the Organization; and supporting effective governance by ensuring compliance with the Basic Texts and with the policies adopted by the governing bodies. A major priority for 2018-21 is to accelerate the implementation of the reviewed Strategic Framework taking account of major global policy developments.

Priorities for 2018-19

FAO Governance

317. The Conference, Council and Protocol Affairs Division will focus on servicing effectively the governing and statutory bodies, implementing their decisions in a responsive and transparent way, producing high-quality documents translated to precise standards on time, and accurate and reliable interpretation services. In particular, the division will:

- a) reconfigure the business model for printing documents through increased use of outsourcing, as a response to the growing use of electronic media and “paper smart” meetings;
- b) evaluate and trial UN documentation standards to ensure greater interoperability and accountability of normative content deliberated by FAO governing and statutory bodies. This will facilitate greater use of FAO data, increasing transparency of data processes and enabling leaner corporate workflows.

Oversight

318. The Office of Evaluation undertakes in-depth and objective assessments of the work of the Organization across all sources of funds. Two new KPIs are introduced, to measure use of strategic evaluation recommendations and coverage of country-level evaluations. Work will be reoriented to meet the recommendations made in the Independent Evaluation of FAO’s Evaluation Function (2016), as well as relevant UN General Assembly resolutions, with particular emphasis placed on:

- a) systematizing evaluation methodologies concerning FAO’s contribution at the country level;
- b) enhancing support to the achievement of the SDGs through evaluation of capacity development for programme and policy effectiveness where FAO contributes.

319. The Office of the Inspector-General (OIG) provides advice and assessment of adequacy and effectiveness of internal control, risk management, governance processes, measured by a new KPI on audit coverage delivered. OIG will give particular attention to:

- a) full implementation of Enterprise Risk Management and the corporate risk log, to ensure greater alignment between OIG's Risk Based Audit Plan and Management priorities;
- b) implementation of FAO's Internal Control Framework including delivery of a first Statement of Internal Control attached to the 2017 Financial Statements in 2018, which will enable OIG to provide more comprehensive assurance about the effectiveness of FAO's internal control system;
- c) further improvement of the FAO normative system against fraud.

Direction

320. Direction encompasses the functions provided by the executive leadership of the Organization, in particular the Office of the Director-General, as well as the Offices of the Legal Counsel; Strategy, Planning and Resources Management; and Support to Decentralized Offices.

321. The Legal and Ethics Office discharges its mandate in response to the requests of the Members, the Director-General, and the various offices of the Organization. It aims to provide reliable and timely legal advice to support the Organization's actions and implementation of its Programme of Work. It assesses matters against the background of approved policies, strategies, rules and procedures established by the governing bodies and makes recommendations to ensure adherence with them from a legal perspective. Relevant, accurate and timely legal advice is given to governing and statutory bodies and the Members to facilitate informed decision-making and the achievement of the expected results.

322. The Office of Strategy, Planning and Resources Management will continue to focus on improvements related to corporate results-based work planning, budgeting and monitoring, measured by the proportion of outputs achieved; integration of related data systems; policy and guidelines for preparing and monitoring Country Programming Frameworks; and preparation of the major planning and reporting documents for consideration by the governing bodies.

323. The Office of Support to Decentralized Offices aims to improve the capacity of decentralized offices to make effective use of the resources allocated to them. It will focus on: (i) developing a roadmap to update the country office coverage in line with the guidance received from FAO's governing bodies; (ii) facilitating the establishment and running of the new Subregional Offices for West Africa and for Mashreq Countries, by mobilizing the necessary logistical, financial and administrative support from the concerned countries; (iii) renegotiating host country agreements to improve payment of Government Counterpart Cash Contribution and Trust Fund payment for the Partnership and Liaison Offices; (iv) carrying out extensive consultation with governments and regular communication to ensure institutional ownership of country coverage proposals.

Functional Objective 11: Efficient and effective administration

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
11.1	7,683	1,252	8,935
11.2	1,616	593	2,209
11.3	56,009	7,524	63,533
Total	65,308	9,369	74,677

Scope of work

324. Functional Objective 11 provides the basis for measuring the effective and efficient management and administration of human, financial and other physical assets and resources through a revised set of six KPIs with biennial targets, building on accomplishments. In particular, the measurement of efficient and effective administration includes a new indicator to measure corporate environmental responsibility. The responsible business units are the Corporate Services Department and the Office of Human Resources.

Priorities for 2018-19

325. Management of human resources will focus on two priorities measured by an updated set of KPIs:

- a) sustaining the recruitment, appointment and development of the highest calibre of employees, and workforce planning to improve the alignment of HR management to the strategic and programmatic needs of the Organization, including through mobility, while increasing the proportion of women in the workforce (particularly in high-graded positions) and improving geographic representation;
- b) pursuing increased efficiency and reduction in operational costs through the continued streamlining of HR processes and procedures, simplification of rules, the introduction of Standardized Operating Procedures, and the increased use of technology and automation.

326. Management of financial resources will focus on oversight, monitoring and internal control of business processes to ensure compliance with Financial Regulations, rules and procedures, particularly in decentralized offices. This will be complemented by targeted capacity development initiatives where deficiencies are identified by oversight and monitoring. The effective and efficient management of financial resources will be measured by having an unmodified opinion of the External Auditor on the annual financial statements, including on the statement of internal control.

327. Management of procurement services ensures the procurement of goods, works and services in a strategic, ethical, transparent and service-driven manner representing best value for money. With a growing share of procurement carried out directly by decentralized offices, focus will be on support to the decentralized office network, in particular to:

- a) enhance cooperation with other UN agencies through joint procurement actions;
- b) increase the level of delegated authority for field office procurement, further empowering the decentralized offices to meet local procurement needs, while managing risks through training, advice and monitoring;
- c) streamlining of the procurement processes for decentralized offices and preparing a staffing and support structure that has the flexibility to adapt to the changing organizational needs and development funding environment, including the creation of a pool of procurement experts ready for deployment to countries affected by emergencies.

Chapter 13: Capital Expenditure

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
13.1	16,892	0	16,892
Total	16,892	0	16,892

Scope of work

328. Conference Resolution 10/2003 established the Capital Expenditure Facility as a chapter of the Programme of Work and Budget. The Facility serves to define and authorize expenditures on tangible and intangible assets with a useful life in excess of FAO's financial period of two years that generally require a level of resources which cannot be funded within the appropriation for a single biennium. Financial Regulation 6.11 authorizes the transfer of any balance in the Capital Expenditure Account for use in the subsequent financial period.

329. FAO capital investments achieve benefits in terms of a more capable and efficient infrastructure and operating environment to serve the business needs of the Organization and Strategic Objectives delivery. As such, this financing facility provides investment required to maintain and improve FAO's products and services in relation to: (a) platforms for technical data and information; (b) operational and administrative systems; and (c) infrastructure and services. The Capex Management Board, chaired by the Deputy Director-General (Operations), assesses the investment quality and monitors implementation of Capital Expenditure projects as regards corporate significance, measurable benefits and costs, timescales and risks.

Priorities for 2018-19

330. Capital expenditure will focus on five main areas of investment.

- a) Investments in the *core ICT infrastructure*, which covers the provision of servers, storage and communication networks to ensure an effective and efficient ICT infrastructure which meets industry standard best-practices and supports the business needs of the Organization.
- b) Investments in *corporate administrative systems* to ensure that the corporate Enterprise Resource Planning (ERP) systems continue to meet the dynamic operational and business requirements of both headquarters and decentralized offices.
- c) Investments in *corporate technical applications* to improve and enhance the management of technical data and information.
- d) Investments in *Management Information Systems* to address operational reporting and data analysis requirements and support management decision-making.
- e) Investments in *building infrastructure and facilities* to ensure compliance with health and safety regulations and achieve lower maintenance and running costs.

Chapter 14: Security Expenditure

Organizational Outcome	Net Appropriation	Extrabudgetary	USD '000	Total
14.1	8,705	181		8,886
14.2	13,716	0		13,716
Total	22,421	181		22,602

Scope of work

331. The Security Expenditure facility provides for staff and non-staff costs directly related to security and safety of staff and assets at headquarters and in the field, as established by Conference Resolution 5/2005. The aim is that FAO employees are able to carry out their functions safely and in security in all locations where FAO operates. The responsible business unit is the Security Service (DDOS) reporting to the Deputy Director-General (Operations).

332. The headquarters security function aims to ensure a safe and secure operating environment for headquarters programme delivery and provides support for the execution of the Director-General's function as Designated Official for Security for Italy. It includes liaison and coordination with the Host Government and the United Nations Department of Security (UNDSS), establishing systems of security management, providing an enabling environment and ensuring personnel safety and security at FAO headquarters premises. Activities include fire safety, some infrastructural measures and occupational health issues, building on the steps taken over the past few years to put in place a safer and healthier work environment for headquarters staff.

333. The field security function enables the effective and efficient delivery of FAO's programmes, while ensuring the security, safety and well-being of staff, through the provision of technical expertise and advice in a manner consistent with FAO's policies and the UN security management system framework of "no programme without security". To achieve this objective, the Security Service monitors and assesses the prevailing security environment from the perspective of FAO's operations at country level and takes corrective measures to increase the security and safety of FAO staff and missions, in close collaboration with UNDSS.

334. Progress in the development of the Organization's occupational safety and health programme is guided through the work of the Advisory Committee on Occupational Health and Safety, which assembles the key units responsible for health and safety at headquarters and field representations.

Priorities for 2018-19

Headquarters security

335. Priorities for headquarters security will continue to focus on threat assessments conducted jointly with local authorities, and improving internal capacity for prevention and response in case of emergencies by ensuring a level of training of security personnel compliant with UN and local standards. Priority will also be given to ensuring that all staff at headquarters complete the mandatory Basic Security Training.

Field security

336. Priorities for field security will be continued support to decentralized offices through anticipation, prevention, protection and response so as to mitigate risks from armed conflict, terrorism, crime, civil unrest and natural disasters. The Security Service will continue to provide decentralized offices with technical expertise, security training, funding for security equipment, advice and operational support. A priority is full compliance with minimum operating security standards and measures. Security professionals and advisers are also placed in high-risk locations, including two regional offices and are on permanent call to respond to incidents and provide other advice as required.

Contingencies

USD '000			
Organizational Outcome	Net Appropriation	Extrabudgetary	Total
12.1	600	600	600
Total	600	600	600

337. The provision for contingencies remains unchanged since the PWB 1980-81.

Transfer to Tax Equalization Fund

338. The Tax Equalization Fund was established as of 1 January 1972.

339. In line with the practice followed since 1972-73, the 2018-19 budget is presented on a gross basis, by adding to the total effective working budget an appropriation for staff assessment.

340. This will have no effect on the contributions payable by Members not levying tax on FAO staff emoluments; their full share of the staff assessment appropriation is refunded, by deduction from the contributions payable by them.

341. Members which levy tax on FAO staff emoluments will have their shares of the appropriation for staff assessment reduced by the amount estimated to be required to meet claims from the FAO staff concerned for tax reimbursement.

342. The amount of USD 87.45 million provided for 2018-19 represents the difference between gross and net salary costs based, as far as professional staff and above are concerned, on the UN salary scales as of 1 January 2017.

343. The application of credits arising from the Staff Assessment Plan against Members' assessments will be presented after the Conference has decided on the scale of contributions to be applied for 2018-19.

Annex 2: Results Framework – Strategic and Functional Objectives

344. Annex 2 presents the results framework for each budgetary Chapter (five Strategic Objectives, Objective 6, four Functional Objectives, four Special Chapters).

345. For each Strategic Objective, the results framework includes the SDG indicators and targets to measure the Objective, and the Outcomes (with indicators) and Outputs (with indicators and targets) needed to achieve the Objectives. Formulation of Outputs will continue during 2017 to develop indicators and targets linked to the country programming frameworks. The incorporation of SDG indicators and targets and refinements to the results frameworks have sharpened the focus of the Strategic Objectives and improved the quality of the Outcome and Output results chain, as explained in *MTP Section D*. A comparison of the proposed 2018-21 results framework with the current 2014-17 results framework is provided in *Annex 11*.

346. For Objective 6, the Functional Objectives and Special Chapters, results are defined as improvements in delivery as measured and reported by Key Performance Indicators (KPIs) and targets, and are achieved through Outputs.

STRATEGIC OBJECTIVE 1 CONTRIBUTE TO THE ERADICATION OF HUNGER, FOOD INSECURITY AND MALNUTRITION			
 Targets <ul style="list-style-type: none"> -By 2030 access by all to safe nutritious food (2.1) -By 2030 end all forms of malnutrition (2.2) 	 Targets <ul style="list-style-type: none"> -By 2030, reduce by one third premature mortality through prevention and treatment (3.4) 	Indicators <ul style="list-style-type: none"> -Prevalence of undernourishment (2.1.1) -Prevalence of moderate or severe food insecurity based on FIES (2.1.2) -Prevalence of stunting among children under 5 years of age (2.2.1) -Prevalence of malnutrition among children under 5 years of age, by type (wasting and overweight) (2.2.2) 	Indicators <ul style="list-style-type: none"> -Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (3.4.1)

STRATEGIC OBJECTIVE 1 CONTRIBUTE TO THE ERADICATION OF HUNGER, FOOD INSECURITY AND MALNUTRITION			
OUTCOME 1.1: Countries made explicit political commitment to eradicate hunger, food insecurity and malnutrition by 2030	1.1.A: Number of countries that have adopted comprehensive sectoral and/or cross-sectoral policies, strategies and investment programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030, that are supported by a legal framework		
OUTPUT 1.1.1: Capacities of governments and stakeholders are improved to develop sectoral and cross-sectoral policy frameworks and investment plans and programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030			
OUTPUT 1.1.2: Capacities of governments and stakeholders are improved to develop and implement legal and accountability frameworks to realize the right to adequate food			
OUTCOME 1.2: Countries implemented inclusive governance and coordination mechanisms for eradicating hunger, food insecurity and all forms of malnutrition by 2030	1.2.A: Number of countries that have inclusive governance, coordination and accountability mechanisms in place		
OUTPUT 1.2.1: Capacities of governments and stakeholders are improved for food security and nutrition governance			
OUTCOME 1.3: Countries made decisions based on evidence for the eradication of hunger, food insecurity and all forms of malnutrition by 2030	1.3.A: Number of countries that use evidence derived from comprehensive, cross-sectorial analysis to inform their policy and programming decisions for the response to eradicate hunger, food insecurity and all forms of malnutrition		
OUTPUT 1.3.1: Capacities of governments and stakeholders are improved to analyse food insecurity and all forms of malnutrition and the contribution of sectors and stakeholders to the eradication of hunger, food insecurity and all forms of malnutrition by 2030			
OUTPUT 1.3.2: Capacities of governments and stakeholders are improved to monitor and evaluate policies, programmes and legislation relevant to the eradication of hunger, food insecurity and all forms of malnutrition by 2030			
OUTCOME 1.4: Countries implemented effective policies, strategies and investment programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030	1.4.A: Number of countries that effectively implement their policies, strategies and investment programmes measured by adequacy of <i>public expenditure in agriculture (SDG 2.A.1)</i> and of government human resources		
OUTPUT 1.4.1: Capacities of governments and stakeholders are improved for the allocation and use of financial resources to eradicate hunger, food insecurity and all forms of malnutrition by 2030			
OUTPUT 1.4.2: Capacities of governments and stakeholders are improved for human resource and organizational development in the food security and nutrition domain			

STRATEGIC OBJECTIVE 2			
MAKE AGRICULTURE, FORESTRY AND FISHERIES MORE PRODUCTIVE AND SUSTAINABLE			
 Targets <ul style="list-style-type: none"> -By 2030, double the agricultural productivity and incomes of small-scale food producers through secure access of land (2.3) -By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production (2.4) -By 2030, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals (2.5) Indicators <ul style="list-style-type: none"> -Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size (2.3.1) -Proportion of agricultural area under productive and sustainable agriculture (2.4.1) -Number of plant and animal genetic resources for food and agriculture secured in either medium or long-term conservation facilities (2.5.1) -Proportion of local breeds classified as being at risk, not at risk or at unknown level or risk of extinction (2.5.2) 	 Targets <ul style="list-style-type: none"> -By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems (15.1) -By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world (15.3) -By 2030, ensure the conservation of mountain ecosystems (15.4) Indicators <ul style="list-style-type: none"> -Forest area as a proportion of total land area (15.1.1) -Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type (15.1.2) -Proportion of land that is degraded over total land area (15.3.1) -Mountain Green Cover Index (15.4.2) 	 Targets <ul style="list-style-type: none"> -By 2030 substantially increase water-use efficiency and reduce the number of people suffering from water scarcity (6.4) Indicators <ul style="list-style-type: none"> -Change in water-use efficiency over time (6.4.1) -Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (6.4.2) 	 Targets <ul style="list-style-type: none"> -By 2030, effectively regulate harvesting and end overfishing to restore fish stocks (14.4) -By 2020, conserve at least 10 per cent of coastal and marine areas (14.5) Indicators <ul style="list-style-type: none"> -Proportion of fish stocks within biologically sustainable levels (14.4.1) -Coverage of protected areas in relation to marine areas (14.5.1)

STRATEGIC OBJECTIVE 2			
MAKE AGRICULTURE, FORESTRY AND FISHERIES MORE PRODUCTIVE AND SUSTAINABLE			
OUTCOME 2.1: Countries adopted practices to increase productivity sustainably while addressing climate change and environmental degradation in agriculture, forestry and fisheries		2.1.A: Number of countries where producers adopted practices to increase agricultural productivity in a sustainable manner 2.1.B: Number of countries reporting to COFI on the code of Conduct for Responsible Fisheries implementation 2.1.C: Number of countries reporting progress towards sustainable forest management (SDG 15.2.1)	
OUTPUT 2.1.1: Innovative practices and technologies piloted, tested or scaled up by producers, to sustainably increase productivity, address climate change and environmental degradation			
OUTPUT 2.1.2: Capacities of institutions are strengthened to promote the adoption of more integrated and cross-sectoral practices that sustainably increase productivity and production, address climate change and environmental degradation			
OUTCOME 2.2: Countries developed or improved policies and governance mechanisms to address sustainable production, climate change and environmental degradation in agriculture, fisheries and forestry		2.2.A: Number of countries which have policies and associated investment programmes that foster sustainable agriculture, forestry and fisheries and that explicitly address productivity and income, climate change adaptation and mitigation, and environmental conservation and foster cross-sectoral coordination	

STRATEGIC OBJECTIVE 2 MAKE AGRICULTURE, FORESTRY AND FISHERIES MORE PRODUCTIVE AND SUSTAINABLE	
OUTPUT 2.2.1: Policies, strategies and investment programmes formulated, in support to sustainable agriculture, forestry and fishery, and address climate change and environmental degradation	
OUTPUT 2.2.2: Government and stakeholders' capacities improved to facilitate cross-sectorial policy dialogue to develop more integrated strategies and programmes for sustainable agriculture, forestry and fisheries, address climate change and environmental degradation	
OUTCOME 2.3: Countries improved implementation of policies and international instruments for sustainable agriculture, fisheries and forestry	<p>2.3.A: Number of countries that have issued national reports covering SO2 relevant SDG indicators on the implementation of the 2030 Agenda for Sustainable Development, addressing sustainable agriculture, forestry and fisheries</p> <p>2.3.B: Number of countries that have communicated the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production (including a national adaptation plan, nationally determined contribution, national communication, biennial update report or other) (SDG 13.2.1)</p> <p>2.3.C: Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing (SDG 14.6.1)</p> <p>2.3.D: Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems (SDG 15.A.1)</p>
OUTPUT 2.3.1: Support provided to ensure effective integration of agriculture, forestry and fisheries in international governance mechanisms, in particular in relation to 2030 Agenda, climate change , biodiversity and desertification as well as environmental agendas and instruments under FAO's responsibility	
OUTPUT 2.3.2: Capacities of institutions strengthened to implement policies and international instruments that foster sustainable production and address climate change and environmental degradation	
OUTCOME 2.4: Countries made decisions based on evidence for sustainable agriculture, fisheries and forestry while addressing climate change and environmental degradation	<p>2.4.A: Number of countries by level of availability, accessibility, quality and usage of sector/cross-sectoral data and analytical tools/products that are used in decision-making processes pertaining to agriculture, forestry and fisheries</p>
OUTPUT 2.4.1: Strategic knowledge products developed addressing regional or global issues that integrate information on sustainable production, climate change and environmental degradation	
OUTPUT 2.4.2: Capacities of institutions are strengthened to collect analyse and report data for decision-making on sustainable production, climate change and environmental degradation, including relevant SDGs	

STRATEGIC OBJECTIVE 3 REDUCE RURAL POVERTY			
 1 NO POVERTY	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, eradicate extreme poverty for all people (1.1) -By 2030, reduce at least by half the proportion of men, women and children in poverty (1.2) -By 2030, ensure equal rights for all (1.4) - By 2030, build the resilience of the poor and reduce their vulnerability (1.5) <p>Indicators</p> <ul style="list-style-type: none"> -Proportion of population below the international poverty line (1.1.1) -Proportion of population living below the national poverty line (1.2.1) -Proportion of population living in households with access to basic services (1.4.1) -Proportion of total adult population with secure tenure rights to land (1.4.2) - Direct disaster economic loss in relation to global GDP (1.5.2) 	 2 ZERO HUNGER	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, double the agricultural productivity and incomes of small-scale food producers (2.3) <p>Indicators</p> <ul style="list-style-type: none"> -Average income of small-scale food producers, by sex and indigenous status (2.3.2)
 8 DECENT WORK AND ECONOMIC GROWTH	<p>Targets</p> <ul style="list-style-type: none"> -By 2020, substantially reduce the proportion of youth not in employment, education or training (8.6) -Take immediate measures to eradicate forced labour and elimination of child labour (8.7) <p>Indicators</p> <ul style="list-style-type: none"> -Proportion of youth (aged 15-24 years) not in education, employment or training (8.6.1) -Proportion and number of children aged 5-17 years engaged in child labour, by sex and age (8.7.1) 	 10 REDUCED INEQUALITIES	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average (10.1) <p>Indicators</p> <ul style="list-style-type: none"> -Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population (10.1.1)

STRATEGIC OBJECTIVE 3 REDUCE RURAL POVERTY	
OUTCOME 3.1: Rural poor and rural poor organizations empowered to access productive resources, services and markets	<p>3.1.A: Number of countries of strategies - including policies, guidelines, regulations and tools and programmes - aiming to empower the rural poor and remove barriers to access by poor men and women to productive resources, services, technologies and markets</p> <p>3.1.B: Number of countries in which rural organizations, government institutions and other relevant stakeholders have enhanced their capacities for rural poor empowerment and to improve equitable access by poor men and women to productive resources, services, technologies and markets</p> <p>3.1.C: Progress by countries in the degree of application of a legal/regulatory/policy/institutional framework which recognizes and protects access rights for small-scale fisheries (SDG 14.B.1)</p> <p>3.1.D: (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure (SDG 5.A.1)</p> <p>3.1.E: Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control (SDG 5.A.2)</p>

STRATEGIC OBJECTIVE 3 REDUCE RURAL POVERTY	
OUTPUT 3.1.1: Rural organizations and institutions strengthened and collective action of the rural poor facilitated	
OUTPUT 3.1.2: Strategies, policies, guidelines and programmes to improve the rural poor's access to, and control over, a set of services, finance, knowledge, technologies, markets and natural resources, including in the context of climate change	
OUTPUT 3.1.3: Policy support, capacity development and knowledge generation to accelerate gender equality and rural women's economic empowerment	
OUTCOME 3.2: Countries enhanced access of the rural poor to productive employment and decent work opportunities, particularly among youth and women	3.2.A: Number of countries with an improved set of institutions and strategies - including policies, guidelines, regulations and tools and programmes - aiming to generate decent rural employment, including for women and youth
OUTPUT 3.2.1: Policy support and capacity development in the formulation and implementation of strategies, policies, guidelines, and programmes to enhance decent rural employment opportunities, entrepreneurship and skills development, especially for youth and women	
OUTPUT 3.2.2: Policy support and capacity development to strengthen the application of International Labour Standards in rural areas in order to enhance the quality and safety of jobs, especially as regards child labour and forced labour	
OUTCOME 3.3: Countries enhanced access of the rural poor to social protection systems	3.3.A: Number of countries with improved social protection systems that link social protection with rural poverty reduction, food security and nutrition, and sustainable management of natural resources 3.3.B: Proportion of population covered by social protection floors/systems (SDG 1.3.1) 3.3.C: Proportion of total government spending on essential services (education, health and social protection) (SDG 1.A.2) 3.3.D: Total government spending in social protection and employment programmes as a proportion of the national budgets and GDP (SDG 8.B.1)
OUTPUT 3.3.1: Policy support, knowledge generation and capacity development, and advocacy provided to expand coverage of social protection to the rural poor, including in fragile and humanitarian contexts	
OUTPUT 3.3.2: Policy support, knowledge generation capacity development, and advocacy provided to enhance synergies amongst social protection, nutrition, agriculture and natural resources management, including climate change	
OUTCOME 3.4: Countries strengthened capacities to design, implement and evaluate gender equitable multi-sectoral policies, strategies and programmes to contribute to the achievement of SDG 1	3.4.A: Number of countries with enhanced capacities to put in place comprehensive, multi-sectoral development policies, strategies and programmes directed towards rural poverty reduction 3.4.B: Proportion of resources allocated by the government directly to poverty reduction programmes (SDG 1.A.1)
OUTPUT 3.4.1: Strengthened national capacities to design and implement comprehensive, gender equitable, multi-sectoral rural poverty reduction policies, strategies and programmes, including in the context of migration and climate change	
OUTPUT 3.4.2: Data, knowledge and tools provided to promote and evaluate comprehensive, gender equitable, multi-sectoral rural poverty reduction policies and strategies, including in the context of migration and climate change, and monitor progress in rural poverty reduction	

STRATEGIC OBJECTIVE 4 ENABLE MORE INCLUSIVE AND EFFICIENT AGRICULTURAL AND FOOD SYSTEMS			
 Targets <ul style="list-style-type: none"> -By 2030, double the agricultural productivity and incomes of small-scale food producers (2.3) -Adopt measures to ensure the proper functioning of food commodity markets to help limit extreme food price volatility (2.c) Indicators <ul style="list-style-type: none"> -Volume of production per labour unit by classes of farming/pastors/forestry enterprise size (2.3.1) -Indicator of food price anomalies (2.c.1) 	 Targets <ul style="list-style-type: none"> -By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses (12.3) Indicators <ul style="list-style-type: none"> -Global food loss index (12.3.1) 	 Targets <ul style="list-style-type: none"> -Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020 (17.11) Indicators <ul style="list-style-type: none"> -Developing countries' and least developed countries' share of global exports (17.11.1) 	

STRATEGIC OBJECTIVE 4 ENABLE MORE INCLUSIVE AND EFFICIENT AGRICULTURAL AND FOOD SYSTEMS			
OUTCOME 4.1: International standards, agreements and voluntary guidelines formulated to improve countries' access to, and functioning of, international markets	<p>4.1.A: Percent of low income and lower-middle income countries effectively participating in international standard setting under the auspices of Codex Alimentarius and the International Plant Protection Convention (IPPC) or Codex standards development which were received from LDCs</p> <p>4.1.B: Number of countries whose access to international markets has been improved by trade related agreements measured by also using <i>agricultural export subsidies (SDG 2.B.2)</i> and <i>proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff (SDG 10.A.1)</i></p> <p>4.1.C: Number of countries whose access to international markets has been improved due to adoption of international voluntary guidelines</p>		
OUTPUT 4.1.1: New and revised international standards for food safety and quality and plant health formulated and agreed by countries to serve as references for international harmonization			
OUTPUT 4.1.2: Countries and their regional economic communities' capacities reinforced to engage effectively in the formulation of international agreements and voluntary guidelines that promote transparent market actions, enhanced market opportunities and more efficient agricultural and food systems			
OUTCOME 4.2: Countries designed and implemented policies, regulatory frameworks and institutional arrangements supportive of inclusive and efficient agrifood systems development	<p>4.2.A: Number of countries in which elements of an enabling environment that support more inclusive and efficient agricultural and food systems development are in place, also measured by <i>Aid for Trade commitments and disbursements (SDG 8.A.1)</i></p> <p>4.2.B: Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing (SDG 14.6.1)</p>		
OUTPUT 4.2.1: Public sector organizations' capacities strengthened to design and implement national policies, strategies, regulatory frameworks and investments plans supportive of inclusive and efficient agricultural and food systems development			
OUTPUT 4.2.2: Public and private sector organizations' capacities strengthened to design and implement institutional arrangements supportive of inclusiveness and efficiency in agricultural and food systems			
OUTCOME 4.3: Countries enhanced public and private sector capacities	<p>4.3.A: Number of countries where value chain actors have increased technical and managerial capacities</p>		

STRATEGIC OBJECTIVE 4 ENABLE MORE INCLUSIVE AND EFFICIENT AGRICULTURAL AND FOOD SYSTEMS	
and increased investments to promote inclusive agro-enterprises and value chain development	<p>4.3.B: Number of countries with improved financial instruments and services and risk management mechanisms for agricultural and food chain development measured by also using the <i>proportion of small-scale industries with a loan or line of credit (SDG 9.3.2)</i></p> <p>4.3.C: Number of countries in which investment in the agricultural and food systems sector has increased measured by also using the <i>agriculture orientation index for government expenditure (SDG 2.A.1)</i> and <i>total official flows to the agricultural sector (SDG 2.A.2)</i></p>
OUTPUT 4.3.1: Value chain actors equipped with technical and managerial capacities to develop inclusive, efficient and sustainable agricultural and food value chains	
OUTPUT 4.3.2: Public and private sector organizations capacities strengthened to increase investments in, and design and implement financial instruments and services and risk management mechanism for efficient and inclusive agricultural and food systems	
OUTCOME 4.4: Countries made decisions based on evidence to support agrifood systems development	<p>4.4.A: Number of countries by level of the availability, accessibility, quality and usage of data and analytical tools/products in policy making processes pertaining to inclusive and efficient agricultural and food systems.</p>
OUTPUT 4.4.1: Up-to-date global market information and analysis provided to promote transparent markets and enhanced global and regional domestic trade and market opportunities	
OUTPUT 4.4.2: Public sector organizations equipped to establish systems to monitor and analyse the impacts of trade, food, and agriculture policies on national agricultural and food systems	

STRATEGIC OBJECTIVE 5 INCREASE THE RESILIENCE OF LIVELIHOODS TO THREATS AND CRISES			
	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure to climate-related extreme events and other economic, social and environmental shocks and disasters (1.5) <p>Indicators</p> <ul style="list-style-type: none"> -Number of deaths, missing persons and persons affected by disaster per 100,000 people (1.5.1 and 13.1.2) 		<p>Targets</p> <ul style="list-style-type: none"> -By 2030 access by all to safe nutritious food (2.1) -By 2030, end all forms of malnutrition (2.2) -By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production (2.4) -Adopt measures to ensure the proper functioning of food commodity markets to help limit extreme food price volatility (2.c) <p>Indicators</p> <ul style="list-style-type: none"> -Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES) (2.1.2) -Prevalence of malnutrition (wasting and overweight) (2.2.2) -Proportion of agricultural area under productive and sustainable agriculture (2.4.1) -Indicator of food price anomalies (2.c.1)
	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters (11.5) <p>Indicators</p> <ul style="list-style-type: none"> -Direct disaster economic loss in relation to global gross domestic product (GDP), including disaster damage to critical infrastructure and disruption of basic services (11.5.2) 		<p>Targets</p> <ul style="list-style-type: none"> -Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries (13.1) <p>Indicators</p> <ul style="list-style-type: none"> -Number of deaths, missing persons and persons affected by disaster per 100,000 people (13.1.2 and 1.5.1)
	<p>Targets</p> <ul style="list-style-type: none"> -By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world (15.3) <p>Indicators</p> <ul style="list-style-type: none"> Proportion of land that is degraded over total land area (15.3.1) 		<p>Targets</p> <ul style="list-style-type: none"> -Significantly reduce all forms of violence and related death rates (16.1) <p>Indicators</p> <ul style="list-style-type: none"> -Conflict-related deaths per 100,000 population, by sex, age and cause (16.1.2)

STRATEGIC OBJECTIVE 5 INCREASE THE RESILIENCE OF LIVELIHOODS TO THREATS AND CRISES	
OUTCOME 5.1: Countries adopted or implemented legal, policy and institutional systems and frameworks for risk reduction and crisis management	<p>5.1.A: Number of countries by level of commitment and capacity for disaster and crisis risk reduction/management for agriculture, food and nutrition in the form of policies, legislation and institutional systems (SDG 1.5.3 = 13.1.1)</p> <p>5.1.B: Number of countries that have communicated the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production (including a national adaptation plan, nationally determined contribution, national communication, biennial update report or other) (SDG 13.2.1)</p> <p>5.1.C: Number of countries that have integrated mitigation, adaptation, impact reduction and early warning into primary, secondary and tertiary curricula (SDG 13.3.1)</p>
OUTPUT 5.1.1: National capacities of government and public organisations strengthened to formulate and promote risk reduction and crisis management policies, strategies, plans and investment programmes	

STRATEGIC OBJECTIVE 5 INCREASE THE RESILIENCE OF LIVELIHOODS TO THREATS AND CRISES	
OUTPUT 5.1.2: Coordination mechanisms are improved and resources mobilized for risk reduction and crisis management	
OUTCOME 5.2: Countries made use of regular information and early warning against potential, known and emerging threats	5.2.A: Number of countries that have improved their capacities in the generation of and availability accessibility, quality and use of data, and analytical tools/products and information related to potential, known and emerging threats to agriculture, food and nutrition OUTPUT 5.2.1: Mechanisms set up or improved to identify, monitor threats, and assess risks and deliver integrated and timely Early Warning
OUTPUT 5.2.2: National capacities improved to assess vulnerability and measure resilience	
OUTCOME 5.3: Countries reduced risks and vulnerability at household and community level	5.3.A: Number of countries that have improved their capacity to apply prevention and impact mitigation measures that reduce risks for agriculture, food and nutrition 5.3.B: (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure (SDG 5.A.1) 5.3.C: Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control (SDG 5.A.2) OUTPUT 5.3.1: Capacities of government, communities and other key stakeholders strengthened to implement prevention and mitigation good practices to reduce the impacts of threats and crises
OUTPUT 5.3.2: Communities equipped with vulnerability reduction practices and measures	
OUTCOME 5.4: Countries prepared for and managed effective responses to disasters and crises	5.4.A: Level of preparedness and response management capacity OUTPUT 5.4.1: Capacities of national authorities and stakeholders reinforced for emergency preparedness to reduce the impact of crises
OUTPUT 5.4.2: Humanitarian assistance for livelihood saving timely delivered to crises affected communities	

OBJECTIVE 6 TECHNICAL QUALITY, STATISTICS AND CROSS CUTTING THEMES (CLIMATE CHANGE, GENDER, GOVERNANCE AND NUTRITION)			
6.1: Quality and integrity of the technical and normative work of the Organization	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.1.A Quality of technical leadership, measured by: <i>- a survey methodology to assess the feedback of stakeholders on elements of technical leadership, such as: ensuring the excellence of technical knowledge, compliance with technical policies, technical integrity, capacity to respond to emerging issues and advancing fundamental understanding of challenges and creating options in the main disciplines through the Technical Committees</i>	69%	69%
OUTPUT 6.1.1: Ensure the excellence of the technical knowledge required to achieve and support the delivery of the strategic objectives through core technical leadership of technical department ADGs; creation of technical networks and the delivery of technical expertise to the Strategic Programmes and Corporate Technical Activities			
OUTPUT 6.1.2: Ensure compliance with technical policies, technical integrity and coherence of FAO's interventions across geographical boundaries			
OUTPUT 6.1.3: Provide capacity to respond to emerging issues, support to exploring new approaches and innovations to adapt solutions to a changing environment, and contribute to resolving challenges through collaborative efforts using the multidisciplinary fund			
OUTPUT 6.1.4: Advance fundamental understanding of challenges and creating options in the main disciplines through the Technical Committees (COFI, COFO, COAG, CCP)			
OUTPUT 6.1.5: Ensure preparation of flagship publications on the "State of" food insecurity, agriculture, fisheries and aquaculture, forestry			
OUTPUT 6.1.6: Support and promote policy and technical dialogue at global and regional level through institutional representation by technical departments and the Chief Statistician			
6.2: Quality and integrity of FAO Statistics to support evidence-based decision making at all levels	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.2.A: Level of availability, accessibility and quality of Statistics for evidence-based policy-making in the fields of the five Strategic Objectives (source: FAO corporate survey) <i>*Target to be determined by end 2017</i>	TBD*	TBD*
	6.2.B: Quality and effectiveness of FAO data and methods measured by: <i>FAO internal assessment system</i> <i>*Target to be determined by end 2017</i>	TBD*	TBD*
OUTPUT 6.2.1: Methods and standards for the collection, processing, dissemination, and use of system-wide agriculture and food statistics and related SDG indicators developed and shared			
OUTPUT 6.2.2: Support provided to strengthen national statistical systems and institutions to improve the competencies of national statisticians in collecting, analysing and disseminating agriculture and food statistics, including SDG indicators			
OUTPUT 6.2.3: High quality and internationally comparable agriculture and food statistics, including SDG indicators, produced and disseminated by FAO and accessed by countries			

OBJECTIVE 6 TECHNICAL QUALITY, STATISTICS AND CROSS CUTTING THEMES (CLIMATE CHANGE, GENDER, GOVERNANCE AND NUTRITION)			
OUTPUT 6.2.4: FAO statistics governance and coordination (Chief Statistician and IDWG on Statistics) strengthened and improved internal capacity on data production, dissemination, and use			
6.3: Quality services and coherent approaches to work on gender equality and women's empowerment that result in strengthened country capacity to formulate, implement and monitor policies and programmes that provide equal opportunities for men and women	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.3.A: Number of gender mainstreaming minimum standards implemented	14	15
	6.3.B: Number of performance standards of revised UN SWAP on gender achieved by FAO, <i>measured by:</i> <i>- rating of the UN SWAP performance indicators</i>	TBD*	TBD*
	<i>*Target to be determined once UN SWAP revised in 2017</i>		
OUTPUT 6.3.1: Member countries are supported within the SOs by the Gender Unit to develop their capacities consistent with FAO's minimum standards for gender mainstreaming and targeted interventions			
OUTPUT 6.3.2: Institutional mechanisms and staff capacities are established or strengthened to support countries' initiatives aimed at addressing gender equality			
6.4: Quality services for more inclusive and effective governance norms, mechanisms and institutions at global, regional and national level and in the Strategic Objective programmes	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.4.A: Number of selected global governance mechanisms or processes where FAO exercises a leadership role that promotes progress on issues related to the five Strategic Objectives	3	3
	6.4.B: Number of governance issues where FAO's contribution has promoted progress in relation to the five Strategic Objectives at national and regional level, <i>measured by:</i> <i>- uptake of FAO governance approach by FAO staff working in SO teams</i>	20	20
OUTPUT 6.4.1: FAO's contribution to selected global governance mechanisms is improved in quality and consistency			
OUTPUT 6.4.2: Key national and regional governance issues are identified and options for appropriate targeted advice are formulated			
6.5: Quality and coherence of FAO's work on nutrition ensured through mainstreaming of nutrition across the Strategic Objectives and strengthening FAO's contribution in the international nutrition architecture	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.5.A: Number of countries supported by FAO that report progress in implementing ICN2 Rome Declaration on Nutrition and Framework for Action commitments (Source: joint FAO/WHO monitoring system) <i>*Target to be determined by end 2017</i>	TBD*	TBD*
	6.5.B: Number of FAO units/employees applying the minimum standards and corporate approach for mainstreaming nutrition across the Strategic Objectives (Source: post-training follow-up assessment) <i>*Target to be determined by end 2017</i>	TBD*	TBD*

OBJECTIVE 6 TECHNICAL QUALITY, STATISTICS AND CROSS CUTTING THEMES (CLIMATE CHANGE, GENDER, GOVERNANCE AND NUTRITION)			
6.6: Quality and coherence of FAO's work on climate change ensured in line with the climate change strategy through mainstreaming across the Strategic Objectives and strengthening FAO's contribution to the national, regional and international climate change architecture	Key performance indicators	Targets (end 2019)	Targets (end 2021)
	6.6.A: Number of countries supported by FAO to implement and/or further develop the agricultural components of their Nationally Determined Contributions under the Paris Agreement. (Contributes to SDG 13.2.1)	40	50
	6.6.B: Number of policy financing and/or technical dialogues related to climate action at global and regional levels where FAO takes the lead in promoting the integration of food and agricultural perspectives (e.g. Green Climate Fund, UNFCCC, Agenda 2030)	24	48
OUTPUT 6.6.1: FAO capacity is enhanced to support member countries in implementing the agricultural components of their climate change policies and plans, in particular Nationally Determined Contributions, as well as the climate components within their agricultural development policies and plans			
OUTPUT 6.6.2: FAO participation in selected global and regional technical, financing and policy related dialogues on Climate action is increased in quantity and frequency			

CHAPTER 7: TECHNICAL COOPERATION PROGRAMME			
Outcome statement – TCP delivered effectively, in full alignment with SOs, and in support of the implementation of the CPF results			
7.1: TCP management and support			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
7.1.A	Approval rate of TCP resources against 2018-19/2020-21 appropriation	100%	100%
7.1.B	Delivery rate of TCP projects against 2016-17/2018-19 appropriation	100%	100%

FUNCTIONAL OBJECTIVE 8: OUTREACH

Outcome statement - Delivery of FAO's objectives is supported by diversified and expanded partnerships and advocacy, increased public awareness, political support and resources, and enhanced capacity development and knowledge management

8.1: Partnerships, advocacy and capacity development including South-South Cooperation

Key performance indicators		Targets (end 2019)	Targets (end 2021)
8.1.A	Number of strategic partnerships brokered and sustained.	30	30
8.1.B	Number of capacity development methodologies applied within the Strategic Programmes	10	10
8.1.C	Number of ongoing South-South and Triangular Cooperation agreements and programmes	65 agreements and 55 programmes (5% increase)	70 agreements and 60 programmes (5% increase)

Outputs

8.1.1	Key partnerships promoted and strengthened
8.1.2	Advice and support provided to SP teams to mainstream capacity development in FAO's work
8.1.3	South-South collaboration initiatives among state and non-state actors are effectively contributing to national programmes and initiatives

8.2: Communications

Key performance indicators		Targets (end 2019)	Targets (end 2021)
8.2.A	User traffic to FAO.org (based on Web access statistics to the FAO Document Repository)	8.5 million	9 million
8.2.B	Level of media presence (number of hits) as measured by Meltwater Media Monitoring Service	19.950 news hits per month	20.950 news hits per month
8.2.C	Increase in aggregate number of followers of FAO's social media accounts (combined)	2.2 million	2.4 million

Outputs

8.2.1	New relationships with global, regional and national media forged
8.2.2	Overhaul of the Organization's worldwide Web and social media presence to align them to its Strategic Objectives
8.2.3	Development and promotion of corporate approaches, tools and methodologies in knowledge dissemination and improved management of information

8.3: Resource Mobilization

Key performance indicators		Targets (end 2019)	Targets (end 2021)
8.3.A	Biennial level of voluntary contributions mobilized (Contribution to SDG indicator 17.9.1 Dollar value of financial and technical assistance committed to developing countries)	USD 1.7 billion (2018-19)	USD 1.7 billion (2020-21)

Outputs

8.3.1	Proactive outreach and marketing of FAO priority areas of work and resource requirements, resulting in an expanded and diversified base of partners with which FAO works
8.3.2	Voluntary contributions mobilized, utilized and accounted consistent with FAO policies
8.3.3	Enhanced organizational capacities for resources mobilization, and effective project cycle management

FUNCTIONAL OBJECTIVE 9: INFORMATION TECHNOLOGY			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
9.1.A	Level of satisfaction with the provision of IT solutions by strategic business clients, <i>measured by:</i> - percentage of strategic business clients fully satisfied (source: annual client survey)	70%	80%
9.1.B	Quality of digital assets available for use by the Organization in support of its work in a secure and timely manner, <i>measured by:</i> - percentage of digital assets (in-house information systems, links to external data sources) that utilize the provided digital platform	75%	80%
Outputs			
9.1.1	FAO business processes are effectively supported by the provision of cost effective and timely products and services		
9.1.2	FAO IT policies, architecture and standards that enable effective delivery of effective and efficient IT solutions are defined, and applied throughout the Organization		
9.1.3	Relevant and accurate information assets are secure against unauthorized access and made available to authorized FAO personnel, facilitating their work for the Organization		

FUNCTIONAL OBJECTIVE 10: FAO GOVERNANCE, OVERSIGHT AND DIRECTION			
Outcome statement - Effective direction of the Organization through enhanced political commitment and collaboration with Member States, strategic management and oversight			
10.1: FAO Governance			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
10.1.A	Governing body documents delivered according to deadlines and language requirements	100%	100%
10.1.B	Implementation of governing body decisions within prescribed deadlines	90%	90%
Outputs			
10.1.1	Governing and Statutory Bodies serviced effectively, by using modern technology, with improved language services and decisions implemented transparently		
10.2: Oversight			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
10.2.A	Percentage of audit coverage delivered, including high risk ones	90% (including 100% high risk)	90% (including 100% high risk)
10.2.B	Percentage of recommendations of strategic evaluations where the agreed management response has been completed by the due date	90%	90%
10.2.C	The number of countries in which FAO's strategic relevance and programme effectiveness was assessed through country programme and other major programme evaluations	15	15
Outputs			
10.2.1	Strategic and programme evaluations carried out and recommendations made to enhance FAO's strategic relevance and programme effectiveness		
10.2.2	Investigations and risk based audit plan prepared and delivered		
10.2.3	Strengthened elements of FAO's accountability, internal controls and fiduciary frameworks delivered		
10.3: Direction			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
10.3.A	Share of Strategic Objective Output targets met	85%	85%
Outputs			
10.3.1	Executive direction provided		
10.3.2	Strategic direction, monitoring and reporting delivered		
10.3.3	Reliable and timely legal advice is provided to support the Organization's actions and implementation of its Programme of Work		
10.3.4	Quality support delivered to decentralized offices		

FUNCTIONAL OBJECTIVE 11: EFFICIENT AND EFFECTIVE ADMINISTRATION			
Outcome statement - Maximize effectiveness and work towards ensuring value-for-money in fulfilling fiduciary, policy setting and monitoring and control functions			
11.1: Efficient and effective management of human resources			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
11.1.A	Time required to recruit staff	120 days	120 days
11.1.B	Percentage of member countries that are equitably represented	75%	75%
11.1.C	Geographic mobility (posts)	75	75
Outputs			
11.1.1	Human resources strategies, policies, procedures and services are effective and efficient and support the attraction, development and retention of a diverse, skilled and motivated workforce		
11.2: Efficient and effective management of financial resources			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
11.2.A	FAO receives an unmodified opinion on its financial statements, including on its statements of internal control	Unmodified external audit opinion (annual)	Unmodified external audit opinion (annual)
Outputs			
11.2.1	Accurate, relevant and timely financial reporting and efficient, effective and well controlled financial services are provided in support of governing bodies, Member Nations, management, resource partners and staff		
11.3: Efficient and effective administration			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
11.3.A	Level of client satisfaction with quality of service provided	TBD	TBD
11.3.B	Corporate Environmental Responsibility measured by proportion of FAO office buildings/compounds that shall provide annual data on Greenhouse Gas emissions	86%	88%
Outputs			
11.3.1	Administrative services and support functions are effective, efficient, streamlined, environmentally sustainable and meet Organizational requirements		
11.3.2	Health and productivity of FAO's workforce are actively promoted by providing streamlined and effective health services to all employees at headquarters and in decentralized offices		

CHAPTER 13: CAPITAL EXPENDITURE			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
13.1.A	Percentage of CAPEX allocated to initiatives with defined cost-benefit analysis and benefits realization plan, <i>measured by:</i> – <i>annual review</i>	100%	100%
	Percentage of CAPEX projects that are delivered on time, quality and within budget, <i>measured by:</i> <i>Project Portfolio</i>		
Outputs			
13.1.1	Platforms for the management of technical data and information enhanced		
13.1.2	Operational and administrative systems adapted to meet new and changing business processes		
13.1.3	IT infrastructure and services improved		

CHAPTER 14: SECURITY EXPENDITURE			
Outcome statement - FAO employees are able to carry out their functions safely and securely in all locations where the Organization operates			
14.1: Safe and secure operating environment for headquarters programme delivery			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
14.1.A	Percentage of staff having completed Basic Security Training	90%	100%
Outputs			
14.1.1	Safe and secure operating environment for headquarters programme delivery is ensured		
14.2: Safe and secure operating environment for worldwide programme delivery			
Key performance indicators		Targets (end 2019)	Targets (end 2021)
14.2.A	Percentage of decentralized offices that comply with Minimum Operating Security Standards (MOSS)	100%	100%
14.2.B	Percentage of international staff at decentralized offices that comply with Residential Security Measures (RSM)	100%	100%
14.2.C	Percentage of reported security-related incidents at decentralized offices with prompt follow-up	100%	100%
14.2.D	Percentage of deployments of field security professionals within 72 hours to assist decentralized offices in security-crisis management, as required	100%	100%
Outputs			
14.2.1	Safe and secure operating environment for worldwide programme delivery is ensured		

Annex 3: Cost increase methodology and estimates

Methodology and context

347. The methodology for calculating cost increases in the PWB 2018-19 follows the approach previously approved by the Finance Committee, Council and Conference. The cost increase estimates cover the recasting of Regular Programme inputs from 2016-17 to 2018-19 levels to deliver the Programme of Work, namely for Personnel Services and Goods and Services. The cost increase estimates are developed on a biennial basis from: actual cost adjustments that are occurring in the current biennium (*biennialization*); projected adjustments to unit costs that will take effect in the next biennium (*inflation*); and the lapse factor on established posts.

348. *Biennialization* is the financial effect in 2018-19 of staff cost adjustments that are occurring in the 2016-17 biennium. Biennialization is the consequence of two factors:

- a) Under- or over-budgeted costs in the current biennium (2016-17) - that is where actual staff costs per work month are at variance from the budgetary estimates prepared two years earlier.
- b) Current (2016-17) cost adjustments that took or will take effect at some point during the 2016-17 biennium (whether budgeted or not) that have to be applied to a full 24-month period in the 2018-19 biennium.

349. As such, biennialization objectively reflects the financial impact of events that have already taken place or are expected to take place before the implementation of the 2018-19 budget. Most changes in staff costs implemented during the biennium are the result of the recommendations by the International Civil Service Commission (ICSC) approved by the General Assembly of the United Nations. The movements of the US dollar against local currencies in those decentralized offices where staff costs are accounted in national currencies linked to the US dollar also contributed to some extent to biennialization.

350. Accordingly, the financial implications of biennialization are essentially a matter of fact, not conjecture or long-range planning. The estimates for the current service cost of after-service staff benefits are based on the latest results of the actuarial valuation for the staff-related liabilities schemes (After-service Medical Coverage, Termination Payments Fund, Separation Payment Scheme, and Compensation Fund). An actuarial valuation is carried out by each Rome-based agency every year.

351. *Inflation* represents the cost impact in 2018-19 of those adjustments that are expected to take effect at various points in the next biennium. Inflation estimates for salaries, pension fund contributions and allowances are derived from the most recent external forecasts (Consumer Price Index, nominal wage indexes, exchange rate by location) by the Economist Intelligence Unit (EIU), published data of authoritative bodies such as the ICSC and of independent verification.

Cost increases estimates

352. The total *estimates* for the proposed 2018-19 Net Appropriation have been calculated as the downward adjustment of USD 10.9 million entirely due to the cost of personnel services. This is due to the decline in the costs of personnel services experienced in the UN system in 2016 and 2017 *biennialized* for next biennium only partially counterbalanced by a risk-taking approach in calculating *inflation*.

353. *Biennialization* is estimated as a downward adjustment of USD 24.7 million and *inflation* as an increase of USD 13.8 million. The inflation for *total goods and services* calculated is of USD 8.1 assuming the same expenditure pattern as the last biennium. These costs can be absorbed within the proposed net appropriation through the ongoing drive to reduce costs of consultants, travel and procurement.

Personnel services

354. Personnel services comprise all staff costs, including salaries, pension fund contributions, dependency allowances, social security and other staff-related entitlements and after-service benefits for both the professional and general service staff categories. The changes in personnel services costs

derive from decisions regarding the United Nations common system, as reviewed by the International Civil Service Commission and approved by the United Nations General Assembly, independent verification, and other external factors such as prevailing market exchange rates. This last element is relevant for the estimation of staff costs in those decentralized offices where local currencies fluctuate against the US dollar.

Personnel services – biennialization factors

355. Biennialization, estimated as a downward adjustment of USD 24.7 million due to the cost of personnel services, can be broken down as follows:

- a) The effect of the continued freeze in the professional staff net remuneration⁵⁴ and pension in 2016, as well as the unchanged scales for salary and pensionable remuneration for the general service staff in Rome and several decentralized locations where the salary surveys in the United Nations resulted higher than the comparators' salaries in the local labor market. This led to a biennialized decrease in staff costs of USD 27.8 million.
- b) The lower-than-budgeted overall increase in the current service costs of the after-service staff benefits, based on the actuarial valuations as at 31 December 2015, and the potential decrease in the discount rate in 2016 valuation, resulting in a biennialized decrease of USD 8.8 million in 2018-19.
- c) The lower basic medical insurance plan (BMIP) cost for professional staff mainly attributable to the change in the premium formula, resulting in a biennialized reduction of USD 2.3 million in staff costs in 2018-19. The impact is partly mitigated by the increase arising from the implementation of the unified salary scale effective January 2017. The reduction in the net remuneration and as a consequence of the individuals' contributions to the medical plan leads to higher contributions by the organization.
- d) The higher-than-budgeted increases of USD 12.4 million for other allowances, mainly recruitment and transfer allowances⁵⁵ and education grant.
- e) The overall net effect of the unified salary scale for professional staff approved by the 70th and 71st sessions of the United Nations General Assembly that came into effect in January 2017⁵⁶ amounting to an increase of USD 1.7 million. The significant reduction in the net remuneration resulting from the removal of dependency rate is compensated by the increases in dependency allowance. There are also slight increases in rental subsidy and the Organization's contributions to the medical premiums.

Personnel services – inflation factors

356. An inflationary cost increase of USD 13.8 million is foreseen for personnel services, mostly from the application of the modest inflation rates lower than CPI projections to the professional and general service staff net remuneration and pension at headquarters and decentralized offices, and no increase on other staff cost components as follows:

- a) A modest increase of 1.15 percent applied to professional staff net remuneration at headquarters in 2018 and 2019 each year, slightly lower than the EIU CPI forecasts for Italy.
- b) A modest increase of 1.15 percent applied to general service staff net remuneration at headquarters only for 2019, lower than the EIU Average Nominal Wage Index currently at 1.9 percent.
- c) Modest inflationary increases projected for professional and general service net remuneration in decentralized locations, taking into account factors such as inflation, exchange rate fluctuation and recent past patterns of increases. The approach consisted in

⁵⁴ FC 156/11 paragraphs 25-28; FC 161/9 paragraphs 5-8

⁵⁵ FC 164/7 Add.1 paragraph 3

⁵⁶ FC 160/10 paragraphs 1-9; FC 161/9 paragraphs 9-21; FC 164/8 paragraphs 1-2

applying slightly lower than the lowest CPI indexes in the region or country where FAO has large offices. The result is that the inflation rates applied are systematically lower than the EIU CPI forecasts, and range from 1 percent increase for liaison offices, 1.15 percent increase for non-headquarters FAO offices in Europe and to a maximum of 5.4 percent increase in Africa and Near East region. For example, inflation rates in the Africa region are considered at the average of 5.4 percent increase for 2018 and 2019 while the EIU CPI forecasts for Ghana, where FAO has a regional office, are respectively 9.8 percent and 8.7 percent each year. The same applies to the Near East region, where the inflation rates for Egypt where the Regional Office is located are projected at 13.6 percent in 2018 and 10.8 percent in 2019.

- d) No increase for the basic medical insurance plan (BMIP), taking account of the cost containment efforts vigorously pursued by the Organization and the insurer.⁵⁷
- e) No increase for education grant pending the assessment of the impact of the new scheme that will be implemented as part of the new professional staff compensation package effective the school year in progress starting 1 January 2018.⁵⁸
- f) No increase is applied for entitlement travel costs and all other entitlements and allowances.
- g) No increase is anticipated for the current service cost of after-service staff benefits in the future actuarial valuations. The estimates in the final actuarial valuation reports as at 31 December 2017 and 2018 will be the basis for 2018-19 expenditures. This remains a high-risk area to be managed during implementation.

357. It is not the first time the Organization is confronted with the objective difficulty to predict staff costs. Since PWB 2000-01, out of nine biennia, five ended with a favourable variance and four with an unfavourable. Since 2015, the strong push for personnel services cost reductions pursued by the UN system was a determining factor. The FAO governing bodies have been advised that staff costs are difficult to predict despite the refined information systems used to analyse current cost patterns and quantify trends and this leads to variances from the budgetary estimates prepared in advance of the budget implementation.⁵⁹

358. For example, as noted above in point g), the actuarial variations at end-2017 and end-2018 could introduce significant variances from the current assumptions. Similarly, inflation rates and exchange rate fluctuations for non-headquarters locations where the local currency is linked to the USD dollar are difficult to predict. Any variance must be managed within the budgetary appropriation for the biennium, requiring programme adjustments during the implementation cycle to manage these unbudgeted costs, and adjustments are reflected under biennialization for the following biennium.

Goods and services – expenditure breakdown

359. *Goods and services* include other non-staff human resources (e.g. consultants), travel, general operating expenses, contracts and other (e.g. furniture and equipment). The inflation of USD 8.1 million for *total goods and services* is estimated by applying an increase of 1 percent per year for the headquarters portion of non-staff resources and a 3 percent increase per year for the forecasted portion of non-staff expenditure in decentralized locations. The expenditure pattern for goods and services is assumed to be similar in 2018-19 to the current biennium. These costs can be absorbed within the proposed net appropriation through the ongoing drive to reduce costs of consultants, travel and procurement.

⁵⁷ FC 164/5 paragraphs 27-31

⁵⁸ FC 161/9 paragraphs 22-23

⁵⁹ FC 113/10 Treatment of Staff Cost Variance

Lapse factor

360. The lapse factor is an adjustment of the budgetary provision for the estimated cost of established posts to account for the fact that some of them will be vacant for some time as a result of staff movements. The lapse factor methodology, approved by the Council at its 107th session (November 1994), is based on three aspects: (i) staff turnover rates, as measured through separations; (ii) standard recruitment times; and (iii) the extent to which separations are foreseen, so that recruitment action can be anticipated and the effective lead time thus reduced.

361. In accordance with the established methodology, a five-year moving average (i.e. 2012 through 2016 inclusive) has been applied to calculate staff turnover rates. This results in an average turnover rate of 6.11 percent for professional staff and 7.59 percent for general service staff. Compared to the five-year moving average used in the PWB 2016-17, the turnover rate has slightly increased for professionals by 0.14 percent and slightly increased for general service by 1.55 percent.

362. The standard recruitment lead times applied are as follows: professional 30 weeks; and general service 22 weeks. The extent of separations which can be foreseen is derived from a review of the reasons for separation, the results of which are summarised in *Table 8*.

Table 8: Extent to which recruitment action can be foreseen

Category of separations	Professional		General Service	
	Percent of population	No. of weeks foreseen	Percent of population	No. of weeks foreseen
Foreseen separations (e.g. mandatory requirements)	47%	30 weeks or more	30%	22 weeks
Foreseen separations for a limited period (e.g. resignation with notice)	39%	10 weeks	44%	15 weeks
Unforeseen separations	13%	0 weeks	26%	0 weeks

363. These results have been applied to calculate the 2018-19 lapse factor of 1.39 percent for professional and 1.79 percent for general service costs respectively. Compared to the percentages used in 2016-17, the lapse factor decreased for the professional category (from 1.69 percent), and increased for general service category (from 1.62 percent). Given the overall minimal change, the new lapse factor has a marginal impact on staff costs of USD 1.2 million when applied to all locations except country and liaison offices, which are exempt.

Annex 4: FAO's financial health, liquidity and reserves

Overview of balances on General and Related Funds

364. The financial health of the Organization can be appraised in relation to three components of the General and Related Funds as follows:

- a) the **General Fund** - reflects the accumulated historical result of all assessments on Members, miscellaneous and other income, offset by cumulative expenditures to execute the Programme of Work;
- b) the **Working Capital Fund (WCF)** - in accordance with Financial Regulation 6.2, the primary purpose of the WCF is to advance monies to the General Fund to finance expenditures pending receipt of assessed contributions to the budget. The WCF can also be used to finance emergency activities not contemplated in the budget;
- c) the **Special Reserve Account (SRA)** - established by Conference Resolution 27/77 in 1977 and expanded by Conference Resolutions 13/81 and 17/89 and further guidance from Conference in 2005,⁶⁰ the SRA protects the Programme of Work against the effects of unbudgeted extra costs arising from adverse currency fluctuations and unbudgeted inflationary trends. The SRA can also advance monies on a reimbursement basis to the General Fund.

365. The balances on General and Related Funds as at 31 December 2015⁶¹ are summarized in Table xx.

Table xx: Balances on General and Related Funds as at 31 December 2015

	USD millions
General Fund (deficit)	(922.2)
Working Capital Fund	25.7
Special Reserve Account	26.9
Total General and Related Funds (deficit) at 31 December 2015	(869.6)

366. The main factors which have contributed to the deficit balance on the General and Related Funds at 31 December 2015 are summarized below.

Unfunded past service costs for ASMC and TPF

367. Since 1997 the Organization has progressively recorded an increased value of the past service liability associated with the After-service Medical Coverage (ASMC) plan and the Termination Payments Fund (TPF) as determined by the external actuarial valuation. The total unfunded liabilities reported at 31 December 2015 amounted to USD 709.9 million of which USD 649.1 million related to ASMC and USD 60.8 million related to TPF.

Unbudgeted expenditures

368. In the period since 1998, unbudgeted expenditures totalling USD 59.3 million have not been matched with funding and have contributed to a deterioration of the total General and Related Fund deficit:

- a) Conference Resolutions 7/97 and 3/99 authorized the Director-General to meet redeployment and separation costs over and above the net budgetary appropriations approved for 1998-99

⁶⁰ C2005/REP, paragraph 101

⁶¹ FC 161/2 page 4

and 2000-01 respectively. The related costs of USD 10.6 million⁶² and USD 8.4 million⁶³ were charged to the General Fund;

- b) payments in excess of the amounts determined by the actuarial valuation for the Termination Payments Fund (TPF) amounting to USD 9.4 million⁶⁴ in 2002-03; USD 2.9 million in 2004-05;⁶⁵ and USD 8.2 million in 2006-07⁶⁶ were charged to the General Fund without matching funding;
- c) unbudgeted current service costs of USD 13.4 million⁷ for ASMC were charged to the General Fund without matching funding in 2006-07; and
- d) a charge of USD 6.4 million⁷ was made against the Special Reserve Account in 2006-07 for a portion of the unforeseen headquarters general service salary increase.

Requirements to stabilize the General Fund deficit

369. As reported in previous biennia, unless significant measures are adopted by the governing bodies to address unfunded liabilities, the accumulated deficit under the General Fund will continue to deteriorate.

Funding After-service Medical Coverage past service liability

370. The ASMC past service liability represents the Organization's share of the cost of medical insurance claims that it is required to pay on behalf of retirees over their expected remaining lifetimes based on their past services with FAO. It should be distinguished from current service cost,⁶⁷ which is a standard component of staff costs and is covered in each biennium's Regular Programme budgetary appropriations. The total unfunded ASMC liability reported at 31 December 2015 amounted to USD 649.1 million.

371. FAO's ASMC past service liability has never been met from the budgetary appropriations or the Programme of Work. Whilst the PWB provides funding for the current service costs (i.e. the amounts which will be earned by staff members during the current biennium), there is only a partial funding mechanism to fund that part of the liability earned by staff members in prior periods (i.e. the past service liability). Beginning with the 2004-05 biennium, the Conference approved separate additional assessments on Members towards funding the ASMC past service liability.

372. This matter has been regularly reviewed by the Finance Committee, most recently at its 164th session in November 2016 when it encouraged the Secretariat to further review the options to address the funding gap in the context of the considerations on this matter by the United Nations General Assembly, emphasizing the importance of adopting a common approach amongst the members of the United Nations Common System.⁶⁸

373. In light of the ongoing review and discussions of this matter by both FAO's administration and the United Nations Common System, it is recommended to continue the approach previously approved of partial funding of USD 14.1 million towards the After-service Medical Coverage past service liability as a separate additional assessment for the biennium.

Funding Termination Payments Fund past service liability

374. Termination payments are the end of service payments, including accrued annual leave, repatriation grant, termination indemnities and cost of repatriation travel that will arise when staff members separate from the Organization. The liability at any point of time reflects an actuarial

⁶² C2001/5, note 11

⁶³ C2003/5, note 10

⁶⁴ C2005/5A, note 10

⁶⁵ C2007/5A, note 9

⁶⁶ C2009/5A, footnote 6

⁶⁷ The current service cost arises each year as active staff members provide their services in exchange for these benefits to be paid in the future.

⁶⁸ CL 155/6, paragraph 15

estimate of amounts earned by existing staff members. The total unfunded TPF liability reported at 31 December 2015 amounted to USD 60.8 million.

375. Whilst the PWB provides funding for the current service costs (i.e. the amounts which will be earned by staff members during the current biennium), there is no funding mechanism to fund that part of the liability earned by staff members in prior periods (i.e. the past service liability). This unfunded past service liability has never been met from the budgetary appropriations or the Programme of Work.

376. Given the emphasis to date on identifying measures to address the more significant unfunded past service liability for After-service Medical Coverage and the ongoing review and discussions on that matter, no incremental funding is requested to address the unfunded TPF liability in the 2018-19 biennium.

Requirements to address liquidity shortages

377. FAO continues to remain vulnerable to the timing of payments of major contributions and the Organization's recourse to external commercial borrowing to cover liquidity shortfalls during 2005, 2006 and 2007 was preceded by the full utilization of the Working Capital Fund (WCF) plus any available balance of the Special Reserve Account (SRA). At its 164th session in November 2016, the Finance Committee underlined the importance of the Working Capital Fund in providing a safety net for the Organization with respect to the impact of delays in the payment of Members' contributions and looked forward to considering proposals for replenishing the reserves of the Organization in the PWB 2018-19.⁶⁹ This section quantifies the amounts to be considered for a one-time replenishment of the WCF and SRA reserves.

Replenishment of Working Capital Fund

378. The current authorized level of the Working Capital Fund was established in 1991 when it represented approximately one month of Regular Programme cash outflow. This level of USD 25.7 million is insufficient to cover even one month of current cash outflow (approximately USD 42 million). Preservation of the WCF at its authorized level means there is a risk of external commercial borrowing to deliver the approved programme of work.

379. An increase of the WCF from the currently authorized level of USD 25.8 million to at least one-month's Regular Programme Cash Flow (USD 42 million) would enable mitigation against potential vulnerability of the Organization with respect to delays in payments of Member Nations. Similarly, an authorized level covering two months' cash flow (USD 84 million) would provide a superior safety net. Given the continued vulnerability that the Organization experiences with respect to delays in the payments of Member Nations, it is recommended in this PWB that there be a one-time assessment on Members of USD 16.2 million to bring the WCF to USD 42 million.

Replenishment of Special Reserve Account

380. The authorized level of the SRA was set at 5 percent of the subsequent biennium budget by Conference Resolution 13/81 (equivalent to USD 50.3 million in the 2016-17 biennium), although it has not been replenished since 1991. The actual balance was USD 26.9 million at 31 December 2015.

381. Based on the historical analysis of charges to the SRA carried out in 2014,⁷⁰ and in particular since the implementation of split assessments, the present balance of the SRA is considered adequate to cover the risks of unbudgeted costs due to inflationary factors and to cover foreign exchange gains and losses which have a cash impact on the Organization's reserves. No funding request to increase the SRA is therefore presented in this PWB.

⁶⁹ CL 155/6, paragraph 8g

⁷⁰ FC 154/5, paragraphs 14 to 16

Annex 5: Budget proposal by Strategic/Functional Objective and Outcome
(USD thousands)

Strategic/Functional Objective and Outcome	PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total
1.1: Countries made explicit political commitment to eradicate hunger, food insecurity and malnutrition by 2030	50,129	102,205	152,334
1.2: Countries implemented inclusive governance and coordination mechanisms for eradicating hunger, food insecurity and all forms of malnutrition by 2030	14,654	25,628	40,281
1.3: Countries made decisions based on evidence for the eradication of hunger, food insecurity and all forms of malnutrition by 2030	12,704	56,197	68,901
1.4: Countries implemented effective policies, strategies and investment programmes to eradicate hunger, food insecurity and all forms of malnutrition by 2030	4,642	0	4,642
1 - Contribute to the eradication of hunger, food insecurity and malnutrition	82,128	184,030	266,158
2.1: Countries adopted practices to increase productivity sustainably while addressing climate change and environmental degradation in agriculture, forestry and fisheries	77,280	239,323	316,603
2.2: Countries developed or improved policies and governance mechanisms to address sustainable production, climate change and environmental degradation in agriculture, fisheries and forestry	28,640	76,403	105,043
2.3: Countries improved implementation of policies and international instruments for sustainable agriculture, fisheries and forestry	39,938	64,288	104,225
2.4: Countries made decisions based on evidence for sustainable agriculture, fisheries and forestry while addressing climate change and environmental degradation	51,094	78,959	130,053
2 – Make agriculture, forestry and fisheries more productive and sustainable	196,952	458,972	655,924
3.1: Rural poor and rural poor organizations empowered to access productive resources, services and markets	28,551	62,249	90,800
3.2: Countries enhanced access of the rural poor to productive employment and decent work opportunities, particularly among youth and women	16,355	23,974	40,329
3.3: Countries enhanced access of the rural poor to social protection systems	10,382	4,215	14,597
3.4: Countries strengthened capacities to design, implement and evaluate gender equitable multi-sectoral policies, strategies and programmes to contribute to the achievement of SDG 1	10,919	0	10,919
3 - Reduce rural poverty	66,207	90,438	156,645
4.1: International standards, agreements and voluntary guidelines formulated to improve countries' access to, and functioning of, international markets	38,676	40,162	78,838
4.2: Countries designed and implemented policies, regulatory frameworks and institutional arrangements supportive of inclusive and efficient agrifood systems development	29,490	76,379	105,869
4.3: Countries enhanced public and private sector capacities and increased investments to promote inclusive agro-enterprises and value chain development	15,035	22,280	37,315
4.4: Countries made decisions based on evidence to support agrifood systems development	22,199	0	22,199
4 - Enable more inclusive and efficient agricultural and food systems	105,399	138,822	244,221

Strategic/Functional Objective and Outcome	PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total
5.1: Countries adopted or implemented legal, policy and institutional systems and frameworks for risk reduction and crisis management	15,237	19,986	35,223
5.2: Countries made use of regular information and early warning against potential, known and emerging threats	12,701	41,335	54,036
5.3: Countries reduced risks and vulnerability at household and community level	18,011	178,255	196,265
5.4: Countries prepared for and managed effective responses to disasters and crises	8,188	415,183	423,370
5 - Increase the resilience of livelihoods to threats and crises	54,136	654,758	708,894
6.1: Quality and integrity of the technical and normative work of the Organization	38,811	1,421	40,232
6.2: Quality and integrity of FAO Statistics to support evidence-based decision making at all levels	9,606	14,697	24,303
6.3: Quality services and coherent approaches to work on gender equality and women's empowerment that result in strengthened country capacity to formulate, implement and monitor policies and programmes that provide equal opportunities for men and women	3,195	1,015	4,209
6.4: Quality services for more inclusive and effective governance norms, mechanisms and institutions at global, regional and national level and in the Strategic Objective programmes	1,689	0	1,689
6.5: Quality and coherence of FAO's work on nutrition ensured through mainstreaming of nutrition across the Strategic Objectives and strengthening FAO's contribution in the international nutrition architecture	3,418	64	3,481
6.6: Quality and coherence of FAO's work on climate change ensured in line with the climate change strategy through mainstreaming across the Strategic Objectives and strengthening FAO's contribution to the national, regional and international climate change architecture	2,165	0	2,165
6.9: Multi-disciplinary Fund	10,000	0	10,000
6 - Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)	68,883	17,197	86,080
7.1: TCP management and support	4,444	0	4,444
7.2: TCP - Projects	136,344	0	136,344
7 - Technical Cooperation Programme	140,788	0	140,788
8.1: Partnerships, advocacy and capacity development including South-South Cooperation	32,492	80	32,573
8.2: Communications	33,451	81	33,532
8.3: Resource Mobilization	12,811	32	12,843
8 - Outreach	78,754	194	78,948
9.01: Information technology solutions and services	36,244	0	36,244
9 - Information Technology	36,244	0	36,244
10.1: FAO Governance	20,954	451	21,405
10.2: Oversight	15,566	135	15,701
10.3: Direction	34,404	592	34,996
10 - FAO governance, oversight and direction	70,923	1,179	72,102
11.1: Efficient and effective management of human resources	7,683	1,252	8,935

Strategic/Functional Objective and Outcome	PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total
11.2: Efficient and effective management of financial resources	1,616	593	2,209
11.3: Efficient and effective administration	56,009	7,524	63,533
11 - Efficient and effective administration	65,308	9,369	74,677
12.1: Contingencies	600	0	600
12 - Contingencies	600	0	600
13.1: Capital Expenditure	16,892	0	16,892
13 - Capital Expenditure	16,892	0	16,892
14.1: Safe and secure operating environment for headquarters programme delivery	8,705	181	8,886
14.2: Safe and secure operating environment for worldwide programme delivery	13,716	0	13,716
14 - Security Expenditure	22,421	181	22,602
Total	1,005,635	1,555,140	2,560,775

Annex 6: 2018-19 Budget Proposal by Strategic/Functional Objective and Region

SO/FO	Headquarters/Global		Africa		Asia and Pacific		Europe and Central Asia		Latin America and the Caribbean		Near East		Total		
	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Net Approp	Extra-budgetary	Total
1	32,395	46,536	21,761	66,105	7,946	38,108	2,906	814	11,786	22,958	5,334	9,510	82,128	184,030	266,158
2	99,437	197,797	39,725	106,899	20,383	58,184	6,626	14,018	20,157	53,291	10,624	28,783	196,952	458,972	655,924
3	35,208	17,252	8,076	29,757	5,741	13,352	3,469	5,589	7,788	18,825	5,925	5,663	66,207	90,438	156,645
4	63,362	72,559	14,999	17,177	9,401	30,997	4,748	3,458	8,496	11,491	4,393	3,139	105,399	138,822	244,221
5	30,311	64,380	8,335	399,723	5,262	93,252	1,668	9,281	4,728	19,763	3,831	68,359	54,136	654,758	708,894
6	66,355	15,822	600	0	569	1,375	400	0	558	0	400	0	68,883	17,197	86,080
7 - TCP	25,628	0	45,848	0	27,629	0	11,851	0	20,460	0	9,373	0	140,788	0	140,788
8	63,966	194	1,639	0	3,573	0	5,998	0	1,929	0	1,649	0	78,754	194	78,948
9	31,680	0	1,137	0	738	0	536	0	1,385	0	769	0	36,244	0	36,244
10	60,848	808	2,340	346	2,037	18	1,220	3	2,150	0	2,329	3	70,923	1,179	72,102
11	49,076	5,287	3,121	638	5,283	18	1,372	600	3,907	1,301	2,548	1,526	65,308	9,369	74,677
12 – Contingencies	600	0	0	0	0	0	0	0	0	0	0	0	600	0	600
13 – Capital Expenditure	16,892	0	0	0	0	0	0	0	0	0	0	0	16,892	0	16,892
14 – Security Expenditure	22,421	181	0	0	0	0	0	0	0	0	0	0	22,421	181	22,602
Total	598,179	420,816	147,580	620,645	88,562	235,303	40,796	33,764	83,342	127,629	47,175	116,983	1,005,635	1,555,140	2,560,775

Annex 7: 2018-19 Budget Proposal by Strategic/Functional Objective and Department/Office

(USD thousands)

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
1 - Contribute to the eradication of hunger, food insecurity and malnutrition	82,128	184,029	266,158
LEG - Legal and Ethics Office	1,337	0	1,337
DR - Programmes	4,339	15,074	19,413
ES - Economic and Social Development Department	17,364	22,324	39,688
CB - Climate, Biodiversity, Land and Water Department	844	2,134	2,978
AG - Agriculture and Consumer Protection Department	881	1,170	2,051
FI - Fisheries and Aquaculture Department	2,198	3,465	5,663
FO - Forestry Department	881	0	881
TC - Technical Cooperation Department	4,551	2,369	6,920
LO - Liaison Offices	113	0	113
RO - Regional Offices	13,111	16,992	30,103
FC - FAO Representations	29,163	115,896	145,059
SO - Subregional Offices	7,347	4,605	11,952
2 – Make agriculture, forestry and fisheries more productive and sustainable	196,952	458,972	655,924
LEG - Legal and Ethics Office	562	0	562
OCC - Office for Corporate Communication	325	0	325
DR - Programmes	1,860	0	1,860
DN - Climate and Natural Resources	1,500	4,105	5,605
ES - Economic and Social Development Department	4,369	1,744	6,113
CB - Climate, Biodiversity, Land and Water Department	14,756	28,947	43,704
AG - Agriculture and Consumer Protection Department	28,055	40,943	68,998
FI - Fisheries and Aquaculture Department	23,887	47,356	71,243
FO - Forestry Department	11,182	53,235	64,417
TC - Technical Cooperation Department	12,941	21,466	34,407
LO - Liaison Offices	0	1,279	1,279
RO - Regional Offices	25,397	30,606	56,003
FC - FAO Representations	52,234	199,729	251,963
SO - Subregional Offices	19,884	29,562	49,446
3 - Reduce rural poverty	66,207	90,438	156,645
LEG - Legal and Ethics Office	311	0	311
DR - Programmes	1,397	0	1,397
ES - Economic and Social Development Department	17,701	12,517	30,219
CB - Climate, Biodiversity, Land and Water Department	1,335	3,081	4,415
AG - Agriculture and Consumer Protection Department	4,617	1,320	5,937
FI - Fisheries and Aquaculture Department	3,465	22	3,487
FO - Forestry Department	3,312	67	3,379
TC - Technical Cooperation Department	3,070	245	3,315
LO - Liaison Offices	68	0	68
RO - Regional Offices	11,331	13,231	24,561
FC - FAO Representations	11,742	54,996	66,738
SO - Subregional Offices	7,858	4,960	12,818

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
4 - Enable more inclusive and efficient agricultural and food systems	105,399	138,822	244,221
LEG - Legal and Ethics Office	390	0	390
DR - Programmes	1,196	167	1,363
ES - Economic and Social Development Department	24,304	11,698	36,002
CB - Climate, Biodiversity, Land and Water Department	1,717	2,254	3,970
AG - Agriculture and Consumer Protection Department	19,152	4,819	23,971
FI - Fisheries and Aquaculture Department	3,567	3,710	7,277
FO - Forestry Department	4,693	14,222	18,914
TC - Technical Cooperation Department	8,344	35,690	44,034
LO - Liaison Offices	489	0	489
RO - Regional Offices	12,010	27,318	39,328
FC - FAO Representations	22,129	37,332	59,462
SO - Subregional Offices	7,409	1,612	9,020
5 - Increase the resilience of livelihoods to threats and crises	54,136	654,758	708,894
LEG - Legal and Ethics Office	367	0	367
OCC - Office for Corporate Communication	57	0	57
DR - Programmes	955	0	955
ES - Economic and Social Development Department	7,350	3,140	10,490
CB - Climate, Biodiversity, Land and Water Department	3,194	197	3,390
AG - Agriculture and Consumer Protection Department	11,858	17,079	28,938
FI - Fisheries and Aquaculture Department	1,928	1,898	3,825
FO - Forestry Department	1,235	1,262	2,497
TC - Technical Cooperation Department	3,367	40,806	44,172
LO - Liaison Offices	579	0	579
RO - Regional Offices	9,882	28,093	37,975
FC - FAO Representations	7,756	553,170	560,926
SO - Subregional Offices	5,608	9,115	14,723
6 - Technical quality, statistics and cross-cutting themes (climate change, gender, governance, nutrition)	68,882	17,197	86,079
OCC - Office for Corporate Communication	1,718	0	1,718
DP - Operations	17	0	17
DR - Programmes	2,350	0	2,350
DN - Climate and Natural Resources	4,246	25	4,272
ES - Economic and Social Development Department	26,130	15,683	41,813
CB - Climate, Biodiversity, Land and Water Department	3,583	0	3,583
AG - Agriculture and Consumer Protection Department	3,996	92	4,088
FI - Fisheries and Aquaculture Department	6,014	0	6,014
FO - Forestry Department	5,435	0	5,435
TC - Technical Cooperation Department	2,865	21	2,886
SP - Special Programmes	10,000	0	10,000
RO - Regional Offices	2,369	1,375	3,744
SO - Subregional Offices	158	0	158
7 - Technical Cooperation Programme	140,788	0	140,788
TC - Technical Cooperation Department	1,019	0	1,019
RO - Regional Offices	3,144	0	3,144
SO - Subregional Offices	281	0	281
TP - Technical Cooperation Programme - Projects	136,344	0	136,344

Strategic/Functional Objective and Department/Office	Net Appropriation	Extrabudgetary	Total
8 - Outreach	78,754	194	78,948
OCC - Office for Corporate Communication	28,438	2	28,441
DP - Operations	635	0	635
DR - Programmes	21,657	80	21,737
TC - Technical Cooperation Department	7,787	32	7,819
LO - Liaison Offices	13,553	79	13,632
RO - Regional Offices	8,984	0	8,984
CI - Corporate Income	(2,300)	0	(2,300)
9 - Information Technology	36,244	0	36,244
DP - Operations	40,680	0	40,680
RO - Regional Offices	3,179	0	3,179
SO - Subregional Offices	1,385	0	1,385
CI - Corporate Income	(9,000)	0	(9,000)
10 - FAO governance, oversight and direction	70,923	1,179	72,102
ODG - Office of the Director-General	8,344	0	8,344
LEG - Legal and Ethics Office	6,581	221	6,802
OED - Office of Evaluation	8,025	20	8,045
OIG - Office of the Inspector-General	8,741	116	8,857
OSP - Office of Strategy, Planning and Resources Management	11,222	0	11,222
DP - Operations	29,426	451	29,877
DR - Programmes	383	0	383
SP - Special Programmes	2,227	0	2,227
RO - Regional Offices	10,075	371	10,446
CI - Corporate Income	(14,100)	0	(14,100)
11 - Efficient and effective administration	65,308	9,369	74,677
LEG - Legal and Ethics Office	1,069	0	1,069
OHR - Office of Human Resources	11,996	1,252	13,248
DP - Operations	0	633	633
CS - Corporate Services Department	59,492	3,402	62,893
SP - Special Programmes	4,623	0	4,623
LO - Liaison Offices	497	0	497
RO - Regional Offices	16,232	2,295	18,526
SO - Subregional Offices	0	1,787	1,787
CI - Corporate Income	(28,600)	0	(28,600)

Annex 8: 2018-19 Budget Proposal by Organizational Unit
(USD thousands)

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
ODG - Office of the Director-General	8,387	0	8,387	(43)	0	(43)	8,344	0	8,344
LEG - Legal and Ethics Office	9,569	380	9,949	1,048	(158)	890	10,618	221	10,839
OCC - Office for Corporate Communication	30,089	86	30,175	449	(84)	366	30,539	2	30,541
OED - Office of Evaluation	8,025	30	8,055	(1)	(10)	(11)	8,025	20	8,045
OHR - Office of Human Resources	13,974	1,287	15,260	(1,978)	(35)	(2,013)	11,996	1,252	13,248
OIG - Office of the Inspector-General	8,749	116	8,864	(8)	0	(8)	8,741	116	8,857
OSP - Office of Strategy, Planning and Resources Management	11,201	0	11,201	21	0	21	11,222	0	11,222
Apex	89,994	1,898	91,891	(510)	(287)	(797)	89,483	1,611	91,094
DDO - Deputy Director-General (Operations)	2,029	0	2,029	(137)	0	(137)	1,892	0	1,892
CIO - Information Technology Division	39,756	4	39,760	924	(4)	920	40,680	0	40,680
CPA - Conference, Council and Protocol Affairs Division	26,776	615	27,391	(5,822)	(164)	(5,986)	20,954	451	21,405
OSD - Office of Support to Decentralized Offices	7,265	0	7,265	(33)	633	601	7,232	633	7,866
OPC - Partnerships, Advocacy and Capacity Development Division	23,502	1,021	24,523	(23,502)	(1,021)	(24,523)	0	0	0
DP - Operations	99,328	1,640	100,968	(28,570)	(556)	(29,125)	70,758	1,084	71,843

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
DDP - Deputy Director-General (Programmes)	0	0	0	1,941	0	1,941	1,941	0	1,941
SP1 - Hunger Eradication, Food Security and Nutrition Programme Management Team	0	0	0	964	0	964	964	0	964
SP2 - Sustainable Agriculture Programme Management Team	0	0	0	931	0	931	931	0	931
SP3 - Rural Poverty Reduction Programme Management Team	0	0	0	901	0	901	901	0	901
SP4 - Food Systems Programme Management Team	0	0	0	901	0	901	901	0	901
SP5 - Resilience Programme Management Team	0	0	0	719	0	719	719	0	719
OCS - Office of Chief Statistician	0	0	0	931	0	931	931	0	931
OPC - Partnerships, Advocacy and Capacity Development Division	0	0	0	26,847	15,321	42,169	26,847	15,321	42,169
DR – Programmes	0	0	0	34,135	15,321	49,457	34,135	15,321	49,457
DDN - Deputy Director-General (Climate and Natural Resources)	8,642	15,867	24,509	(2,896)	(11,737)	(14,632)	5,746	4,130	9,876
NRC - Climate, Energy and Tenure Division	9,413	22,660	32,073	(9,413)	(22,660)	(32,073)	0	0	0
DN – Climate and Natural Resources	18,055	38,527	56,582	(12,309)	(34,397)	(46,706)	5,746	4,130	9,876
ESD - Office of Assistant Director-General	9,351	206	9,557	225	109	333	9,576	314	9,890
ESA - Agricultural Development Economics Division	11,494	46,656	58,150	407	(25,945)	(25,538)	11,901	20,711	32,612
ESN - Nutrition and Food Systems Division	17,440	12,080	29,520	568	(187)	381	18,008	11,893	29,901

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
ESP - Social Policies and Rural Institutions Division	19,457	7,482	26,939	449	6,249	6,698	19,906	13,731	33,637
ESS - Statistics Division	16,067	13,335	29,402	992	5,487	6,479	17,059	18,822	35,881
EST - Trade and Markets Division	20,689	1,294	21,983	80	340	421	20,770	1,634	22,404
ES - Economic and Social Development Department	94,499	81,053	175,551	2,721	(13,947)	(11,226)	97,220	67,106	164,325
CBD - Office of Assistant Director-General	0	0	0	5,921	270	6,191	5,921	270	6,191
CBC - Climate and Environment Division	0	0	0	10,270	16,240	26,511	10,270	16,240	26,511
CBL - Land and Water Division	0	0	0	9,237	20,103	29,340	9,237	20,103	29,340
CB - Climate, Biodiversity, Land and Water Department	0	0	0	25,428	36,613	62,041	25,428	36,613	62,041
AGD - Office of Assistant Director-General	16,744	12,842	29,586	(1,299)	12,595	11,297	15,446	25,437	40,882
AGF - Office of Food Safety	12,439	0	12,439	256	1,467	1,723	12,694	1,467	14,161
AGA - Animal Production and Health Division	14,816	8,152	22,968	694	10,429	11,123	15,510	18,582	34,091
AGE - Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture	5,893	348	6,241	15	133	148	5,908	481	6,389
AGL - Land and Water Division	9,209	14,022	23,231	(9,209)	(14,022)	(23,231)	0	0	0
AGP - Plant Production and Protection Division	19,672	22,121	41,794	(671)	(2,665)	(3,336)	19,001	19,457	38,458
AG - Agriculture and Consumer Protection Department	78,774	57,485	136,259	(10,215)	7,938	(2,277)	68,559	65,423	133,982
FID - Office of Assistant Director-General	2,953	17,757	20,710	(22)	20,477	20,455	2,931	38,234	41,165
FIA - Fisheries and Aquaculture Policy and Resources Division	38,442	22,149	60,592	(316)	(3,931)	(4,247)	38,127	18,218	56,345

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
FI - Fisheries and Aquaculture Department	41,395	39,906	81,302	(337)	16,545	16,208	41,058	56,452	97,510
FOD - Office of Assistant Director-General	4,273	173	4,446	1,198	(131)	1,066	5,471	41	5,512
FOA - ForestRY Policy and Resources Division	22,302	48,310	70,612	(1,034)	20,434	19,399	21,268	68,743	90,012
FO - Forestry Department	26,576	48,482	75,058	163	20,302	20,466	26,739	68,785	95,524
TCD - Office of Assistant Director-General	4,804	21	4,825	(1,236)	0	(1,236)	3,568	21	3,589
SP1 - Hunger Eradication, Food Security and Nutrition Programme Management Team	971	0	971	(971)	0	(971)	0	0	0
SP2 - Sustainable Agriculture Programme Management Team	913	0	913	(913)	0	(913)	0	0	0
SP3 - Rural Poverty Reduction Programme Management Team	970	0	970	(970)	0	(970)	0	0	0
SP4 - Food Systems Programme Management Team	908	0	908	(908)	0	(908)	0	0	0
SP5 - Resilience Programme Management Team	727	0	727	(727)	0	(727)	0	0	0
TCE - Emergency and Rehabilitation Division	103	34,138	34,242	315	6,484	6,799	419	40,622	41,040
TCI - Investment Centre Division	29,119	39,790	68,909	(306)	16,832	16,527	28,813	56,623	85,436
TCS - Resource Mobilization Division	13,528	3,985	17,513	(2,385)	(621)	(3,006)	11,143	3,364	14,507
TC - Technical Cooperation Department	52,044	77,934	129,978	(8,101)	22,695	14,595	43,943	100,630	144,572
CSD - Office of Assistant Director-General	6,632	1,221	7,853	(40)	0	(40)	6,592	1,221	7,813
CSA - Administrative Services Division	28,199	1,531	29,730	(832)	0	(832)	27,367	1,531	28,899
CSF - Finance Division	15,673	602	16,275	(2,811)	0	(2,811)	12,862	602	13,465

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
CSS - Shared Services Centre	13,014	47	13,061	(343)	0	(343)	12,670	47	12,718
CS - Corporate Services Department	63,517	3,402	66,919	(4,026)	0	(4,026)	59,492	3,402	62,893
OSS - Contributions to Inter-agency Coordination	2,227	0	2,227	0	0	0	2,227	0	2,227
OSM - Multidisciplinary Fund	10,000	0	10,000	0	0	0	10,000	0	10,000
SPJ - Junior Professional Programme	4,616	0	4,616	6	0	6	4,623	0	4,623
SP - Special Programmes	16,843	0	16,843	6	0	6	16,850	0	16,850
LOB - Liaison Office with European Union and Belgium (Brussels)	915	0	915	(1)	0	(1)	913	0	913
LOG - Liaison Office with the United Nations (Geneva)	3,015	0	3,015	(37)	0	(37)	2,978	0	2,978
LOJ - Liaison Office with Japan (Yokohama)	1,552	333	1,885	(3)	946	943	1,550	1,279	2,828
LON - Liaison Office with the United Nations (New York)	3,721	0	3,721	450	0	450	4,171	0	4,171
LOR - Liaison Office with the Russian Federation (Moscow)	1,615	0	1,615	(3)	0	(3)	1,612	0	1,612
LOW - Liaison Office for North America (Washington, D.C.)	4,039	79	4,118	36	0	36	4,075	79	4,154
LO - Liaison Offices	14,857	412	15,268	443	946	1,389	15,300	1,358	16,657
TPI - TCP Projects - Inter-regional and Emergency Facility	24,003	0	24,003	606	0	606	24,609	0	24,609
TPA - TCP Projects - Africa	43,824	0	43,824	917	0	917	44,741	0	44,741
TPP - TCP Projects - Asia and the Pacific	26,295	0	26,295	550	0	550	26,845	0	26,845
TPL - TCP Projects - Latin America and the Caribbean	19,723	0	19,723	182	0	182	19,905	0	19,905
TPN - TCP Projects - Near East and North Africa	8,713	0	8,713	228	0	228	8,941	0	8,941
TPE - TCP Projects - Europe and Central Asia	10,890	0	10,890	413	0	413	11,303	0	11,303
TP - Technical Cooperation Programme - Projects	133,448	0	133,448	2,896	0	2,896	136,344	0	136,344

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
RAF - Regional Office for Africa (Accra)	24,616	49,174	73,790	2,423	(21,996)	(19,572)	27,040	27,178	54,218
SFC - Subregional Office for Central Africa (Libreville)	5,794	6,566	12,360	(47)	(5,146)	(5,194)	5,746	1,420	7,166
SFE - Subregional Office for Eastern Africa (Addis Ababa)	7,602	8,633	16,235	(42)	(2,983)	(3,025)	7,560	5,650	13,210
SFS - Subregional Office for Southern Africa (Harare)	7,968	1,897	9,865	(516)	1,649	1,133	7,452	3,546	10,998
FRA - FAORs in Africa	57,070	514,161	571,231	(2,028)	68,689	66,661	55,042	582,851	637,892
Africa	103,050	580,431	683,481	(211)	40,214	40,003	102,839	620,645	723,484
RAP - Regional Office for Asia and the Pacific (Bangkok)	30,762	24,780	55,542	(398)	2,647	2,250	30,364	27,428	57,792
SAP - Subregional Office for the Pacific Islands (Apia)	5,221	4,508	9,729	69	399	468	5,290	4,907	10,197
FAP - FAORs in Asia and the Pacific	25,339	254,276	279,616	(825)	(52,587)	(53,412)	24,514	201,690	226,204
Asia and Pacific	61,322	283,565	344,887	(1,154)	(49,540)	(50,696)	60,168	234,024	294,192
REU - Regional Office for Europe and Central Asia (Budapest)	13,885	32,535	46,420	1,512	(16,937)	(15,425)	15,397	15,598	30,995
SEC - Subregional Office for Central Asia (Ankara)	5,143	5,946	11,089	(647)	(679)	(1,326)	4,496	5,267	9,763
FEU - FAORs in Europe and Central Asia	4,640	24,201	28,840	(544)	(11,302)	(11,846)	4,095	12,899	16,994
Europe and Central Asia	23,668	62,682	86,350	321	(28,918)	(28,597)	23,989	33,764	57,753
RLC - Regional Office for Latin America and the Caribbean (Santiago)	23,126	25,950	49,076	(293)	26	(267)	22,833	25,976	48,809
SLC - Subregional Office for the Caribbean	7,074	8,695	15,770	(169)	10,248	10,080	6,906	18,944	25,849
SLM - Sub-regional Office for Mesoamerica (Panama City)	5,815	7,818	13,633	393	2,518	2,911	6,208	10,336	16,544
FLA - FAORs in Latin America and the Caribbean	28,098	111,701	139,798	(606)	(39,328)	(39,934)	27,491	72,373	99,864
Latin America and the Caribbean	64,113	154,164	218,277	(676)	(26,535)	(27,211)	63,437	127,629	191,067

Organizational Unit/Department	Adjusted PWB 2016-17			Change			PWB 2018-19		
	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total	Net Appropriation	Extrabudgetary	Total
RNE - Regional Office for the Near East and North Africa (Cairo)	19,494	51,559	71,053	585	(27,458)	(26,873)	20,080	24,100	44,180
SNE - Subregional Office for Southern Africa (Harare)	6,388	154	6,542	(116)	1,417	1,301	6,273	1,571	7,844
SNG - Subregional Office for the Gulf Cooperation Council States and Yemen (Abu Dhabi)	0	221	221	0	(221)	(221)	0	0	0
SNM - Subregional Office for Mashreq Countries (Beirut)	0	0	0	0	0	0	0	0	0
FNE - FAORs in the Near East	12,358	88,838	101,196	(476)	2,473	1,997	11,882	91,311	103,193
Near East	38,240	140,772	179,012	(7)	(23,789)	(23,796)	38,235	116,982	155,217
Corporate Income and Cost Recoveries (net)	(54,000)	0	(54,000)	0	0	0	(54,000)	0	(54,000)
Contingencies	600	0	600	0	0	0	600	0	600
Capital Expenditure	16,892	0	16,892	0	0	0	16,892	0	16,892
Security Expenditure	22,420	181	22,601	0	0	0	22,421	181	22,602
Total	1,005,635	1,572,534	2,578,168	0	(17,393)	(17,393)	1,005,635	1,555,140	2,560,775

Annex 9: Post Counts by grade group and organizational unit

Organizational Unit	Adjusted PWB 2016-17					Change					PWB 2018-19				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Office of the Director-General (ODG)	3	9	0	12	24	0	0	0	0	0	3	9	0	12	24
Legal and Ethics Office (LEG)	2	16	0	9	27	0	2	0	1	3	2	18	0	10	30
Office for Corporate Communication (OCC)	2	45	0	30	77	0	1	0	3	4	2	46	0	33	81
Office of Evaluation (OED)	1	8	0	3	12	0	0	0	0	0	1	8	0	3	12
Office of Human Resources (OHR)	2	21	0	17	40	0	(3)	0	(3)	(6)	2	18	0	14	34
Office of the Inspector-General (OIG)	1	18	0	6	25	0	0	0	0	0	1	18	0	6	25
Office of Strategy, Planning and Resources Management (OSP)	2	21	0	7	30	0	0	0	0	0	2	21	0	7	30
Apex	13	138	0	84	235	0	0	0	1	1	13	138	0	85	236
Deputy Director-General (Operations) (DDO)	1	8	0	43	52	0	(1)	0	1	0	1	7	0	44	52
Information Technology Division (CIO)	2	43	0	7	52	0	0	0	4	4	2	43	0	11	56
Conference, Council and Protocol Affairs Division (CPA)	2	39	0	61	102	0	(9)	0	(27)	(36)	2	30	0	34	66
Office of Support to Decentralized Offices (OSD)	1	10	0	9	20	0	0	0	0	0	1	10	0	9	20
Partnerships, Advocacy and Capacity Development Division (OPC)	2	34	0	18	54	(2)	(34)	0	(18)	(54)	0	0	0	0	0
Operations (DP)	8	134	0	138	280	(2)	(44)	0	(40)	(86)	6	90	0	98	194
Deputy Director-General (Programmes) (DDP)	0	0	0	0	0	1	2	0	2	5	1	2	0	2	5
Hunger Eradication, Food Security and Nutrition Programme Management Team (SP1)	0	0	0	0	0	1	0	0	2	3	1	0	0	2	3
Sustainable Agriculture Programme Management Team (SP2)	0	0	0	0	0	1	0	0	2	3	1	0	0	2	3
Rural Poverty Reduction Programme Management Team (SP3)	0	0	0	0	0	1	0	0	2	3	1	0	0	2	3
Food Systems Programme Management Team (SP4)	0	0	0	0	0	1	0	0	2	3	1	0	0	2	3
Resilience Programme Management Team (SP5)	0	0	0	0	0	1	0	0	1	2	1	0	0	1	2
Office of Chief Statistician (OCS)	0	0	0	0	0	1	0	0	2	3	1	0	0	2	3

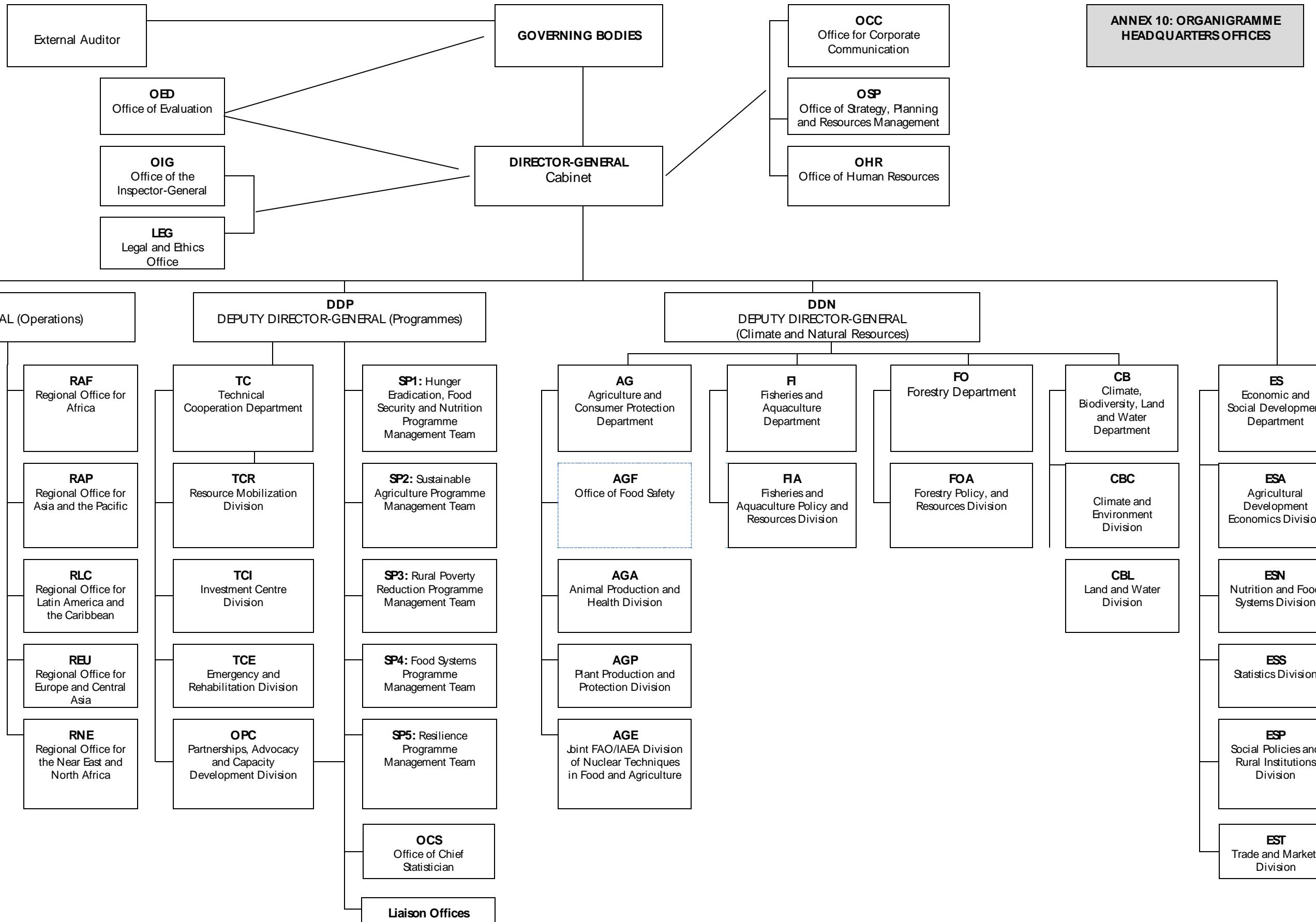
Organizational Unit	Adjusted PWB 2016-17					Change					PWB 2018-19				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Partnerships, Advocacy and Capacity Development Division (OPC)	0	0	0	0	0	3	39	0	19	61	3	39	0	19	61
Programmes (DR)	0	0	0	0	0	10	41	0	32	83	10	41	0	32	83
Deputy Director-General (Climate and Natural Resources) (DDN)	2	7	0	10	19	(1)	(4)	0	(4)	(9)	1	3	0	6	10
Climate, Energy and Tenure Division (NRC)	2	14	0	7	23	(2)	(14)	0	(7)	(23)	0	0	0	0	0
Climate and Natural Resources (DN)	4	21	0	17	42	(3)	(18)	0	(11)	(32)	1	3	0	6	10
Office of Assistant Director-General (ESD)	2	11	0	10	23	(1)	2	0	0	1	1	13	0	10	24
Agricultural Development Economics Division (ESA)	2	18	0	10	30	0	2	0	(1)	1	2	20	0	9	31
Nutrition and Food Systems Division (ESN)	2	27	0	9	38	0	3	0	0	3	2	30	0	9	41
Social Policies and Rural Institutions Division (ESP)	2	26	0	7	35	0	1	0	1	2	2	27	0	8	37
Statistics Division (ESS)	2	24	0	26	52	0	6	0	(2)	4	2	30	0	24	56
Trade and Markets Division (EST)	2	38	0	24	64	0	1	0	(1)	0	2	39	0	23	64
Economic and Social Development Department (ES)	12	144	0	86	242	(1)	15	0	(3)	11	11	159	0	83	253
Office of Assistant Director-General (CBD)	0	0	0	0	0	3	7	0	8	18	3	7	0	8	18
Climate and Environment Division (CBC)	0	0	0	0	0	2	17	0	7	26	2	17	0	7	26
Land and Water Division (CBL)	0	0	0	0	0	2	16	0	7	25	2	16	0	7	25
Climate, Biodiversity, Land and Water Department (CB)	0	0	0	0	0	7	40	0	22	69	7	40	0	22	69
Office of Assistant Director-General (AGD)	2	16	0	19	37	(1)	0	0	(3)	(4)	1	16	0	16	33
Office of Food Safety (AGF)	1	16	0	12	29	0	1	0	0	1	1	17	0	12	30
Animal Production and Health Division (AGA)	2	24	0	12	38	0	3	0	0	3	2	27	0	12	41
Joint FAO/IAEA Division of Nuclear Techniques in Food and Agriculture (AGE)	1	7	0	0	8	0	0	0	0	0	1	7	0	0	8
Land and Water Division (AGL)	2	16	0	7	25	(2)	(16)	0	(7)	(25)	0	0	0	0	0
Plant Production and Protection Division (AGP)	2	31	0	22	55	0	2	0	0	2	2	33	0	22	57
Agriculture and Consumer Protection Department (AG)	10	110	0	72	192	(3)	(10)	0	(10)	(23)	7	100	0	62	169
Office of Assistant Director-General (FID)	1	1	0	5	7	0	0	0	0	0	1	1	0	5	7
Fisheries and Aquaculture Policy and Resources Division (FIA)	3	68	0	46	117	0	3	0	0	3	3	71	0	46	120

Organizational Unit	Adjusted PWB 2016-17					Change					PWB 2018-19				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Fisheries and Aquaculture Department (FI)	4	69	0	51	124	0	3	0	0	3	4	72	0	51	127
Office of Assistant Director-General (FOD)	1	3	0	7	11	0	3	0	1	4	1	6	0	8	15
Forestry Policy and Resources Division (FOA)	2	40	0	16	58	1	(2)	0	(1)	(2)	3	38	0	15	56
Forestry Department (FO)	3	43	0	23	69	1	1	0	0	2	4	44	0	23	71
Office of Assistant Director-General (TCD)	1	5	0	9	15	0	(2)	0	(3)	(5)	1	3	0	6	10
Hunger Eradication, Food Security and Nutrition Programme Management Team (SP1)	1	0	0	2	3	(1)	0	0	(2)	(3)	0	0	0	0	0
Sustainable Agriculture Programme Management Team (SP2)	1	0	0	2	3	(1)	0	0	(2)	(3)	0	0	0	0	0
Rural Poverty Reduction Programme Management Team (SP3)	1	0	0	2	3	(1)	0	0	(2)	(3)	0	0	0	0	0
Food Systems Programme Management Team (SP4)	1	0	0	2	3	(1)	0	0	(2)	(3)	0	0	0	0	0
Resilience Programme Management Team (SP5)	1	0	0	1	2	(1)	0	0	(1)	(2)	0	0	0	0	0
Emergency and Rehabilitation Division (TCE)	0	1	0	0	1	0	1	0	0	1	0	2	0	0	2
Investment Centre Division (TCI)	5	71	0	30	106	0	0	0	0	0	5	71	0	30	106
Resource Mobilization Division (TCS)	2	21	0	19	42	(1)	(3)	0	0	(4)	1	18	0	19	38
Technical Cooperation Department (TC)	13	98	0	67	178	(6)	(4)	0	(12)	(22)	7	94	0	55	156
Office of Assistant Director-General (CSD)	1	5	0	14	20	0	0	0	0	0	1	5	0	14	20
Administrative Services Division (CSA)	1	17	0	36	54	0	(1)	0	(3)	(4)	1	16	0	33	50
Finance Division (CSF)	1	30	0	19	50	0	(3)	0	(6)	(9)	1	27	0	13	41
Shared Services Centre (CSS)	1	16	1	96	114	0	0	8	(24)	(16)	1	16	9	72	98
Corporate Services Department (CS)	4	68	1	165	238	0	(4)	8	(33)	(29)	4	64	9	132	209
Junior Professional Programme (SPJ)	0	25	0	0	25	0	0	0	0	0	0	25	0	0	25
Special Programmes (SP)	0	25	0	0	25	0	0	0	0	0	0	25	0	0	25
Liaison Office with European Union and Belgium (Brussels) (LOB)	1	0	0	1	2	0	0	0	0	0	1	0	0	1	2
Liaison Office with the United Nations (Geneva) (LOG)	1	3	0	2	6	0	0	0	0	0	1	3	0	2	6
Liaison Office with Japan (Yokohama) (LOJ)	1	1	0	1	3	0	0	0	0	0	1	1	0	1	3
Liaison Office with the United Nations (New York) (LON)	1	2	0	3	6	0	1	0	0	1	1	3	0	3	7

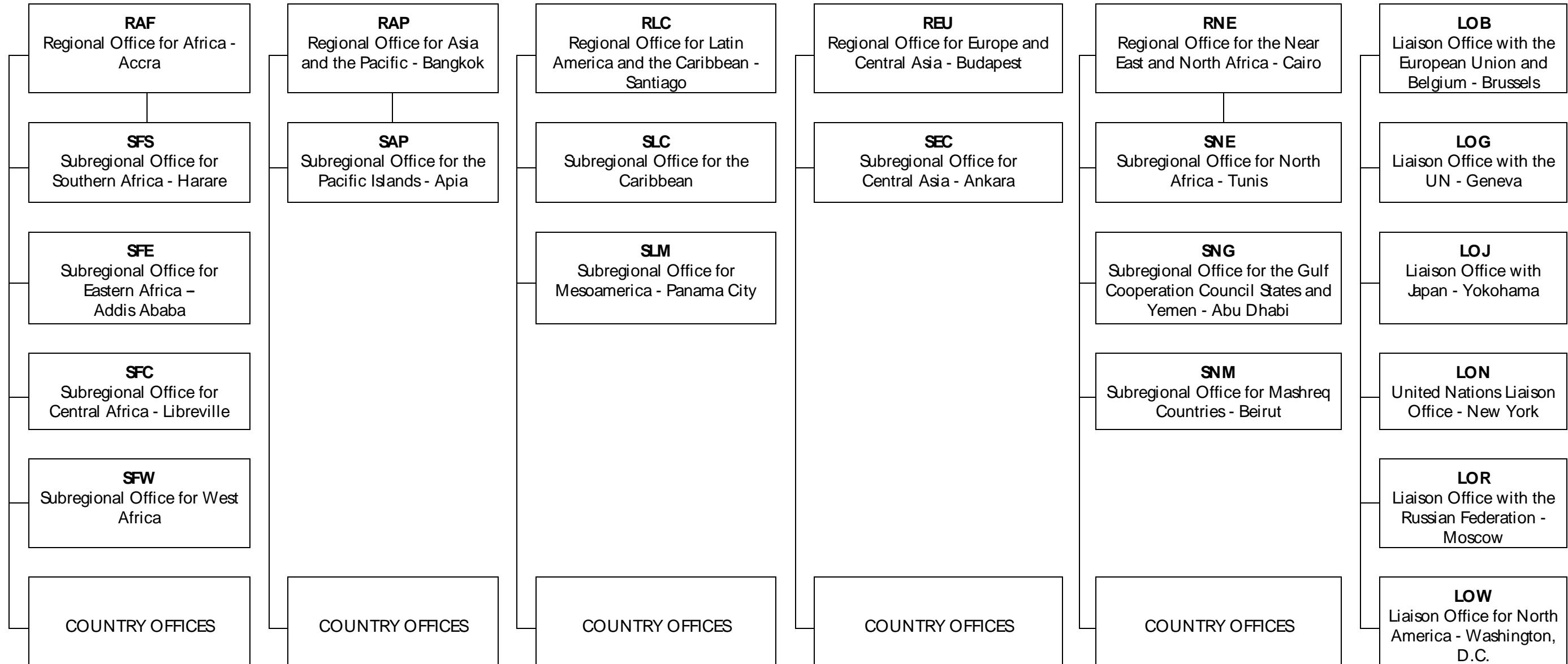
Organizational Unit	Adjusted PWB 2016-17						Change					PWB 2018-19				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total	
Liaison Office with the Russian Federation (Moscow) (LOR)	1	1	0	1	3	0	0	0	0	0	1	1	0	1	3	
Liaison Office for North America (Washington, D.C.) (LOW)	1	1	0	8	10	0	0	0	0	0	1	1	0	8	10	
Liaison Offices (LO)	6	8	0	16	30	0	1	0	0	1	6	9	0	16	31	
FAO Representations (FC)	30	56	170	478	734	(8)	8	1	(1)	0	22	64	171	477	734	
Regional Office for Africa (Accra) (RAF)	2	37	3	42	84	1	7	0	0	8	3	44	3	42	92	
Subregional Office for West Africa (SFW)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subregional Office for Central Africa (Libreville) (SFC)	1	8	3	5	17	0	0	0	0	0	1	8	3	5	17	
Subregional Office for Eastern Africa (Addis Ababa) (SFE)	1	11	3	6	21	0	0	0	0	0	1	11	3	6	21	
Subregional Office for Southern Africa (Harare) (SFS)	1	11	3	9	24	0	(1)	0	0	(1)	1	10	3	9	23	
Africa (RAF)	5	67	12	62	146	1	6	0	0	7	6	73	12	62	153	
Regional Office for Asia and the Pacific (Bangkok) (RAP)	2	47	1	71	121	1	3	0	0	4	3	50	1	71	125	
Subregional Office for the Pacific Islands (Apia) (SAP)	1	8	1	7	17	0	1	0	0	1	1	9	1	7	18	
Asia and Pacific (RAP)	3	55	2	78	138	1	4	0	0	5	4	59	2	78	143	
Regional Office for Europe and Central Asia (Budapest) (REU)	2	19	4	21	46	1	5	0	0	6	3	24	4	21	52	
Subregional Office for Central Asia (Ankara) (SEC)	1	8	2	9	20	0	(1)	0	0	(1)	1	7	2	9	19	
Europe and Central Asia (REU)	3	27	6	30	66	1	4	0	0	5	4	31	6	30	71	
Regional Office for Latin America and the Caribbean (Santiago) (RLC)	2	31	4	42	79	1	0	0	(1)	0	3	31	4	41	79	
Subregional Office for the Caribbean (SLC)	1	9	2	10	22	0	0	0	0	0	1	9	2	10	22	
Sub-regional Office for Mesoamerica (Panama City) (SLM)	1	8	3	5	17	0	1	0	1	2	1	9	3	6	19	
Latin America and the Caribbean (RLC)	4	48	9	57	118	1	1	0	0	2	5	49	9	57	120	

Organizational Unit	Adjusted PWB 2016-17					Change					PWB 2018-19				
	D	P	N	G	Total	D	P	N	G	Total	D	P	N	G	Total
Regional Office for the Near East and North Africa (Cairo) (RNE)	2	28	4	31	65	1	2	0	0	3	3	30	4	31	68
Subregional Office for North Africa (Tunis) (SNE)	1	8	3	12	24	0	0	0	0	0	1	8	3	12	24
Subregional Office for the Gulf Cooperation Council States and Yemen (Abu Dhabi) (SNG)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subregional Office for Mashreq Countries (Beirut) (SNM)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Near East (RNE)	3	36	7	43	89	1	2	0	0	3	4	38	7	43	92
Total	125	1,147	207	1,466	2,945	0	46	9	(55)	0	125	1,193	216	1,411	2,945

* Subregional Office for the Gulf Cooperation Council States and Yemen (SNG) and Subregional Office for Mashreq Countries (Beirut) (SNM) posts are funded by Trust Funds and therefore not shown in the post counts above.



**ANNEX 10: ORGANIGRAMME
DECENTRALIZED OFFICES**



List of Acronyms

A2R	Anticipate, Absorb and Reshape (Ad-hoc Advisory Board of the Secretary-General's global climate resilience initiative)
AMIS	Agricultural Market Information System
ASMC	After-service Medical Coverage
CAADP	Comprehensive Africa Agriculture Development Programme
CCRF	Code of Conduct for Responsible Fisheries
CFS	Committee on World Food Security
CFS-FFA	CFS Framework for Action for Food Security and Nutrition in Protracted Crises
CPF	Country Programming Frameworks
CPI	Consumer Price Index
ECHA	Executive Committee on Humanitarian Affairs
EIU	Economist Intelligence Unit
ERP	Enterprise resource planning system
FAOSTAT	Corporate Database for Substantive Statistical Data
FFS	Farmer field school
FIGIS	Fisheries Global Information System
FSN	Food security and nutrition
GCF	Green Climate Fund
GEF	Global Environment Facility
GIAHS	Globally Important Agricultural Heritage Systems
IASC	Inter-agency Standing Committee
ICN2	Second International Conference on Nutrition
ICSC	International Civil Service Commission
IDP	Internally displaced person
IFAD	International Fund for Agricultural Development
IFI	International financing institution
ILO	International Labour Organization
INDC	Intended Nationally Determined Contribution
IOM	International Organization for Migration
IPC	Integrated Food Security Phase Classification
IPPC	International Plant Protection Convention
JECFA	Joint FAO/WHO Expert Committee on Food Additives
JEMRA	Joint FAO/WHO Expert Meetings on Microbiological Risk Assessment
JMPM	FAO/WHO Joint Meeting on Pesticide Management
JMPR	Joint FAO/WHO Meeting on Pesticide Residues
JMPS	Joint FAO/WHO Meeting on Pesticide Specifications
MAFAP	Monitoring and Analysing Food and Agricultural Policies
NDC	Nationally Determined Contribution
OIE	World Organisation for Animal Health
PAAT	Programme Against African Trypanosomosis
PGRFA	Plant Genetic Resources for Food and Agriculture
PPR	Peste des petits ruminants

PSMA	Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing
RAI	Principles for Responsible Investment in Agriculture and Food Systems
RIMA	Resilience index measurement and analysis
SCN	Standing Committee on Nutrition
SDG	Sustainable Development Goal
SFDRR	Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework)
SIDS	Small island developing states
SOFI	The State of Food Insecurity in the World
SSC	Shared Services Centre
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNDSS	United Nations Department of Safety and Security
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic Commission for Asia and the Pacific
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UN-SWAP	UN System-Wide Action Plan (SWAP) on Gender Equality and the Empowerment of Women
VGGT	Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security
VGSSF	Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the context of food security and poverty eradication
WFP	World Food Programme
WHO	World Health Organization