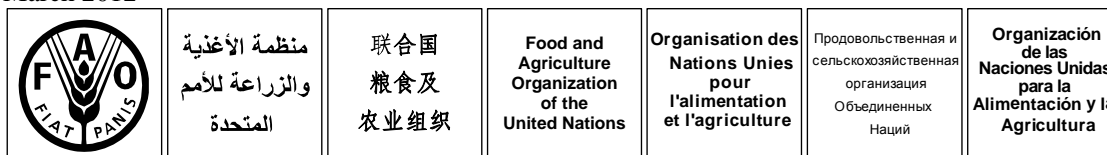


March 2012



THIRTY-SECOND REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Buenos Aires, Argentina, 26 to 30 March 2012

DECENTRALIZATION ISSUES

A. Introduction

1. FAO is a knowledge organization with its feet on the ground. In order for FAO to maximize its impact on the lives and livelihoods of people in its Member countries, the Organization's normative and standard-setting work must be translated into country-level impact; its global knowledge products must lead to tangible change in policy and practice; and its programmes in the field must produce measurable and valued results. Significant changes are required to improve the performance of FAO to produce knowledge, norms and standards that are translated into country-owned policies, strategies and programmes, while also learning from national and regional experiences. This also requires a (greater/ more involved) partnership with governments, civil society and the private sector, as well as the UN system, other development organizations and research institutions, working together to make the most of available resources to eradicate hunger.
2. The Organization has been working over the past four years on reforms to improve its impact and ensure that all parts function as one in an efficient and effective manner. As highlighted in the Independent External Evaluation, agreed by Members through the Immediate Plan of Action and reiterated in a number of evaluations and other documents, decentralization is a critical element in improving the Organization's performance and impact. It is not an end in itself but a means to achieving greater efficiency, accountability, transparency and impact in providing support to Member countries. It is a process that aims at fundamentally changing the way FAO works, refocusing, as appropriate, the Organization's programmes and activities to achieving development goals at country level. There is both urgency and opportunity in how the Organization implements this process.
3. A flexible and responsive country-impact-centred support network is needed. This, together with empowered ADG/Regional Representatives and FAO Country Representatives who will have greater latitude in dealing with resources within the region and countries, entails a significant change in organizational culture, processes and information systems. The first step is clearly to make the best use of those human and financial resources that currently are available within each region. Members and the Secretariat of the Organization have been working together on a renewed vision of the structure and functioning of FAO's decentralized offices and on how they relate to other parts of the Organization. The proposal, and the plan for its implementation, will be presented for consideration by the Finance and Programme Committees in May 2012, and for endorsement by the Council in June 2012. The Regional Conference for Latin America and Caribbean (LARC) is invited to make recommendations and to offer guidance, in line with its new role as a Governing Body, with full awareness of the financial implications of the programme it endorses.

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4. The changes outlined in this paper represent implementation proposals by FAO management in response to the expressed wishes and expectations of Members for improvements integral to greater FAO reforms. They also embody the elements of the agreed organizational Culture Change Strategy and take its implementation forward. The Culture Change Strategy, approved in 2011, stated that "FAO aspires to a culture that is less hierarchical, more results-focused, more collaborative, entrepreneurial and accountable; and one which makes the best use of the skills of its people, creating mutual respect among employees at all levels." Decentralization has major implications for FAO's organizational culture and touches directly on all the actions recommended in the Culture Change Strategy, building renewal around people, performance and partnerships. Drawing on elements of the Strategy, the decentralized office network (i) is critical, for example, for career development and an inclusive work environment; the selection, evaluation and succession planning of country representatives is necessary to ensure professional excellence of the Organization; enhancing the performance of FAO depends on the prioritization, results, efficiency and accountability of what it does in the field; "Working as One FAO" can only be accomplished if this extends to the country level; and the real test of strengthened partnerships will depend on knowledge sharing, learning and stakeholder orientation on the ground.

5. Many of the changes introduced below will have significant behavioural and mindset impact regarding decentralized regional offices, but actions are also required at headquarters. In the past, moving out of headquarters to work in the field was often seen as undesirable or detrimental to professional advancement. Now, however, many FAO career development paths are expected to include a rotation in a decentralized regional office. Promotions, particularly at the higher levels will take this into consideration, on a merit basis. Furthermore, greater technical support is required from headquarter based officers to assist in the translation of normative work to country actions and to respond to requests from decentralized offices in a timely fashion. Similarly, feedback from field experience is necessary to enrich headquarters normative work and headquarters staff must be fully engaged in Functional Technical Networks (FTNs), on equal footing with colleagues in the field. New human resource policies and new administrative processes are being introduced and new information systems and a strengthened global ICT network are needed. There are a number of ways in which FAO may encourage this shift in mindset, such as requirements that work plans make interaction with field activities an explicit requirement, or that decentralized staff are included in headquarters staff evaluations, and vice versa, among others discussed below. How this is achieved will vary across departments and technical units, within Organization-wide policy guidelines. At all locations there will be a "clear line-of-sight" from global goals through strategic objectives, results and outcomes all the way to individual annual work plans. Efforts to implement these changes are currently underway and should be seen as part and parcel of decentralization.

6. Based on the advice of the Joint Meeting of the Programme and Finance Committees of 12 October 2011, the 143rd Session of the Council (November-December 2011) endorsed two related sets of actions¹. The first aims at making the Organization more responsive to the needs of Members through improved results-based planning and priority setting. They reiterated "the lead role of decentralized offices in the country programming process, the development of their capacities in this regard, the necessity of the engagement of member countries, and the close linkages between FAO's resource mobilization strategy and the country programming process." The second proposes adjustments to the "the structure and functioning of FAO's decentralized regional offices network and the urgent need to carry through the process of decentralization" to make the Organization more efficient and effective in delivering and catalyzing results.

7. The next section of the present paper builds on four key themes identified by Governing Bodies in Rome in 2011 for consideration by the Regional Conferences in formulating their guidance: i) improved planning and priority setting in which the countries and regions play a greater role; ii) a more flexible decentralized regional office network with a new balance between regional and country offices and technical hubs ; iii) an integrated model for programme delivery, including improved

¹ CL 143/7 paragraphs 5-10, CL 143/REP paragraphs 12-14

human resource management for enhanced performance, accountability and country-level impact, and iv) risk monitoring and oversight.

8. Section C of the paper outlines regional considerations related to decentralized efforts in Latin America and the Caribbean and highlights changes to make FAO more effective. The paper also seeks guidance of the Regional Conference on key decisions required to carry this process forward.

B. Key Themes Identified by Governing Bodies at the Global Level

(i) Improved Planning and Priority Setting

9. A key theme of the Governing Bodies is the need for improved planning, priority setting and resource mobilization. It requires a revamped process, now underway, that builds both from the bottom up the planning at the country and regional levels, and from the top down, through the global-level guidance of the Members. This places new demands on the Regional Conferences to provide input that lay out clear priorities and provides guidance on the allocation of FAO resources. Regional priorities need to be based on an assessment of the existing and emerging regional trends and challenges, build on consultations at sub-regional level and take into consideration the global goals and overall strategic objectives of FAO. The Regional Conferences also need to consider the priorities of Regional Economic Integration Organizations and the recommendations of Regional Technical Commissions. These regional priorities will guide the work, and have an impact on the structure of FAO in the region, as well as contribute to the formulation of the Organization's global Medium Term Plan and Programme of Work and Budget.

10. For this to happen, strengthened Country Programming Frameworks (CPFs) are required. In order to improve focus and coherence of FAO's actions they will be prepared in close alignment with the planning cycle of each Government and its priorities, the work of other UN system organizations through the United Nations Development Assistance Framework (UNDAF) process, as well as linkages and partnerships with the Rome-based agencies. The CPFs will provide the basis for FAO to engage with Member governments on jointly agreed priorities and results, consistent with regional, sub-regional and global priorities. The CPFs will also help define the rationale and priorities in FAO's resource mobilization efforts.

11. A number of countries are well advanced in preparing CPFs based on strategic analysis. It is, however, a complex challenge for which not all countries are currently equally prepared. During 2012, successful CPF formulation experiences will be followed closely, their lessons synthesized and applied elsewhere. It is also important that the work coincide and build upon the analysis and priorities that emerge from the Government's own planning process. Taking this into consideration, it is expected that, by the end of 2012, all countries will have at least the CPF outline under discussion with the government (ii). Country offices with annual delivery of less than USD 1 million and those without international staff, may opt for a "light version" for the CPF listing four to six priorities, with a plan for its implementation endorsed by government.

(ii) A More Flexible Decentralized Office Network with Strong Country Office Leadership

12. A more flexible and adaptable structure of decentralized offices is needed in order to better address the needs of the Member states, particularly the most vulnerable countries and populations, as well as take full advantage of the knowledge and resources that each country has to offer. This will require FAO Representatives of the highest quality in all countries, who are able to lead the CPF process, coordinate technical inputs, mobilize resources, form strategic partnerships and manage sizeable integrated development and emergency programmes. A guiding principle of this more flexible structure is that all of FAO's human and financial resources in a particular region must be used to ensure more efficient and effective delivery at the country level. There are also important regional and transboundary activities that will continue to be carried out by officers based in regional offices, who also play an important role in supporting county programmes. Within this overall approach a number of actions, most of which will be completed within 2012, are set out below.

a) At the Country level:

- a.1 Renewal of FAO Representative contracts will be dependent upon satisfactory performance, with a strengthened performance evaluation system; the posts of FAO Representatives are now integrated into the Organization's mobility and career development programmes; as part of the selection process, all finalists will undergo professional management competency testing prior to appointment; and a succession planning process is being implemented to ensure the smooth and timely transition between accredited FAO Representatives.
- a.2 Increased use of cost-sharing agreements with host governments will be explored, particularly in large and middle income economies,. This could open up the opportunity to reallocate resources to vulnerable countries in the same region.
- a.3 There will be greater collaboration with other UN system organizations, particularly the Rome-based agencies, as well as the International Financial Institutions, the private sector and civil society at the country level.

b) At the Regional or Sub-regional levels:

- b.1 The Regional Office serves the countries and provides support and services to the country offices in the region. It is the operational hub of the region, providing overall administrative and managerial support to the decentralized regional offices network, as well as provide strategic coordination, including the most efficient use of staff and resources. This strategic coordination also includes more effective policy advice and the systematic exchange of experiences between countries of the region and participation in various regional and sub-regional fora dealing with food security, agriculture and rural development. As with other aspects of decentralization, one size need not fit all and appropriate management models may be designed according to regional capacities and specificities, the number of countries to be serviced and the size of the field programme.
- b.2 The ADG/Regional Representatives will be empowered in several ways: politically as representatives of the Organization in their region and, as managers, they are responsible for the FAOR network in their region. They will be involved in the selection of FAO Representatives and are responsible for the performance evaluation of the FAORs and their offices.
- b.3 As FAO moves to define its comparative advantages and plans of action around more cross-cutting themes for execution at the global, regional and country levels, it is important to maintain a critical mass of technical expertise in multidisciplinary teams that are able to interact easily with each other. While keeping this in mind, technical posts and technical staff will be considered to be 'mobile' within the region and depending on the priorities and changing needs of countries or groups of countries, may be allocated to different duty stations. These duty stations would effectively become technical hubs that country offices can access based on their needs and requirements. The job descriptions of these technical staff will be amended to clarify that their primary function will be to support country-level actions guided by CPFs, sub-regional and regional priority frameworks, and higher level strategic frameworks of the Organization.
- b.4 Current Sub-regional Offices will become technical hubs in the sense that they will no longer have a strict sub-regional coverage. Country offices could thus access technical support from any of the technical hubs located in the region.

c) In general:

- c.1 The technical skills and resources in different regions will be strengthened to provide improved/enhanced technical support to countries. Programmatic adjustments will facilitate integrated programme planning, operations and resource mobilization support. Administrative

- support for procurement, human resources management and finance will be established at the regional level and strengthened.
- c.2 Transfer of functions and associated resources that are within the authority of Management will be implemented over the 2012-13 biennium.
 - c.3 Human resources will be used more efficiently and effectively through, among other things, the introduction of the new mobility policy in 2012, to increase greater exchange of experiences between headquarters and decentralized regional offices. In addition, the new competency framework will help clarify expectations and define staff development needs, as well as provide a sound basis for consistent and objective performance standards and competency-based recruitment. It will also assist in strengthening the performance appraisal process.
 - c.4 Increased flexibility will be provided to decentralized regional offices through enhanced use of non-staff contractual instruments, increased recruitment of national experts, junior professionals, volunteers, South-South Cooperation experts/technicians. In addition, the Organization will expand its agreements with national and international universities and research centres for the provision of fellows/volunteers.
 - c.5 FAO Country Representatives, ADG/Regional Representatives and Subregional Coordinators will be empowered to undertake more operational responsibilities, which will require a higher level of delegated authority and training, especially with regard to procurement, as well as improved integration with corporate financial and administrative systems.
 - c.6 Guidelines for the provision of administrative and operational support (AOS) to projects, and the allocation of project support cost recoveries, will be reviewed to ensure that decentralized offices have the flexibility and operational capacity to provide AOS services to projects that they support.

(iii) *An integrated model for programme delivery*

13. Integrated programme management is required to ensure results and accountability in a coherent manner for all FAO's programmes and projects at the country level. This includes the integration of development, emergency and rehabilitation activities. The responsibility, management and accountability for operations related to emergency and rehabilitation activities will be transferred from the Director, Emergency Operations and Rehabilitation Division (TCE), to the decentralized offices, under the overall authority of ADG/Regional Representatives. Following this transfer, the role of the Emergency Operations and Rehabilitation Division will shift from operational management to one of policy development, global coordination, provision of upstream support, resource mobilization and monitoring and reporting of the emergency and rehabilitation activities of the decentralized offices. This requires the building of capacity in the field for delivering one integrated emergency, development and policy assistance programme under a single authority, together with the necessary operational and accountability framework. The target date to complete the roll-out of this new management model is June 2013.

(iv) *Risk, monitoring and oversight*

14. The extent and scope of the process of change outlined above will have a major impact on FAO's operations and effectiveness, and implementation will imply financial, reputational and operational risks which cannot be underestimated. Recent assessments and evaluations have identified some of the most important of these risks and challenges associated with decentralization and these have been brought to the attention of the Members together with proposed measures (see for example CL141/15). Some of the most critical risks and challenges relate to how to determine the optimal scale and scope of the country offices network, ensure an adequate level and allocation of core resources and income for decentralized regional offices in line with their expanded responsibilities, and reap the synergies between the Organization's emergency and development work – proposals on these issues are contained in this paper. Building on the findings of recent reports by the FAO

Inspector-General on financial management and administration (AUD 2811), and on decentralization of reform activities in field offices (AUD 3711), the Organization will address the weaknesses which undermine the capacity of country offices to manage operations. It will do so by ensuring that decentralized regional offices are staffed with well trained individuals, with the skills mix and experience required to manage a complex programme. Common characteristics of well performing offices are now clearly understood: adequate staffing and funding for posts; leadership and “tone at the top”; commitment to competence and real-time response to policy opportunities; and information and communication. Strong and reliable communication and information will also be pursued in connection with the implementation of the Culture Change Strategy. Furthermore, the virtualization of FAOs work and the increase of responsibilities to decentralized regional offices will increase the exposure of key FAO financial, administrative and technical processes to the risk of disruption in the event of a natural or man-made disaster or crisis. Such risks are addressed in the FAO Business Continuity Framework Plan (BCFP) developed in 2011 and to be implemented in 2012.

15. The current administrative and operational structure, including programme monitoring and oversight of activities in the region, sub-region and countries, has evolved over the years as different functions were incrementally decentralized. For example, field programme operations were decentralized a decade ago, a Shared Services Centre hub was established in 2008, and since 2010 the Technical Cooperation Programme (TCP) and country offices network support and monitoring responsibilities have been delegated to the regions. This decentralization experience is the focus of a series of ongoing or planned regional-level evaluations, of which an evaluation of the Near East Region has been completed. It appears from the evaluation that while there have been clear benefits, there have also been problems of incremental changes leading to a fragmented structure that can inhibit the integrated support, management and oversight of field activities. These aspects need to be implemented and managed thoughtfully and carefully.

16. Opportunities therefore exist to make the most effective use of available resources by rationalizing the execution of administrative and operational functions and sharpening the focus towards integrated monitoring and oversight of country, sub-regional and regional programmes. The deployment of a new Global Resource Management System in 2012-2013 will provide all regions with improved tools to carry out delegated functions in managing field operations and supporting decision-making. It will facilitate the establishment of an integrated operational unit in the Regional Office covering all field activities in the region, irrespective of the source of funding.

17. In 2012, adjustments will be implemented to strengthen the TCP criteria on meeting priorities in the region, in particular the needs of the countries, in line with the CPFs and regional priority frameworks. This will allow TCP projects to be used more strategically and be upscaled into programmes that have significant national/regional impact and can leverage more resources.

18. To ensure accountability, the ADG/Regional Representative has the authority for the work planning and implementation of the approved Programme of Work and Budget for the Regional Office, technical hubs and country offices in the region. In order to achieve this, the policies and procedures governing decentralized regional office resources management will be reviewed and oversight mechanisms put in place to allow for the necessary flexibility.

C. Considerations for the Latin America and Caribbean Region

19. The on-going decentralization process of FAO in the Latin America and Caribbean Region (LAC) is aimed at improving efficiency, efficacy and delivery by strengthening, planning and priority setting as well as consolidating FAO’s offices, networking, and working closely with member countries, regional partner organizations, national institutions, the private sector and civil society. This process is flexible and recognizes the heterogeneity of the LAC territory in terms of geographic conditions, size and location of countries, institutional development, endowment of natural resources, social and economic conditions, human resources, as well as current and long-term challenges and opportunities for sustainable agricultural development, food security and rural development. The main objectives are to bring the Organization’s technical and operational expertise much closer to those

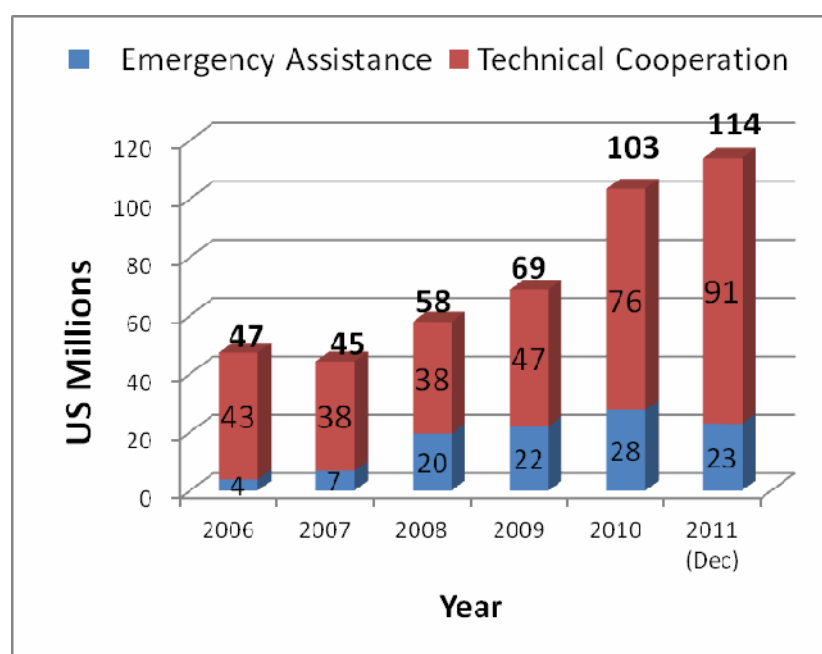
countries and regions where the need is greatest and to make the best use of national capacities, promoting innovative mechanisms to strengthen South-South cooperation.

20. This section of the paper outlines several proposals specific to the decentralization efforts in the Latin America and Caribbean Region regarding structural, functional and programmatic changes at regional, sub-regional or country level that may involve adjustments to the current PWB 2012-13 and require the input and advice of the Regional Conference. These include:

- i. Improved planning and priority;
- ii. A more flexible decentralized country office network with strong country leadership; and
- iii. An integrated model for programme delivery.

21. Specific strategies to support agricultural and rural development of more vulnerable countries should be developed. It is essential that FAO work closely with the Members and partners to take strong and well directed actions to rapidly reduce undernourishment. In recent years, FAO's field programme in the Latin America and Caribbean Region has expanded with annual project delivery doubling over the last four years (Figure 1). However, much more can be done with actions tailored to the needs, circumstances and capacities of different Member countries. Caribbean Island Countries, in particular, merit FAO focused attention to develop strategies that respond to limited absorption and implementation capacity, even when funding is available. In countries where overall hunger continues to rise, the priority must focus on policies and programmes that shift the pattern of agriculture and rural growth in favour of the poor and small farmers, such as including them preferentially when procuring food for local safety nets. In other countries, where undernourishment in overall terms has been falling but hunger persists among those outside the mainstream economy, more targeted programme and projects are required. The need for strong action was highlighted by the 31th LARC held in 2010 in Panama, which requested FAO to respond to the needs of Member countries in a more timely and effective manner through promoting multi-disciplinary approaches, as well as other measures.

Figure 1. FAO Annual Field Programme Delivery in the Latin America and Caribbean Region – Emergency Assistance and Technical Cooperation



Structure and Functioning in the Latin America and Caribbean Region

22. The decentralized office network in the Latin America and Caribbean Region comprises a Regional Office (RLC), two Sub-regional Offices, one for the Caribbean countries (SLC) and one for Central American countries and Mexico (SLM), 18 fully fledged country offices, three out-posted offices representations and 12 countries covered by national correspondents. The Regular Programme (RP) currently funds a total of 236 posts comprising 60 International Professional Officer posts (including 29 professionals in RLC, six in SLC, seven in SLM and 18 FAO Representatives), 35 National Professional Officer posts, and 141 General Service posts in the decentralized offices network (see Table 1). The budget for the Regular Programme in 2012-13 for the Region is approximately USD\$52 million of which 20.5 million is for the Regional Office, 4.4 million for SLM; 5.1 million for the Sub-regional Office of SLC, and 22 million for the country office network. The SLS multidisciplinary team merged with RLC at the end of 2011 as recommended by LARC 31.

Table 1: Latin America and Caribbean - Staffing and Regular Programme Resources at summary level

2012-13 Regular Programme Resources					
Office	Biennial RP Budget (US\$ '000)	Percent	Posts (C 2011/3, Annex XI)		
			Prof	GS	Total
RLC (Regional Office)	20,513	39,4	32	37	69
SLM (Sub-regional Office- Central America/ Mexico)	4,418	8,5	9	5	14
SLC (Sub-regional Office – Caribbean)	5,111	9,8	8	10	18
Country Offices Network	22,025	42,3	46	89	135
Total	52,067	100	95	141	236

Note: RLC provides an administrative support function for an additional 22 persons outside of RLC personnel in the New York and Washington FAO liaison offices

23. A renewed effort by FAO to address the issues of food security in the region requires enhanced focus attention, particularly at country level, to ensure that the Organization's knowledge can support and guide Government interventions. While this will require more funding than can currently be allocated, as previously indicated, the first step is to make the best use of human and financial resources currently available within the Region. This may come from extra-budgetary funds, AOS resources, out-posted technical officers, secondments, other agreements with collaborating agencies, or from RP cost savings from Functional Objectives X and Y. It is not envisaged that Regular Programme funds from technical programmes will be transferred for this purpose. As set out below, this will require a strong planning and priority setting process; a more flexible approach to the network of offices in the Region, with a new balance between RLC, the Caribbean and the Central America/Mexico Sub-regions, technical staff located elsewhere, and country offices; and an integrated model for programme delivery where the Organization's knowledge and resources are made available in a synergistic and multidisciplinary manner to Members.

(i) **Improved Planning and Priority Setting**

24. Greater focus and coherence of FAO actions require country-level priority setting that is linked upwards and downwards with FAO's regional and corporate strategic actions through the results-based programming and budgeting process. In the case of the Latin America and Caribbean Region, this process is now well advanced. A Regional Priority Framework for the period 2014-2017 has been prepared through a multi-stakeholder consultation process involving government, farmer organizations, civil societies, private sector representatives and development partners, as well as consultation meetings with the Agricultural Councils in South America (CAS) and Central America (CAC), and may be adopted at the 32th LARC in 2012.

25. The Regional Priority Framework sets out four strategic priority areas:

- A. Food security and nutrition;
- B. Climate change and environmental sustainability;
- C. Family agriculture; and
- D. Plant and animal health and food safety.

26. At the same time, all countries in the Latin America and Caribbean Region have either prepared, and/or agreed on a Country Programme Frameworks (CPF) with Governments, or are in the process of doing so with a target completion date of end-2012. These CPFs are aligned with national priorities, integrated with the work programme of other development partners including other UN system organizations through the UNDAF, and provide a clear roadmap for actions at country level.

27. RLC is proposing to establish an integrated operational support unit in the Regional Office covering all field activities in the region, irrespective of the source of funding. This unit will handle planning, programming, financial management and administration within RLC and across the region.

(ii) A More Flexible Decentralized Country Office Network with Strong Country Leadership

28. The functional structure to serve the LAC countries must respond to a global set of principles applied in all regions under the FAO decentralization program. However, the special features of the region, discussed previously, demonstrate the need for a flexible scheme and consultations with countries regarding their needs and the possibility of strengthening country offices with more government contributions; particularly in larger economies. At the same time, the need for considering improving efficiency of subregional offices and priority countries or countries requiring special attention, i.e. Haiti, has to be stressed.

29. Countries with greater risks and vulnerabilities shall receive special attention in terms of improved capacities and institutional development. Among a number of variables to define priorities, RLC will consider: a) poverty and human development b) relative weight of agriculture on GDP; c) net export/import food situation; d) access to food; e) vulnerability to climate change; f) size of the economy, diversification and dependency on the agricultural sector; and the g) initial balance between supply and demand for food. FAO's offices in those countries with disadvantages in this and other key variables should be prioritized in terms of having a stronger institutional capacity to deliver FAO services.

30. RLC has been supporting the development of CPFs. As of March 2012, 12 countries have completed and endorsed CPFs, a figure reflecting an important effort in terms of preparing the country offices for the new decentralized scheme of work.

31. To support the development of the country offices and improve the implementation of CPFs, training sessions (either online or in a group) should take place several times a year to continue to improve the knowledge of country office staff as well as provide an opportunity to exchange experiences and learn about the realities of country offices in the Region.

32. Progress indicators for the country offices should involve: a) a revamped HR country level model in place for each fully fledged representation, b) an expanded IT capacity in each country representation, common training and outreach support strategy in place, reporting, communications,

coordination across the region for organizational branding consistency , and c) a streamlined CPF planning approach that is focused on strategically positioning FAO based on its strengths, rather than pursuing non-strategically aligned funding.

Structure

33. In order to direct FAO's existing resources in the most cost effective manner to achieve the necessary results, it is proposed to:

- Retain the current full-fledged country offices where such offices already exist.
- Improve efficiency and efficacy within existing resources of FAO's subregional offices in the Caribbean (SLC) and the Central American regions (SLM) .
- Modify the terms of reference and improve functional statements of the offices of large and middle income countries in the Region including, in addition to their current functions, a focus on a range of South-South Cooperation opportunities, and on building active partnerships with the private sector and civil society. This would result in a mix of functions of a traditional country office and those of a Liaison Office. These modifications will be implemented following consultation and agreement of the Governments concerned.
- In large countries where responsibility for agriculture or other policy matters have been decentralized to the subnational level (e.g., state or provincial level i.e. Brazil), the establishment of offices with support from the governments or extra-budgetary sources is proposed. This will allow FAO to work closer to the grass roots level where much of the action takes place. Such offices should be set up in a collaborative manner with governments and other UN system agencies in the context of the UNDAFs, with the available resources at country level.

Staffing and Resources

34. Greater effort is required to mobilize additional resources including:

- Build on successful regional resource mobilization actions such as the agreement with the Spanish Cooperation Agency (AECI); Brazil Cooperation; Australian AID; European Union and the World Bank; with civil society organizations and private sector organizations, with multi-donor and UN joint financial resources, such as GEF, UN-REDD, and the Spanish-MDG Fund.
- Promote Unilateral Trust Fund (UTF) programmes in countries that have their own resources to finance projects for FAO's execution.
- In order to enhance its technical skills and expertise, FAO will promote the hosting and secondment of technical expertise from external organizations or development partners to be based in RLC, SLC, SLM or FAO country representation offices. This would include posts funded in the past through Trust Fund project arrangement through a Memorandum of Understanding or through partnership agreements with research institutions and the private sector.
- FAO will also continue to play its catalytic role in promoting a range of South-South Cooperation activities and will work closely with countries to transfer expertise to other countries within the Latin America and Caribbean and elsewhere. Recent experiences have demonstrated that Brazil, Argentina, Chile and Mexico, among others, have developed institutional and human resources capacities that may contribute to improve those in countries facing technical limitations.
- FAO's own core staffing will be flexibly allocated in line with the agreed upon priorities. More specifically, the post descriptions and work programmes of all technical staff will be explicitly directed to servicing support and impact to FAO country representation offices.

- This may include, where appropriate, re-deployment of technical staff on assignments to different countries or as part of teams, according to needs and priorities. These staff will continue to provide support throughout the region but will be located closer to, and be in more continuous contact with, countries where their expertise is particularly critical at a given time.
- It is proposed to galvanize the strategic thinking capacity of the RLC-team and the regional knowledge network. In this regard, it is envisaged that each priority group establish technical agreements with agricultural, social, economic or environmental research centers, universities or academic groups to discuss strategic issues based on current scientific information and regional research results and analysis. Special attention should also be given to interactions with the private sector and civil society in discussing priorities and field intervention approaches.
 - Decentralization of Emergency Functions. Responsibility for emergency TCPs is being assigned to relevant decentralized offices and assessment of their capacities by Regional Offices, OSD and TC is underway. A decentralization pathway for RLC has been agreed upon. It is expected that the emergency functions and portfolio of South America and Central America (except Haiti) are to be decentralized during the second quarter of 2012. However, important gaps have been identified regarding the capacity of the multidisciplinary group to respond to the integration of emergency and development which is a very important process for all sub-regions. A comprehensive analysis of actual capacities at RLC is needed in order to develop a sound capacity-building strategy in this regard. Support mechanisms for an initial rollout phase is being established and new technical support functions for emergency and rehabilitation as well as a new funding model and structure require further discussions at the regional level.

(iii) An integrated Model for Programme Delivery

35. To achieve coherence of FAO's programmes at the country level all component parts of FAO must function as one under the overall leadership of the FAO Country Representative. In countries where there are substantial emergency operations requiring the services of a dedicated Emergency and Rehabilitation Coordinator, they will work under the authority of the FAO Country Representative. FAO Country Representatives will thus be the manager and budget holders of all national projects and programmes that will be formulated and implemented in the context of the CPF, thereby ensuring greater synergy and impact. Similarly, for regional or sub-regional emergency projects, the ADG/Regional Representative, RLC, and Sub-regional Coordinators in SLC and SLM, are expected to be the budget holder respectively and will act as the immediate supervisor of Regional and Sub-regional Emergency and Rehabilitation Coordinators. During 2012, emergency and rehabilitation operations responsibilities will be handed over to FAO RLC for the Latin America region. The hand over of activities for the Caribbean region will start as of early 2013.

36. As mentioned above, the empowerment of FAO Country Representatives, as well as of RLC, SLC and SLM, to undertake more operational responsibilities will require a higher level of delegated authority as well as improved integration with corporate financial and administrative systems. In order to do this, the following steps have been implemented or are in the process of being implemented:

- Ongoing training programmes in operational and administrative aspects, including procurement, financial systems, and project design and formulation, will be further reinforced, particularly for FAO country office staff.
- Management and leadership training for regional and country offices will also continue. Wherever possible, this training will be conducted in collaboration with other UN system agencies.

Cost Implications

37. The above set of proposals, which aim at enhancing FAO's capacity at country level, will have cost implications specifically related to increased mobility, staff training and development and

strengthening of FAO's support in some offices. As mentioned, these costs could potentially be covered from extra-budgetary funds, AOS resources, out-posted technical officers, secondments or other agreements with collaborating agencies, or from Regular Programme cost savings. An implementation plan will be prepared by RLC, SLC and SLM.

D. Guidance Sought

38. In considering actions arising from the Vision and Strategy of the decentralized country office network, the Member states have recognized the distinct roles of the Governing Bodies and management in moving forward with the endorsement and speedy implementation of the proposals. The FAO Conference in 2011 requested that “the Regional Conferences which will be held in 2012 should review FAO’s country coverage in their region, with a view to enhancing the Organization’s effectiveness and efficiency at country level and make recommendations to the Council in 2012 on the most suitable structure and skills mix of the decentralized country offices network in their region, including close alignment to their needs in line with country frameworks.” (C2011/7 paragraph 158). In line with this guidance the 32nd LARC is invited to advise on:

- a) The proposals to make the Organization work more effectively and efficiently at country level through improved planning and priority setting as set out in paragraphs 21, 23, 24, and 27 that:
 - i. in countries where overall rural poverty continues to rise, priorities need to focus on policies and programmes that shift the pattern of agriculture and rural growth in favour of the poor and small farmers through an integrated model for programme delivery;
 - ii. in countries, where undernourishment in overall terms has been falling but pockets of hunger persist among those outside the mainstream of economic growth, more targeted programmes and projects are needed;
 - iii. special attention be given to countries with lower incomes;
 - iv. across the LAC region FAO representations work on the basis of CPFs; and
 - v. other technical areas be included according to the priorities set out in the CPFs.
- b) The overall proposals for a more flexible decentralized office network with strong country office leadership as set out in paragraphs 28-34 as well as the specific proposals for the Latin America and Caribbean Region include:
 - i. retaining the existing fully-fledged country office representations; improving efficiency of SLC, SLM sub-regional offices and country offices; modifying the terms of reference of country office representations in large and middle income economies; and reviewing the feasibility of sub-national offices in some countries;
 - ii. developing innovative resource mobilization efforts, including with partners; enhancing the resources servicing capacity of the country offices; and allocating staff in technical hubs that are closer to countries where their expertise is particularly critical;
 - iii. improving capacity and institutional development to deliver FAO services through on-site and online trainings.
- c) An integrated approach to programme delivery as set out in paragraphs 35-37, as well as the proposals for the Latin America and Caribbean Region includes:
 - i. a phased transfer of responsibility for emergency operations at country level to FAO Representatives, and for regional or sub-regional emergency projects to the ADG/Regional Representative, RLC, and Subregional Coordinators SLC and SLM; the overall authority for the emergency programme in the region will be with the ADG/Regional Representative;
 - ii. incrementing resources allocated to the decentralized regional and subregional offices through an enhanced share of AOS income in line with the greater level of delegated responsibilities ; and

iii. further delegations of authority to decentralized offices accompanied by appropriate training.

(i) The decentralized office network is responsible for leading FAOs regional priorities for food security, agriculture and rural development through the identification, planning and implementation of FAO priorities at the regional, sub regional, and country levels.

(ii) With the exception of countries with programmed presidential elections in 2012 where there is a need to delay the process until such time as a new government is in place.