

**Group of “Friends of the Chair” of FAO Council
Programme of Work and Budget 2010-11
Supplement to Information Note 2 – November 2009**

Flexibility to make budgetary transfers during implementation

1. Following discussions by the Friends of the Chair on 26 October on Information Note 2, *Proposed Budgetary Chapter Structure and flexibility to make budgetary transfers during implementation*, this Supplement outlines a revised proposal for flexibility during implementation.

Principles

2. There is general recognition that the Director-General needs flexibility during the biennium to effectively implement the approved programme of work, and that Members require adequate means of oversight through the governing bodies. These principles need to be applied to the proposed structure of 18 budgetary Chapters for 2010-11 that is aligned with the new results-based Strategic Framework.

3. The Secretariat recognizes that the level of desirable flexibility in effecting Chapter transfers under the proposed Chapter structure is a matter of judgment and welcomes the ideas put forward by the Friends of the Chair, which are accommodated in the following proposal.

Proposal

4. Members have observed that the proposed Chapters fall into three different groups based on their size and characteristics: Strategic Objectives (Chapters 1-11); Functional Objectives (Chapters 12 and 13); and special purpose Chapters 14-18 for FAOR Programme, Technical Cooperation Programme, Contingencies, Capital Expenditure and Security Expenditure.

5. The eleven budgetary Chapters devoted to the Strategic Objectives are small compared with the two aggregated budgetary Chapters in which these resources were mainly appropriated in the PWB 2008-09. In view of this increased fragmentation and in order to manage more effectively within the resources appropriated for each of the Strategic Objectives under Chapters 1 through 11, it is proposed that the Director-General be accorded flexibility to transfer resources in or out of Chapters 1 through 11 up to a level of 5 percent of the amount appropriated for these Chapters, notwithstanding Financial Regulation 4.5 (b).

6. It is furthermore proposed that the remaining Chapters 12 through 18 be managed in line with FR 4.5 (b), with transfers from one chapter to another thus requiring prior approval of the Finance Committee or Council. The rationale for this proposal is that these Chapters either aggregate resources at the level similar to current chapters (i.e. Functional Objective X - Effective Collaboration with Member States and Stakeholders) or would benefit from scrutiny by the governing bodies before effecting resource transfers (i.e. Functional Objective Y - Administration, FAOR Programme, TCP, Contingencies, Capital Expenditure, Security Expenditure).

7. Whatever the level of flexibility granted, the Director-General shall continue to report on a regular basis to the Finance Committee on budgetary performance, including proposed and actual resource transfers between Chapters. As foreseen in the IPA, the performance reports will also be reviewed by the Programme Committee.

8. The above proposal would be consistent with the parameters for oversight by the governing bodies, while providing adequate flexibility to the Director-General during implementation. With the above proposal, the additional clause in the 2010-11 appropriations resolution would read as follows:

“Notwithstanding the provisions of Financial Regulation 4.5 (b), the Director-General is authorized to make transfers to and from budgetary chapters 1 through 11 up to an amount not exceeding 5 percent of the amount appropriated to the Chapter; all such transfers shall be reported in the budgetary reports for the 2010-11 period; any other transfers required shall be made and reported in accordance with the provisions of Financial Regulation 4.5 (b).”