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CONFERENCE

Thirty-third Session

Rome, 19 - 26 November 2005

PROGRAMME OF WORK AND BUDGET (PWB) 2006 - 2007

(Extract from the Report of the Hundred and Twenty-ninth Session of the Council)

(November 2005)¹

Programme of Work and Budget (PWB) 2006-2007 – Item 4

1. The Council considered the Programme of Work and Budget proposals for the 2006-07 biennium, with the benefit of the comments made in the Reports of the Programme and Finance Committees.

Scope of PWB Documentation

2. The Council recognized that the PWB documentation was particularly complex, comprising:

- a main Programme of Work and Budget 2006-07 document;
- a Supplement to this main document, accompanied by an Addendum; and
- an information document entitled: “FAO Reform: A Vision for the Twenty-first Century²”.

3. The Council noted that the main PWB document had further elaborated the scenarios of Real Growth (RG) at 2.5 percent and Zero-Real Growth (ZRG). Some Members noted that a Zero Nominal Growth (ZNG) should have been presented at programme entity level in the PWB as well.

¹ C 2005/3; C 2005/3 Sup.1; C 2005/3-Sup.1-Add.1; C 2005/3-Corr.1; CL 129/PV/2; CL 129/PV/3;

² C 2005/INF/19

4. The Council further recognized that the Supplement was entirely devoted to substantial reform proposals from the Director-General, within two resource envelopes: the same RG of 2.5% per annum, and a Higher Real Growth (HRG) scenario of 9.25% for the biennium stemming from a specific request it had made at its last session in June.

5. The Council noted that the Addendum had been prepared in response to the request from the Programme and Finance Committees for clarifications on specific areas, so as to enable Members to understand better the impact of the proposed reforms. It observed that the information document: *FAO Reform: A Vision for the Twenty-first Century*, aimed at presenting the reforms in a less technical fashion, also placing them in a historical perspective.

Elements for Decision by the Membership

6. In this light, the Council underlined that the Membership had to take key decisions on both the budget level and the proposed reforms. In addition, the Council expressed its views on specific proposals in the main PWB document not directly linked to the reforms:

- it supported the establishment of a Security Expenditure Facility in the form of Chapter 9 of the PWB and the concurrent need to amend the Financial Regulations; a draft Resolution for the Conference had been prepared accordingly;
- proposal requiring Members to pay their contributions without deduction of forecast of Miscellaneous Income, to help address the difficulties of the cash flow situation of the Organization and the accumulated deficit under the General Fund was put forward; A draft resolution had been formulated for this purpose. Differing positions were expressed regarding this proposal;
- the proposal to have the same amount in the next biennium, as approved by the last Conference for the current biennium, to pursue amortization of the liabilities linked to After-Service Medical Coverage (ASMC), was noted by the Council.

7. In order to facilitate further dialogue on the proposed reforms and seek ways to bridge gaps in positions among Members, the Council decided to establish a Working Group on Reforms, chaired by the Independent Chairman and with participation from all regional groups. This Working Group was expected to continue its work after this session of the Council.

Views on the reforms

8. The Council noted that the Director-General had emphasized that reforms were necessary and urgent, and should be implemented regardless of the budget level, and that he intended to seek extra-budgetary support to meet part of the transition costs.

9. The Council shared in the Director-General's assessment of the need to enhance the Organization's ability to fulfil its mandate through its normative and operational activities including through concrete contributions to the well-recognized challenges such as assisting Members in implementing the MDGs. The Council recognized the need to respond to the renewed commitment to rural investment by all interested partners, and ever growing opportunities for harnessing knowledge for agriculture.

10. Taking into account the ongoing reform across the entire UN System, the Council welcomed the initiative of the Director-General to submit to the Conference reform proposals regarding the programmes, structures and ways of work of the Organization.

11. The Council expressed general support for the rationale and guiding principles underlying the reforms as a basis for further discussion of the Director-General's reform proposals and the implementation of the Reform of FAO.

12. The Council was mindful of the necessarily dynamic nature of a process of adaptation to changing contexts and new demands, and stressed that the Independent External Evaluation of FAO and the reform proposals should be mutually supportive.

Indications of Preferences on the Budget Level

13. Many Members underlined their support for Real Growth (RG), recalling in particular the needs for assistance in countries for the implementation of the Millenium Development Goals (MDGs) and the central role of FAO thereof as part of concerted UN System action, and the extensive and varied requirements for capacity-building. In this light, they considered the proposed RG at 2.5 percent as a minimum, while some underscored the desirability of RG at a higher percentage.
14. Other Members favoured ZRG, or expressed their readiness for considering some increase in resources for the Organization.
15. While recognizing the key contributions of FAO to the development of regulatory frameworks and to the reduction of hunger and poverty, other Members stated their position for a ZNG budget or below-ZNG budget emphasising the difficulties of a number of Member Nations to make full payment of their Assessed Contributions.
16. Yet other Members did not specifically express their respective Governments' views at this stage.

Other Main Comments

17. Many Members stressed their expectation of seeing well-recognized substantive priorities to be adequately protected, irrespective of the budget level to be approved by the Conference.
18. Some Members addressed the potential interactions and possible attendant problems, between the Regular Programme and extra-budgetary resources entrusted to FAO, which were growing again after a period of decline and underscored the desirability of adequate policies and fully transparent information in this regard.