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منظمة الأغذية
والزراعة
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联合国
粮食及
农业组织

Food
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des
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pour
l'alimentation
et
l'agriculture

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de las
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para la
Agricultura
y la
Alimentación

CONFERENCE CONFÉRENCE CONFERENCIA

Thirty-third Session • Trente-troisième session • 33° período de sesiones

**Rome, 19-26 November 2005
VERBATIM RECORDS OF MEETINGS OF COMMISSION II
OF THE CONFERENCE**

**Rome, 19-26 novembre 2005
PROCÈS-VERBAUX DES SÉANCES DE LA COMMISSION II
DE LA CONFÉRENCE**

**Roma, 19-26 de noviembre de 2005
ACTAS TAQUIGRÁFICAS DE LAS SESIONES DE LA COMISIÓN II
DE LA CONFERENCIA**

Table of Contents

FIRST PLENARY SESSION PRÉMIÈRE SÉANCE PLÉNIÈRE PRIMERA SESIÓN PLENARIA (21 November 2005)

PROGRAMME AND BUDGETARY MATTERS QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS	2
9. Programme Implementation Report 2002-2003 9. Rapport sur l'exécution du Programme 2002-2003 9. Informe sobre la Ejecución del Programa en 2002-2003	2
10. Programme Evaluation Report 2005 10. Rapport d'évaluation du Programme 2005 10. Informe de Evaluación del Programa 2005	11

SECOND PLENARY SESSION DEUXIÈME SÉANCE PLÉNIÈRE SEGUNDA SESIÓN PLENARIA (21 November 2005)

PROGRAMME AND BUDGETARY MATTERS (continued) QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET (suite) CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS (continuación)	16
12. Performance of the Split Assessment Arrangement 12. Résultats de l'application du dispositif de mise en recouvrement des contributions en deux monnaies 12. Resultados del sistema de pago de las cuotas en dos monedas	16
13. Independent External Evaluation of FAO 13. Évaluation externe indépendante de la FAO 13. Evaluación externa independiente de la FAO	19

**THIRD PLENARY SESSION
TROISIÈME SÉANCE PLÉNIÈRE
TERCERA SESIÓN PLENARIA
(22 November 2005)**

PROGRAMME AND BUDGETARY MATTERS (continued)	
QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET (suite)	
CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS (continuación)	24
11. Programme of Work and Budget 2006-2007 (Draft Resolution)	
11. Programme de travail et budget 2006-2007 (Projet de résolution)	
11. Programa de Labores y Presupuesto para 2006-2007 (Proyecto de resolución)	24

**FOURTH PLENARY SESSION
QUATRIÈME SÉANCE PLÉNIÈRE
CUARTA SESIÓN PLENARIA
(24 November 2005)**

**ADOPTION OF REPORT
ADOPTION DU RAPPORT
APROBACIÓN DEL INFORME**

DRAFT REPORT OF COMMISSION II - PARTS I – II	
LES PROJETS DE RAPPORT DE LA COMMISSION II – PARTIES I – II	
LOS PROYECTOS DE INFORME DE LA COMISIÓN II - PARTES I - II	48
9. Programme Implementation Report 2002-2003	
9. Rapport sur l'exécution du Programme 2002-2003	
9. Informe sobre la Ejecución del Programa en 2002-2003	48
10. Programme Evaluation Report 2005	
10. Rapport d'évaluation du Programme 2005	
10. Informe de Evaluación del Programa 2005	49
11. Programme of Work and Budget 2006-2007 (Draft Resolution) (paras 1–7)	
11. Programme de travail et budget 2006-2007 (Projet de résolution) (pars 1– 7)	
11. Programa de Labores y Presupuesto para 2006-2007 (Proyecto de resolución) (párr 1–7)	49
12. Performance of the Split Assessment Arrangement	
12. Résultats de l'application du dispositif de mise en recouvrement des contributions en deux monnaies	
12. Resultados del sistema de pago de las cuotas en dos monedas	49

13. Independent External Evaluation of FAO	
13. Évaluation externe indépendante de la FAO	
13. Evaluación externa independiente de la FAO	49

**FIFTH PLENARY SESSION
CINQUIÈME SÉANCE PLÉNIÈRE
QUINTA SESIÓN PLENARIA
(28 November 2005)**

ADOPTION OF REPORT OF COMMISSION II (C 2005/REP/1)	
ADOPTION DU RAPPORT DE LA COMMISSION II (C 2005/REP/1)	
APROBACIÓN DEL INFORME DE LA COMISIÓN II (C 2005/REP/1)	52

CONFERENCE CONFÉRENCE CONFERENCIA

<p>Thirty-third Session Trente-troisième session 33º período de sesiones</p>
<p>Rome, 19 November – 26 November 2005 Rome, 19 novembre – 26 novembre 2005 Roma, 19 de noviembre – 26 de noviembre de 2005</p>
<p>FIRST MEETING OF COMMISSION II PREMIÈRE SÉANCE DE LA COMMISSION II PRIMERA SESIÓN DE LA COMISIÓN II</p>
<p>21 November 2005</p>

The First Meeting was opened at 11.10 hours
Mr Zohrab V. Malek,
Chairperson of Commission II, presiding

La première séance est ouverte à 11 h 10
sous la présidence de M Zohrab V. Malek,
Président de la Commission II

Se abre la primera sesión a las 11.10 horas
bajo la presidencia del Sr Zohrab V. Malek,
Presidente de la Comisión II

**PROGRAMME AND BUDGETARY MATTERS
QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET
CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS**

9. Programme Implementation Report 2002-2003

9. Rapport sur l'exécution du Programme 2002-2003

9. Informe sobre la Ejecución del Programa en 2002-2003

CHAIRMAN

I have the honour of chairing Commission II and calling to order this first meeting of the Commission. We have a full agenda and a difficult task ahead of us, including making our report to the Plenary of the Conference on Friday morning. On a budget level which has been endorsed by consensus in this Commission, I am confident that with your good will and collaborative spirit, we will complete our work in a satisfactory and timely manner.

In this connection, I should like to inform the Commission that the Working Group discussing the Programme of Work and Budget reform proposals established by the independent Chairperson of the Council at its Hundred and Twenty-ninth Session continues with its work. I consider that we are very fortunate to have such a skilled and distinguished person as Ambassador Mekouar chairing the group and we look forward to receiving the Report in Commission II as soon as possible.

Regarding the Working Group on Reform, which the journal as meeting at 11.00 hours this morning, this meeting has been postponed until 14.30 hours this afternoon at the request of some members of the Working Group. I repeat, the Working Group on Reform will reconvene at 14.30 hours, today, in the Malaysia Room.

Turning now to our timetable as contained in document C 2005/12, the Commission will commence its substantive discussions with Item 9, the Programme Implementation Report 2002–2003, followed by Item 10, the Programme Evaluation Report 2005. If we are able to complete the discussions of both these Items before the end of our working day, I will, with your concurrence seek to bring forward our discussion of Item 12, Performance of the Split Assessment Arrangement to today.

Now, I would ask you to consider the first substantive matter on our Agenda, the Programme Implementation Report 2002–2003, which is document C 2005/8 and includes C 2005/8 Corr. 1 and C 2005/LIM/2.

I would encourage delegations to use the facility established in the first report of the General Committee, C 2005/LIM/10 of inserting statements directly into the Verbatim Records of this meeting, without having to make a statement orally by passing written statements up to the Podium, so that I can inform the Commission of their receipt.

Before inviting Delegations to take the floor on this Item, I would turn to Mr Juneja, Director of the Programme and Budget Evaluation Service to introduce the Item.

Manoj JUNEJA (Director, Programme, Budget and Evaluation)

In introducing this Item, I would like to touch upon the purpose and scope of the Programme Implementation Report, its format and the results reported for 2002–2003. The Programme Implementation Report is a major biennial accountability document of a quantitative nature and complements the Organization's audited financial statements. It provides comprehensive coverage of the Programme by addressing all activities covering both resource utilization, and results versus the plans endorsed in the approved Programme of Work and Budget.

The PIR needs to also be seen in the light of the more qualitative and selective evaluation reports set in a longer-term timeframe, which is also before the Conference. The PIR 2002–2003 was

reviewed by the Programme and Finance Committees last year, and by the Technical Committees on Agriculture, Fisheries, Forestry and by Council earlier this year before coming to Conference.

The format of the PIR has progressed through the application of results-based principles, and the PIR 2002–2003 measures delivery against Technical Programmes, which were reformulated so as to relate directly to the Strategic Framework with specific objectives, outcomes and outputs.

The current format of the PIR followed the advice of the Programme and Finance Committees in their May 2004 Sessions, which recommended new reporting on the strategic objectives, including interdisciplinary activities, regional dimensions and the usual reporting on organizational performance and summary programme implementation.

Thus, in the current format, these three sections deal with outputs and achievements from three different points of view. This results in a document that grew substantially in size as it inevitably had to duplicate somewhat the reporting on implementation across the Strategic Programme and Regional Dimensions. Following their review of the PIR before you, the Programme and Finance Committees and Council have recognized the need to make further improvements in FAO's results based implementation reporting concluding, in essence, that the Secretariat should also shorten the PIR.

At its September Session this year, the Programme Committee provided specific guidance that will be used in preparing a more focussed and shorter PIR for 2004–2005. This will focus summary reporting of Programme Implementation on key achievements, emphasize success stories and lessons learnt, along with challenges faced, including from the results of auto-evaluations of programme entities; it will include progress towards achievement of outcomes where possible; and highlight regional dimensions of Programme Implementation linked to information provided to the Regional Conferences.

It is also intended that future sections on Organizational performance will include reporting on efficiencies and productivity gains, as well as progress on the implementation of results-based management in the Organization.

In addition, the Secretariat will continue development of the Programme Entity Database on the FAO Web site, which makes available more comprehensive information on programme formulation and implementation.

The Programme Committee also reviewed the format and coverage of the Programme Evaluation Report which you will consider under a separate item on your Agenda, including the link to the PIR through reporting on auto-evaluation.

Now I should like to briefly mention the results for the biennium. Concerning Programme Implementation in the biennium 2002–2003, the Secretariat can report that overall delivery under the Regular Programme included effectively full utilization of budgeted resources and implementation of the programme of work specified in the PWB.

Field Programme delivery increased, mainly on account of the Technical Cooperation Trust Fund, and was counter-balanced by the slight decrease for emergency work related to the closing down of the Oil-for-Food-Programme.

Key achievements during the biennium included the convening of the World Food Summit: *five years later*; organizing the International Year of Mountains; expanded coverage by the Special Programme for Food Security; the entry into force of the International Treaty on Plant Genetic Resources; the ratification of the Rotterdam Convention on Prior Informed Consent; the convening of the first FAO/WHO Global Forum of Food Safety Regulators; and the adoption of a Strategy for Improving Information on the Status and Trends of Capture Fisheries by COFI. You will, of course, find much more detail in the Report itself and on the FAO Web site.

The Secretariat looks forward to your comments on the PIR 2002–2003.

CHAIRMAN

Now I open the floor to Delegations wishing to speak on this Item.

Victor C. D. HEARD (United Kingdom)

I am speaking on behalf of the European Community and its 25 Member States, the acceding countries, Romania and Bulgaria and the candidate country Croatia, associate themselves with this Statement.

We welcome the Programme Implementation Report. We note that the format now allows reporting against the Medium Term Plan targets and welcome the new material on implementing the Strategic Framework. We are pleased to see the reporting on operational activities linked with UNDAF and within nationally owned PRSPs, and on FAO's role both in the UN Development Group and in multi-donor missions. We trust that the reporting of programmes in Africa in future PIRs will also cover the links between operational activities and NEPAD priorities.

The PIR is an informative and useful report, but it provides quantitative rather than qualitative assessment. It does not, therefore, provide sufficient information on which to base judgements on the impact of FAO's programmes. The introduction of auto-evaluation should help in this regard, but the full introduction of a results based management approach will also require much more clarity in programme design, including measurable qualitative and quantitative indicators of impact against which programmes can subsequently be assessed.

FAO should incorporate a results focus into all its business processes and use the results continually to improve performance. This should also be reflected in future Programme Implementation Reports.

Jun FUKUDA (Japan)

Japan would like to make comments on the Programme Implementation Report 2002–2003.

Japan expresses gratitude to the Secretariat for their effort to compile the comprehensive Report of FAO activities. Japan evaluates the gradual improvement of this Report in order to secure transparency and accountability of this Organization.

However, as we have mentioned in the Council last year, Japan has to point out that the Report does not provide sufficient information on financial aspects of the activities, including the breakdown of expenditure for each programme, country or region. Such information is essential for the development of the future Programme of Work and Budget, as well as for transparency and accountability.

Japan expects that the Secretariat would further make efforts for the improvement of the Programme Implementation Report for transparency and accountability of FAO.

Richard HUGHES (United States of America)

The United States of America has commented often on the Programme Implementation Report (PIR) in various meetings of FAO. The United States endorses the Report. We look forward to continued focus on priority setting and impact reporting. It is essential that Member Nations know fully how programmes are conducted under FAO's results-based budgeting objective. Such analysis by FAO is crucial under a programme of limited resources. Members need to know fully the way forward for the Organization, meeting the challenges of the future, assessing Member needs and making sure that activities are based on the strength and comparative advantage of this institution as a knowledge one.

Amid the many changes taking place in FAO at the moment, this Conference, we believe that the reform proposal and the Independent External Evaluation could affect how future PIR's are reported to Member Nations.

Abdul Razak AYAZI (Afghanistan)

The Programme Implementation Report 2002–03 shows substantial improvement over the PIR 2000–01. The way it is presented shows that the programme and budgeting practices now in place in FAO are indeed capable of generating valuable accountability reports. The new section related to the inflation of the 12th Corporate Strategy is most welcome. We find that 1 724 outputs across the 12 Corporative Strategies quite impressive. In particular, we appreciate the clause that 20 percent of these activities during the biennium are of direct advice to member countries and field programme support. This is a good sign.

On the other hand, we are concerned by the low share of outputs reaching, related to training, which in the total delivery declined from 8.6 percent in 2000–01 to 6.7 percent in 2002–03. Training is very important to developing countries and this needs more attention.

We welcome the available brief section on the cross–organizational issue and regional dimension. Perhaps the regional dimension could be made more attractive by showing the salient features of FAO's Field Programme in each region.

The Governing Bodies always press the Secretariat to give more information on effects and impacts in the PIR. In fact, our colleague from the EU just mentioned this. While there may be a good reason for understanding their problem, the fulfilment of this objective is very difficult for three main reasons.

Firstly, there is a time lap between outputs, effects and impacts.

Secondly, the impact depends largely on action taken by Member Nations and other partners, not only FAO.

Thirdly, it is quite expensive to obtain information on impact. For these reasons we feel that it is advisable to maintain the focus of the PIR on output achievements and efficiency factors, and only in exceptional cases provide some narratives on impact. In fact, this was done in the PIR 2000–01 for twelve selected examples.

We welcome the fact that decentralization has resulted in an increase, in the Professional staff time, for technical support to field programmes as shown in Table 2.8 on page 60 of the document. However, the share of the Regular Programme in financing TSS is still quite high, as referred to in paragraph 237 on page 59 of the document.

I would also like to raise three other issues to show the credibility of this Report:.

Firstly, we find the information and narrative on TCP, pages 166 to 170, to be extremely useful and we particularly appreciate the increased share of national consultants in the composition of experts assigned by TCP in TCP projects. In fact, my country is one example of this new approach.

Secondly, we find Table 2.12 on page 70 on Female and Male Staff by Grades was very useful.

Thirdly, we welcome the progress made in FAO's Language Policy as presented on pages 63 and 68.

I will not repeat what Mr Juneja quoted from the recent meeting of the Programme Committee on the future format of the PIR. All I would like to add is, that we are looking forward for the inclusion of brief summaries of auto-evaluation in future PIRs.

Pedro Agostinho KANGA (Angola)

Comme c'est la première fois que je prends la parole, je voudrais joindre ma voix à celles de ceux qui m'ont précédé pour vous féliciter pour votre élection à la Présidence de cette Commission ainsi que les autres membres du Bureau.

La délégation angolaise remercie le Secrétariat de ce rapport, qui informe de manière détaillée sur les principales réalisations de l'exercice biennal 2002-2003.

Nous apprécions aussi, Monsieur le Président, les modifications qui ont été apportées sur l'exécution du Programme, modifications qui traduisent les progrès accomplis par la FAO.

C'est avec satisfaction que nous avons noté que, durant ces deux dernières années, le Programme spécial pour la Sécurité alimentaire a été étendu à d'autres pays et sa mise en œuvre dans les pays à déficit alimentaire, est passé de 56, à la fin de 2001, à 75, à la fin de 2003, et les ressources extrabudgétaires ont augmenté de 240 millions de dollars à 382 millions de dollars. Ce qui représente cinquante pour cent d'augmentation.

Il faut également noter, Monsieur le Président, que la coopération Sud-Sud a connu un progrès substantiel depuis son début à la fin de 2003. Vingt-huit pays, au total, ont des accords tripartites. Ma délégation souhaite encourager l'augmentation de ces accords. Nous sommes satisfaits de l'augmentation du nombre de projets approuvés, qui est passé de 463, prévus pour ce biennium, à 644.

Ms Dato' Lily ZACHARIAH (Malaysia)

Malaysia supports the new proposed format of the Programme Implementation Report (PIR). We would like to commend FAO on the work accomplished for the year 2002–03. We note the various efforts undertaken by the Organization in the fisheries sub-sector, and we would like to assure FAO that we will support FIGIS, especially in providing relevant data and information on the state of fisheries and aquaculture in the country to FAO.

With regard to the promotion of responsible aquaculture, as well as promoting sustainable fish production and development, it cannot be denied that developing countries face constraints such as lack of technical expertise. We would like FAO to conduct more training and consultancy, develop environmentally-friendly aquaculture technology, as well as the development of modern extension methodologies in line with advances in IT.

We would like to emphasize here that in the development of any international instruments, the capacity of developing countries to implement such instruments must be taken into consideration. Due to the peculiarity of fishing activities, it is therefore important for FAO to take into consideration the different fisheries management systems used by different countries.

Achieving a positive trade balance in the agriculture sector is crucial to avoid over dependence on food from outside sources. This can be achieved through increasing production, improving product quality and food safety, provision of effective support services, application of technology and intensifying market development, as well as enhancing competitiveness. The ability to meet SPS requirements is, however, a basic factor to enable exports. Towards this end, we would like to call on FAO and the developed countries to assist developing countries in improving their agriculture trade.

Sanjay Vikram SINGH (India)

The Secretariat deserves our appreciation for putting in place a comprehensive, self-contained implementation report for the year 2002–03. Considering the wide area and variety of issues and programmes, the Report, despite its volume, can be regarded as a succinct presentation of the entire gamut of FAO's activities. We do realize the difficult tasks before the Organization, particularly in striking a balance between the imperative need to address country- and region-specific issues in areas where the relevant sectors need a fillip and the need to undertake normative functions within the constraints of resources. We do find that there has been a general consistent effort to maintain this essential dichotomy without causing undue asymmetries during the period under reference.

It will be apposite at this stage itself to seek clarification from the Secretariat as to how, in a situation where the Organization seeks to be an essentially knowledge institution, FAO foresees its role in future. The point is relevant here as much of the ground traversed in the present document relates to programmes in specific interventions, be it the realm of policies, methodologies or specific TCP interventions. In other words, we would like to know whether,

with a shift of emphasis to knowledge rather than action, will it be possible to keep the five-fold strategization, Strategies A to E in the present document, in position.

Nonetheless, it is heartening to note that the actual expenditure under Regular Programme appropriations was not only constant in real terms but that it was 2 percent higher during the period under consideration. This is particularly so as the currency variance was adverse during the period. I am sure, Member Nations will join me in according our appreciation for the prudent management of resources which resulted in this commendable achievement.

We do realize that consideration of this report is not the most appropriate occasion to raise the issue of revisiting the norms of representation of Member Nations on the staff strength of their organization. However, we wish to record here that India continues to be under-represented, even as per the existing formula, and that we are well below the desirable range of 14–19 under the existing dispensation. We would not like to labour on this point beyond stating that the initiatives taken in modifying the parameters of country representations, taken up some time back, have since not been as actively pursued as one would have wished. We would urge, and I am sure many other countries will join us in such urging, that the process of modification of country-wise share in recruitment be brought to its logical conclusion at the very earliest.

India has, time and again, made a point that there is a need to prepare a periodic, through a somewhat generalized review, of the outcomes of Technical Cooperation Projects. There is little doubt that individual TCP evaluations end up providing positive outcomes. This is as expected given the fund of expertise available at the disposal of FAO. The point, however, is whether, in their totality, these interventions take a particular country or region towards a more satisfactory or successful state of its agriculture and rural development. This broad issue requires broader assessment for which methodologies and evaluative policies need to be firmed up and put in place.

We would, therefore, urge that in future, such generalized indicative assessments be introduced, to begin with, on a pilot basis. We also expect that, in future, either this document or a companion document carries out a somewhat more detailed account of individual South-South initiatives under the Special Programme for Food Security. This country specific focus will bring home, even more clearly, the positive outcomes of FAO driven initiatives. We also expect that future initiatives, under this head, will be preceded by preparation of detailed projects, trilaterally between FAO, the Host Country and the assisting developed country.

With these words, India reiterates its commitment to help the Organization in diversifying its programmatic menu so that in the next biennium a still greater impact of these interventions are available.

Mme Saïda ZOUGGAR (Algérie)

Je voudrais tout d'abord saluer les efforts qui ont été faits pour donner plus de détails concernant les dépenses occasionnées par l'Organisation, ainsi que les détails donnés sur les domaines d'activités qui ont nécessité ces dépenses. Néanmoins, nous espérons que ces efforts continueront dans l'avenir pour avoir beaucoup plus de transparence.

Je voudrais également me prononcer sur le montant des arriérés, qui met la FAO actuellement dans une situation critique, sachant qu'il y a au moins 79 Pays membres qui n'ont pas encore honoré leurs arriérés. Nous souhaitons les inviter pour qu'ils fassent des efforts afin d'améliorer la situation financière de la FAO.

Le troisième point sur lequel nous souhaitons nous prononcer, c'est par rapport à l'amélioration de l'aide consentie aux pays en développement, qui connaissent actuellement un déséquilibre très important, à mon sens, dans le cas des échanges commerciaux avec les pays développés. Ce qui met en péril la situation de la sécurité alimentaire dans ces pays là.

Ms Wafa'a DIKAH HAMZI (Lebanon) (Original language Arabic)

First of all, I would like to extend my congratulations to you for being elected as Chairman of this Commission.

This Commission undertakes an important task, and we are confident that by your Chairmanship we will be able to reach successful conclusions. We would also like to thank the Secretariat for having prepared this document and Mr Juneja for his presentation.

I would also wish to refer to the size of this document, which is a very big document, in spite of the important information included in this document. I would also wish to say that the new format of this report, which was adopted by the Programme Committee, would help facilitate the comprehension of this Report, as well as summarizing it in the future.

With regard to the regional aspects, under this section of the PIR, we find that it was not adequately addressed. We hope that we will see more improvements and more information, that reflects more the main activities undertaken at the regional level as well as the field projects and the delivery rates. The information is required at the different regional level in this PIR document in order to improve the assessment of the programmes as well.

With regard to the gender balance, in the staff of the Organization, we also welcome the outcome in the technical staff. However, we are dissatisfied with the gender balance at the higher senior positions of the Organization, including the ADG level. We are looking forward to the role of women and their participation at all levels within the UN Organizations, as well as within the countries.

Moungui MÉDI (Cameroun)

Monsieur le Président, toutes nos félicitations de vous voir présider notre séance. Nous vous connaissons parfaitement et nous connaissons toutes vos capacités et soyez rassuré, Monsieur le Président, de tout notre soutien pendant tous nos travaux. Nous ferons en sorte que votre mandat à la tête de cette Commission II soit un succès.

Nous voulons également féliciter le Secrétariat pour ce rapport qui nous a été présenté. En fait, cela nous rappelle un peu que nous avons vécu il y a quelques années quand nous étions membre du Comité du Programme. Cette question sur l'amélioration de la qualité du rapport avait été examinée de manière complète. Nous sommes contents de voir que beaucoup d'améliorations ont été apportées à ce rapport tant sur le plan de la forme que sur le plan du fond. Les sections prennent totalement en compte les éléments qui sont contenus dans le cadre stratégique. Je pense que c'est une bonne chose. Mais également la manière de rapporter par le programme stratégique, je pense qu'elle rencontre également l'approbation de notre délégation.

Je me souviens également, la dernière fois, nous avons insisté, et nous nous rappelons que notre Ministre d'Etat, à l'époque, avait insisté sur la multiplication des actions interdisciplinaires. Nous voyons que dans le rapport, il y a eu quand même à peu près 16 DPAI qui ont été créés pendant ce biennium. Nous pensons que c'est déjà bon mais ce n'est peut être pas assez. Nous souhaitons continuer à avoir des actions multidisciplinaires dans le cadre des opérations de terrain.

S'agissant des dimensions régionales sur l'exécution du PT3. C'est là, Monsieur le Président, que nous pensons qu'il y a encore des améliorations à apporter, qu'il y a encore matière à perfectionnement. Nous sommes heureux de voir qu'il y a eu systématisation quand on fait un rapport région par région de chacun des éléments à prendre en considération. Mais ce qui nous a un peu dérangé, c'est le fait ce que se soit un peu trop narratif. Nous aurions aimé avoir d'autres éléments, par exemple davantage de statistiques pour soutenir cette partie. Et nous pensons que, si aujourd'hui les propositions de réforme qui sont sur la table et qui ont été initiées par le Directeur Général venaient à être approuvées, voici une section où il faudrait davantage d'amélioration parce qu'à ce moment là, avec le facteur de la décentralisation, on devrait certainement avoir à rendre compte beaucoup plus des activités de terrain, pour ce qui nous concerne.

Nous avons vu qu'il y a eu beaucoup de choses qui ont été faites dans le cadre du NEPAD et de son programme de documents détaillés de l'agriculture africaine, nous en sommes contents. Mais nous aurions aimé avoir des données chiffrées sur les programmes de projets qui ont été exécutés ou supportés. De manière générale donc nous apportons tout notre soutien à ce rapport.

GUO HANDI (China) (Original language Chinese)

My delegation would like to congratulate you as the Chairman of this Committee. I fully trust that under your leadership, the discussion will have fruitful results.

The Chinese delegation thanks the Secretariat for providing a very concrete report for the meeting, and at the same time we noticed that paragraphs 267 to 270 mentioned the geographical distribution of the different regions. We also noticed that a number of the countries in Asia are under-represented, so we hope that the Secretariat will adopt concrete measures and effective measures to improve this situation.

José A. QUINTERO GÓMEZ (Cuba)

Ante todo queremos felicitarlo al verlo presidiendo las labores de esta Comisión.

Con respecto al informe que estamos analizando, nuestra Delegación quiere reconocer a la Secretaría por la calidad de este documento, el cual contiene, a nuestro entender, información detallada sobre la ejecución del programa que nos permite realizar una mejor evaluación. Reconocemos también a la Secretaría por la labor desarrollada para dar cumplimiento a las estrategias para atender las necesidades de los Miembros según el Marco Estratégico para la FAO 2000-2015. No obstante, nuestra delegación cree necesario llamar la atención acerca de la necesidad de lograr un mayor equilibrio en cuanto a los productos alcanzados en cada estrategia, teniendo en cuenta que el informe muestra cómo en algunas de ellas se logran pocos productos finales que pueden dar la idea de que no se trabaje con suficiente prioridad. Llamamos la atención también a la Secretaría de la FAO acerca de los escasos productos alcanzados en el tema de ganadería, en comparación con el resto de los temas de los objetivos estratégicos a unos medios de subsistencia sostenibles en las zonas rurales y acceso equitativo a los recursos, y en ese sentido solicitamos que en el futuro se logre un apoyo más fuerte a este tema.

Queremos destacar la creciente participación de los gastos destinados a la labor técnica de la Organización en los gastos totales, lo que a nuestro entender contribuye a reafirmar la ventaja comparativa de esta Organización, y también mostramos nuestra satisfacción por los resultados del Programa de Campo de la FAO. Sin embargo, queremos llamar la atención también sobre el aumento en las actividades de Cooperación Técnica, de los gastos destinados a urgencias y planteamos la necesidad, teniendo en cuenta lo anterior, de que la FAO no debe convertirse en una Organización que atienda en mayor medida las urgencias en detrimento de actividades que tienen que ver con acciones de desarrollo. Mostramos nuestra preocupación por los datos que se dan acerca de las menores aportaciones del PNUD al Programa de Campo de la FAO, el cual continúa su tendencia al decrecimiento. Estamos muy de acuerdo con la Secretaría acerca de su preocupación por el peligro de que las fuentes de financiamiento externas para el Programa de Campo se concentran en varios donantes, lo que hace aumentar el riesgo de interrupción de este Programa en el caso de que se produzca un cambio importante de política de alguno de los principales países donantes, y queremos reconocer a los países en desarrollo que han aumentado sus aportes financieros al Programa de Campo, lo que a nuestro entender es una muestra del compromiso de los países para con este Programa.

En sentido general, nuestra Delegación apoya la aprobación de este documento.

Mrs Fiona CORNWELL (Australia)

I would like to take this opportunity to thank the Secretariat for proving the Programme Implementation Report 2002–03 which represents a significant reporting task.

A number of comments that I was going to make in terms of suggested enhancements and welcoming those have already been made so I can be very brief.

I would like to emphasize that we are a strong supporter of results oriented reporting and so therefore, I would support the proposed enhancements to the report, including in particular the increased focus on impacts and qualitative information, the considerations of lessons learnt from the auto evaluations which will provide useful information and input into the design and implementation of initiatives and also inform the Organization's future strategies, which will contribute to the Organization's ongoing focus on being an efficient and effective Organization.

In this regard, the proposed inclusion of information on efficiency and productivity gains will also assist the Organization's focus on ongoing efficiency and effectiveness.

CHAIRMAN

I see no other speakers on my list, and I therefore turn to Mr Juneja to provide clarifications on some of the questions raised. I should correct myself that Mr Juneja is the Director of the Programme Budget and Evaluation Division not the Service which I referred to earlier.

Manoj JUNEJA (Director, Programme Budget and Evaluation)

I thank Members for their comments and numerous observations which I have noted with great appreciation. I have also noted the comments made by several Members on geographic and gender distribution of staff in FAO and should like to assure you that this is considered in detail by the Finance Committee as part of its regular review of the Human Resources Action Plan, and assure you that the Organization is taking positive action in this regard.

I should like to turn to the question raised by the distinguished representative of the United Kingdom, and also mentioned by Australia, regarding the need for more qualitative as opposed to quantitative data and the need to improve the results focus in FAO's programmes.

Let me underline that the Organization is very committed indeed to the full implementation of results-based management in FAO and a Joint Inspection Unit (JIU) Report has actually put FAO in a good light in that regard.

The representative from Afghanistan pointed to the need to recognize some complementarity between the Programme Evaluation Report and the Programme Implementation Report. He mentioned that it might be difficult to provide information on impact due to time lag issues, because impact can be measured only after a certain period time has elapsed due to the cause and effect links which require the Organization to assess also actions by Members, as opposed to FAO's own actions in order to assess impact; and finally the cost of impact assessment.

It would be important then to recognize that we may have to be selective in assessing impact in FAO's programmes and that the Programme Evaluation Report, as opposed to the Programme Implementation Report, might be the most appropriate place for assessing impact. That said, the Programme Implementation Report can make positive steps forward.

A future Programme Implementation Report will include progress towards the achievement of outcomes where possible; it will emphasize success stories and lessons learned, it will include summaries from the results of auto-evaluation as well; we will continue to also improve indicators so that they are verifiable, and targets.

Finally, the next Programme Implementation Report (PIR) will be able to provide greater results-based coverage by including non-technical and technical cooperation activities in addition to the technical and economic programmes which are presently shown in a fully developed results-based focus.

Turning to the question raised by the representative of Japan that there is not sufficient financial information in the Programme Implementation Report, I should also mention that, in contrast, the representative from Lebanon mentioned the increasing size of this document. There is, of course, a need to try to find a balance between the extensive information we can provide in this document and the size implications that it has, and at the same time the need to satisfy Members on accountability needs.

The PIR in FAO has been compared with equivalent documents in other organizations and was found to be reasonably comprehensive. We need to also bear in mind the wealth of information that the Organization provides on its Web site, and financial information as well as quantitative information that is provided to the Finance Committee, not just in financial statements but in other reports as well.

The Secretariat, of course, stands ready to assist in whatever way is necessary to find the appropriate balance between size and transparency. Perhaps the reform process, including the Independent External Evaluation which will look, or which might look, at the areas of planning and budgeting would be able to assist the Secretariat in finding this balance.

The Representative of Afghanistan mentioned the very high share of technical support services incurred by the Organization and the lack of significant reimbursement from extra-budgetary projects. The figures are provided in paragraph 237 where the extra-budgetary reimbursements for technical support services were noted at US\$ 3.9 million for 2002–2003. The Secretariat is certainly committed to increasing the reimbursements from extra-budgetary projects, and we would propose to report on that as part of our reporting on efficiencies and productivity improvements in the next PIR.

The Representative from India asked how FAO foresees its role in the future, with FAO as a Knowledge Organization. Most of FAO's interventions require the collection, analysis and application of knowledge. In fact, I would draw attention to figure 1.1 which is provided just before paragraph 26 of the document. It provides an indicative distribution of expenditure by strategic objective. From this, it may be seen that Corporate Strategy E, which is the provision of information, assessments and fostering knowledge management is the corporate strategy that consumes the highest proportion of FAO's resources. But the other Corporate Strategies also require the collection, analysis and application of knowledge whether it's for global purposes or for application in the field. Therefore, FAO as a knowledge Organization would focus towards knowledge sharing and knowledge management capacities that are required as a horizontal need throughout the Organization, but, we certainly do not see this as a means of eliminating or unnecessarily crowding out any of the activities foreseen in the five Corporate Strategies approved in the Strategic Framework.

The Representatives of Lebanon and Cameroon mentioned the need to enhance the information we provide across the regional dimensions, and we have taken due note of that, including I might add, the request made by the Representative of the United Kingdom to provide information on NEPAD. Certainly from the comments that have been made on regional presentation, it would seem appropriate to provide more geographic data on support to Investment activities, on Field Operations, on FAO Representatives and the Technical Cooperation Programme. And, as mentioned by the Representative of Cameroon, we would seek to provide it in a tabular and more statistical format and perhaps less in narrative format.

10. Programme Evaluation Report 2005

10. Rapport d'évaluation du Programme 2005

10. Informe de Evaluación del Programa 2005

CHAIRMAN

With this, we can conclude our discussion of Item 9 on our Agenda, and on this basis, we will, with your concurrence, forward our report to the Plenary of the Conference mentioning our endorsement of the report.

I would now like to move to Item 10 on our Agenda, the Programme Evaluation Report 2005 which is document C 2005/4. Before inviting Delegations to take the floor on this Item, I welcome Mr Markie, Chief of the Evaluation Service and ask him to introduce this Item.

John MARKIE (FAO Staff)

As you will have seen, the Programme Evaluation Report is a significant departure from previous Programme Evaluation Reports which we presented to you.

Evaluations, which are prepared for the Governing Bodies, of which there are about 4 or 5 each biennium, go to the Programme Committee, and are discussed by the Programme Committee in depth with the full Report. The Council then considers those Evaluations on the basis of the Report of the Programme Committee.

The Programme Committee, approved in September of this year a new format for the Programme Evaluation Report which would, at the level of the ultimate Governing Body, the Conference, enable you, on the one hand, to gain a wide view of how Evaluation is actually conducted in FAO. On the other hand, to hopefully present in a much more readable and synthetic way the actual Reports on evaluations or the finding of evaluations, plus the reactions of the management to those evaluations, and the reactions of the Programme Committee to those evaluations.

It is in this context that I owe you an apology. Partly as the Report was only decided, how it should be actually framed, with the Programme Committee that it was with the Governing Bodies so late, consequently, it was late with you, for this we owe you our apologies. Hopefully, the Report you have is more readable and avoids duplication of what has already been discussed at length in lower sections of the Governing Bodies. It provides you with a comprehensive description of Evaluation in FAO. The intention is, that in future versions, this will be updated without necessarily repeating all the detail. It also provides you with a summary of each of the main evaluations which went to the Programme Committee, together with, the reaction of the Programme Committee itself and of management. The intention is, as you can see from the way they are reproduced that these will also be available as separate documents to enable easy access to them, and they are already in this form on the Web site. In future, what you find at the back, the Evaluation Briefs, will appear individually, on the Web site as they are discussed by the Programme Committee to be available in as wide a form as possible.

A frequent question which we are asked, only half in jest, is who actually evaluates evaluators or the evaluation system? We have, in the last twelve months, made an attempt to assess actually our own evaluation system with assistance from outsiders, including our peers in other evaluation offices, both in the UN System and outside it. This is also very briefly reported in the Report you have before you. The Report also covers very much in brief, the future plans for Evaluation. You will note that these include a description of the plan, which has already started, to evaluate FAO Programmes at country level, to take one country and basically say, how much use is FAO to this country? The first one of these has already started for Mozambique, and we will have a programme of them. These will also enable us to take impact assessment further than has previously been possible, in that we will be able to trace impact down to, even in some cases, community level by looking at the individual countries.

Richard HUGHES (United States of America)

Over a number of years I have followed both the PIR and the PER, and I would like to first, upfront, say that the United States endorses this Report. FAO has finally got something right. This document is particularly useful to policy makers in my country. It is the kind of document that gives them the information they need that is readable. I found the Evaluation Briefs, the seven of them, three in particular that were important, and I really could have used this information some time ago, particularly on the Technical Cooperation Programme, and the Decentralization which was a very thick document. The new format is extremely readable. It is user-friendly, which is important in this Organization where there is a lot of documentation produced. I would just like to commend the Service for this particular document. Even though it was late, because of its readable format, it was easy to read and understand.

Abdul R. AYAZI (Afghanistan)

We wish to congratulate the Secretariat for producing a brief Programme Evaluation Report 2005 which follows the format agreed to by the Programme Committee in its Ninety-fourth Session this September. The new PER is half the size of PER 2003, which amounted to something like 87 pages.

We find part 2 of the document, that is paragraphs 4 to 39, as very useful as it explains the setting of evaluation policies and institutional arrangements within FAO. We are pleased on the sharp rise in the Regular Programme funding of the Evaluation Service in the biennium 2004–2005, an increase of 27 percent as mentioned in paragraph 12. However, we feel that the percentage of expenditure on evaluation in relation to total Trust Fund expenditures is extremely low, only US\$1.3 million per biennium or 0.25 percent of total Trust Fund expenditures. As a general rule, this should be at least twice the amount as it is.

As a Member of the Programme Committee which receives and reviews all the Evaluation Reports, I can vouch for the accuracy and fair treatment of the information and analysis that is presented in the seven Evaluation Briefs, for which I cannot find the number of pages and page numbers

For future PERs, I wish to make two suggestions for the consideration of this Commission and the Secretariat.

One, to include in the summaries under evaluation completed by the JIU Reports but only those reports that are really relevant to FAO's work, not all reports.

Point number two: a one page brief on completed individual project evaluations that cover only regional and sub-regional projects, not country projects, as shown in Annex 1. In that Annex, which is shown on pages 43–44, there are nine such regional and sub-regional project evaluation reports, out of a total of 31 completed project evaluations.

Ms Vangile TITI (South Africa)

We would really like to congratulate the Secretariat for this report and we support the report. We think the report is organized in a manner that allows for very quick reading and understanding of the results of the evaluation.

We are particularly happy to hear that the programme evaluation, at the country level, is going to be extended and we support this.

Ms Wendy DRUKIER (Canada)

Canada would like to thank the Secretariat for the Programme Evaluation Report, which we find very informative and useful in this new format.

The Report highlights several areas for improvement, as noted by the evaluation service in its auto-evaluation and Peer Review Process. It is our hope that this constructive criticism will inform practice and FAO evaluation service will continue to strive to ensure its independence, transparency, rigor and use of best practices in its activities and to report on progress made to the FAO Governing Bodies.

We note the evaluation brief on the evaluation of FAO's Cross-Organizational Strategy on Broadening Partnerships and Alliances, and look forward to further discussions of its findings and recommendations at the next meeting of the Programme Committee.

CHAIRMAN

If there are no other delegations who want to take the floor, I want to ask Mr Markie to make remarks or answer questions that you have raised.

John MARKIE (FAO Staff)

I think there is only one thing that really requires a response and that is the extent to which it would be possible to include JIU Reports, summaries thereof, and summaries of reports on inter-regional and regional projects. In both cases I think we need to consider this and probably discuss it with the Programme Committee.

The report briefs on the reports of the inter-regional and regional projects, together with all country project evaluations, are available on the evaluation Web site. They are in the public domain, although, perhaps not as easily accessible as presented in a report like this.

Thank you again for your encouragement and we will endeavour to go on improving.

Ms Esti ANDAYANI (Indonesia)

Indonesia appreciates the work of FAO's Secretariat in preparing the Programme Implementation Report 2003-2003 contained in Document C2005/8 and its Corrigendum, however this report should reflect efficiencies and productivity of the Organization as intended in the organizational reform. Accordingly we are of the view that the nature of the report should be more qualitative rather than quantitative. We also support the view that the report should convey the Organization's future strategies, particularly the progress on the human resource action plan¹.

CHAIRMAN

With this, we conclude our discussion on item 10 on the Agenda.

I would like to provide you with the same comments as I did on item 9, which is: we will provide the report to the Conference Plenary to say that we have endorsed it and it is an encouraging report for the future.

I hope every other item will go as smoothly. I think we can, together, hope for that and work together.

Before adjourning the session I would like to turn to the Secretary to give us some information regarding the Drafting Committee for this Commission.

SECRETARY

For your information, the Drafting Committee of Commission II is comprised of the following Members: under the Chairpersonship of Denmark we have Algeria, Australia, Brazil, China, Congo, Cuba, Japan, Indonesia, Iraq, Kuwait, the United Kingdom and the United States of America.

If I am incorrect in any of these countries I would be most grateful if you could contact me after this session and I will make the correction, announced after lunch.

For your further information, it is anticipated that the first meeting of the Drafting Committee will take place tomorrow evening at 18:30. It will meet in the Lebanon room, D209.

CHAIRMAN

At this point I think I should adjourn the meeting and I expect you delegations, who want to attend this Commission, to be back sharply at 14:30. We have lots of work to do in many other items.

Thank you very much for your participation and comments.

The meeting rose at 12.20 hours

La séance est levée à 12 h 20

Se levanta la sesión a las 12.20 horas

¹ Statement inserted in the Verbatim records on request

CONFERENCE CONFÉRENCE CONFERENCIA

Thirty-third Session Trente-troisième session 33º período de sesiones
Rome, 19 November – 26 November 2005 Rome, 19 novembre – 26 novembre 2005 Roma, 19 de noviembre – 26 de noviembre de 2005
SECOND MEETING OF COMMISSION II DEUXIÈME SÉANCE DE LA COMMISSION II SEGUNDA SESIÓN DE LA COMISIÓN II
21 November 2005

The Second Meeting was opened at 15.05 hours

Mr Zohrab V. Malek

Chairperson of Commission II, presiding

La deuxième séance est ouverte à 15.05
sous la présidence de M Zohrab V. Malek,
Président de la Commission II

Se abre la segunda sesión a las 15.05 horas
bajo la presidencia del Sr Zohrab V. Malek,
Presidente de la Comisión II

PROGRAMME AND BUDGETARY MATTERS (continued)
QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET (suite)
CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS (continuación)

12. Performance of the Split Assessment Arrangement

12. Résultats de l'application du dispositif de mise en recouvrement des contributions en deux monnaies

12. Resultados del sistema de pago de las cuotas en dos monedas

CHAIRMAN

I would like to call to order this Second Meeting of the Commission. So far we have made good progress with our Agenda and we are therefore able to turn to Agenda Item 12, Performance of the Split Assessment Arrangement.

Once again, if we are able to complete the discussions of this item before the end of our working day, I will, with your concurrence, seek to bring forward our discussion of Item 13 which is the Independent External Evaluation of FAO.

I would ask you to consider Item 12, Performance of the Split Assessment Arrangement, which is document C 2005/16 and includes C 2005/LIM/19. I would again encourage delegations to use the facility established in the first report of the General Committee, C 2005/LIM/10, of inserting statements directly into the Verbatim Records of this meeting without having to make the statement orally by passing written statements up to the Podium so that I can inform the Commission of their receipt.

Before inviting delegations to take the floor on this item, I would invite Mr Mehboob, Assistant Director-General of the Finance and Administration Department, to introduce this item.

Khalid MEHBOOB (Assistant Director-General, Finance and Administration Division)

As you know, when the Conference approved the Split Assessment Arrangements in November 2003, it had asked the Secretariat to submit to the Thirty-third Session of the Conference a report on the performance of the arrangement.

This paper is being submitted for information and also to seek your endorsement of one proposed change to the special result account. This report is based to a large extent on 2004 data and in term data for 2005. The paper covers the following five areas; assessments and receipts by currency; cash flow implications and currency management; comparison of estimated and actual expenditure by currency; accounting implications of introduction of Split Assessment conclusions; and the proposed change.

The key conclusions which can be drawn from the experience of split assessments in the 2004–2005 biennium are that Member Nations have adapted to the new arrangements although the timing of payments of contributions has remained irregular as in past years. Basically, late receipt of contributions remains the Organization's biggest problem.

From a cash management view point, euro holdings were nil at the start of the biennium and euro receipts have been consistently slower than Euro outflows for expenditures, the Organization has dealt with this problem by means of frequent swap transactions using US dollar holdings to procure the euro needed to meet expenditure requirements.

Turning to the expected expenditures by currency, analysis of actual expenditures by currency so far in 2004–2005, indicates that US dollar/Euro proportions are very close to the ratio estimated for the budget year appropriation approved in November 2003.

The introduction of the Split Assessment methodology, has had implications for one feature of the special reserve account. In section 5 of the document, we have presented the various purposes of the special reserve account and point out the practice of calculating a notional exchange difference on headquarters staff costs by referring to the budget rate which is now redundant with split assessments. This is because the proportion of staff costs in both US dollar and Euro is now

part of the total percentages for Members' Assessed Contributions in the two currencies and reference to a budget rate is not necessary any longer. In this regard, the Finance Committee and the Council have endorsed for your approval the proposal to exclude charges to the special reserve account, due to variances on headquarters staff costs, arising from differences between the budget rate and the UN operational rate with effect from 2004–2005 biennium.

CHAIRMAN

I now open the floor to delegations wishing to speak on this item.

Salah El-Dein KADHEM (Iraq) (Original in Arabic)

Allow me first of all to congratulate you on your election to the Chairmanship of this Commission. I also wish the Commission the best of success in its deliberations over this Conference.

I wanted to draw your attention to the question of the arrears due by Iraq, US\$5.9 million, Euro 456 000. So perhaps I can say that since 1980 my country has experienced a number of wars and embargos and all of this had made it impossible for Iraq to use any of its frozen assets and this had made it impossible for us to pay our Contributions. It is truly a case of *force majeure* and it is something which is mentioned in FAO's Constitution.

This is provided for in FAO's Constitution whether it is Iraq or any other country. The Constitution does lay down that such countries are able to retain their vote and can take part in the Conference fully. The United Nations and FAO have also been implementing the Oil-for-Food-Programme since 1991 through to 2003.

I also wanted to say that the calculation of Contributions for Iraq has been made on the basis of Iraq still being a wealthy country. This is quite without substantiation and it has been impossible for Iraq to access any of its resources as I have said.

In fact, the Iraq's situation at the moment is down to amount to one of the least developed countries. Most people live with less than US\$1 a day and this is the result of all of the circumstances that we have been experiencing from the 1980s through to 2003. We fully intend to pay our Contributions for 2005. As I have said, these Contributions are Euro 456 000 and the Secretariat has told us that this amount has been received for 2005 and this has been deemed to be Contributions from Iraq for 2004 and, partly, for 2005. In other words, we have resumed to pay our arrears in 2004 and we have been able to reach an agreement for our contributions for 2005.

Full in the knowledge that previously payments were only carried out in dollars and we were not able to resort to the Split Assessment system. We have had to face the desert locust scourge as well and that has not been taken into account on calculating our contributions. Therefore, we would ask this Commission to approve the full remission of arrears for Iraq. We would like our arrears to be cancelled, please, because of all of the circumstances that I have just mentioned.

Secondly, we would ask for a new assessment of Iraq's yearly contributions, a new calculation bearing in mind that we have a real need for our resources at the moment. Therefore, please consider these requests and please demonstrate some real understanding for the extremely difficult financial situation that Iraq is going through at the moment. We have very few resources. We have tremendous humanitarian needs and needs, for agriculture as well, so we trust that you will consider these requests.

Sanjay Vikram SINGH (India)

The Finance Division deserves our appreciation for undertaking a detailed analysis of the working of a Split Assessment Arrangements. We have abided by the discipline entailed by this arrangement and have maintained requisite proportion between Euro and US dollars in our financial contributions. We do share the concern implicit in the paper about short-falling collection, particularly with regard to Euro component, which results in withdrawal on the dollar account with a net cost or to exchange variation rates.

While this cost may not be significant, it need not be there in the first place. We trust that the Membership of the august body is allowed to the responsibility in this behalf.

We would have preferred at least a passing reference to the working of complete arrangement in our Euro based organizations or entities. We, however, take it that on the whole the system has worked in a manner that meets the initial concerns and expectations which necessitated its being put in place in the first instance.

We would like the Secretariat to confirm this assumption and to also explicitly indicate as to whether the arrangements need to be continued in the present form, or some adjustments are being contemplated.

We would like, once again, to compliment the Finance Division for this analytical presentation.

Ms Esti ANDAYANI (Indonesia)

My delegation welcomes that the Split Assessment did not appear to have disrupted payment patterns of Assessed Contributions as reflected in the result of the FAO Council meeting in its Hundred and Twenty-ninth Session.

My delegation also agrees to the FAO Council decision to recommend the Conference to agree with the proposal to exclude charges to the Special Reserve Account due to variances on Headquarters' staff costs arising from the difference between the budget rate and UN operational rate of exchange with effect from 2004–05 biennium.

CHAIRMAN

I do not have any other delegation on my list to speak on this Agenda Item; therefore, I shall ask the Secretariat to answer some of your requests, queries and any other issues they may wish to say on this matter. Mr Mehboob.

Khalid MEHBOOB (Assistant Director-General, Administration and Finance Department)

I will deal with the comments made by the distinguished representative of Iraq and I will ask my colleague, the Director of Finance, to deal with the comments of the distinguished representatives from India and Indonesia.

The Representative of Iraq referred to the question of financial difficulties and voting rights, etc. This is a question which specifically will come before the General Committee at its next meeting or the meeting after next. That is where these questions of whether countries are allowed an instalment plan to make their payments or given the right to vote despite their having arrears are discussed. These are questions which the General Committee discusses and makes a recommendation to the Conference. Therefore, so this question will be dealt with the General Committee, and not the Commission as such.

On the question of the Scale of Contributions, the Organization's Scale is derived from the Scale which is worked at the UN in New York by a committee, and the only adjustment FAO makes is for its Membership. We have a different Membership than that of the UN, so the scale is something which is established in the UN in New York and we, like other organizations, follow that. But here again, there is a specialized, specific item on the agenda – Scale of Contributions – and perhaps we can explain more under that agenda item.

May I now ask Mr Nelson to deal with the questions from India.

Nicholas NELSON (Director, Finance Division)

The distinguished delegate of India stated that he had an expectation to see more about the experience of other UN Agencies which have adopted the Split Assessment Arrangements.

Simply to recall that in the lead up to the decision by the Conference in November 2003 to adopt this arrangement for FAO, there were exhaustive analyses done of the UNESCO, IAEA and UNIDO experiences, which were part of the documentation leading up to that decision. In this

case, we did not wish to have to repeat that type of material and we focussed the paper on the FAO experience for 2004–05.

The other question was whether we would continue with this Arrangement and whether other changes might be envisaged. I would confirm that we are generally quite satisfied with the Arrangement and that we would continue with it as it does offer considerable protection in terms of exchange rate exposure, and that besides the change which is before Conference at this moment – to change one feature of the Special Reserve Account – we do not envisage other changes to be brought forward. Again, we will do a final analysis based on the closing official results for this biennium which will be available in the spring of 2006, next year.

CHAIRMAN

The Chair is satisfied with the clarifications, including the reference made to Iraq's request which relates to the General Committee making the final decision on this matter and I assume that the Report will be read by this Committee in answer to your question and the other comments we made.

On this note, I can only say that the discussions that were on the implementation of the Split Assessment have been successful in this Committee and we can endorse the change by the Secretariat. This will be reflected in our Report to the Conference Plenary.

With your concurrence, I would like to pass to the next item if there are no objections.

13. Independent External Evaluation of FAO

13. Évaluation externe indépendante de la FAO

13. Evaluación externa independiente de la FAO

CHAIRMAN

I would like to turn to Item 13 on the Agenda: the Independent External Evaluation of FAO, which is document C 2005/17 and refers to Council document CL 129/10.

Before inviting delegations to take the floor on this Item, I turn to Mr Markie, the Chief of the Evaluation Service to introduce the Item. Mr Markie, you have the floor.

John MARKIE (FAO Staff)

It is with some hesitation that I introduce this, only having been told that I was doing it thirty seconds ago. As all of you are well aware, having been heavily involved in the process, the proposals for a comprehensive Independent External Evaluation of FAO were developed by an Inter-sessional Working Group of the Members, which has been working throughout this year on developing the proposals.

These proposals are comprehensive; they cover the arrangements for governance of the Evaluation; the composition of the Evaluation Core Team; the way in which the Evaluation will work; and, of course, the terms of reference for the evaluation.

These proposals were approved in their entirety by the Council, at its Session which it has just completed, for the Evaluation. They elected a Chairman for the Committee to oversee the Evaluation – Ambassador Perri of Brazil. That Committee will start work immediately in December to ensure that the evaluation can get off to an early start.

In its Report the Council emphasized both the need for the evaluation to begin its work as soon as possible, so that the Council and Conference in November 2007 would have a full report before it at that stage, but also the need for all Members to contribute according to their means to the financing of the evaluation, since it was emphasized that it had had been developed as, and should continue to be, an evaluation of the Membership as a whole.

Victor C. D. HEARD (United Kingdom)

I am speaking on behalf of the European Community and its 25 Member States, the acceding countries, Bulgaria and Romania, and the candidate countries to the European Union, Croatia and Turkey, associate themselves with this statement.

The European Union has taken a deep interest in the Independent External Evaluation (IEE) from the outset. The ISWG, under the able Chairmanship of Ambassador Perri, has been a model of transparency and has achieved consensus around a highly complex issue.

We are grateful to him and the members of his team for their work. We are pleased that the Hundred and Twenty-ninth Session of the Council has now decided on the modalities of the IEE, including the terms of reference; thereby enabling the IEE to be launched without delay. It is, of course, essential that sufficient resources are forthcoming to finance the evaluation. Several members of FAO, including some European Union Member States, have already pledged financial resources. We hope that members from all regions will contribute to the extent possible for them to do so. This would help ensure that the evaluation continues to be an endeavour that is fully owned by the whole Membership of FAO.

The European Union believes that the IEE can make a crucial contribution to the future work of FAO. We look forward to continuing to work with other members of FAO in the spirit of partnership to ensure that the progress made so far is maintained and that the Evaluation Report is of high quality and completed on time.

Willem BRAKEL (United States of America)

The United State of America and other delegations already spoke on this issue during the Council last week and I will not repeat all of what we said then. Let me just add our voice to that of others here today to again express appreciation and congratulations to all who were involved in the work leading to last week's approval of terms of reference and other details leading towards an Independent External Evaluation of FAO.

Let me just reiterate one point we made last week. It is our understanding that responsible, meaningful and effective reform really must begin with a comprehensive and independent analysis of the Organization's strengths and weaknesses and with evidence-based recommendations derived from those analyses. For this reason, we believe the IEE is an extremely important initiative and we support it wholeheartedly. We encourage others to join us and other countries who have already pledged or made contributions to the trust fund that will make this exercise possible.

Finally, I would just note that the Council also agreed, last week, that the IEE and any ongoing or anticipated reform processes should be mutually supportive. We concur in this, of course, and we would envision that as our discussions of reform in the Organization move forward in a post-Conference process, we would expect that these discussions would be informed by interim outputs from the evaluation.

Ms Dato' Lily ZACHARIAH (Malaysia)

Malaysia recognizes the importance of the reform proposals as they are in line with the reform agenda of the UN System as a whole. These reform proposals are crucial for the betterment of the Organization and are timely and relevant. It is our hope that all countries can reach a broad consensus to push forward with these reform proposals. We understand a Working Group has been established to study the process of reform and we look forward to working with our colleagues here to reach an agreement to enable these reform proposals to be implemented.

The process of reform should proceed, and I am confident that it can work in parallel with the Independent External Evaluation and other evaluation processes within the Organization. In this regard, Malaysia feels that FAO should be provided with the necessary wherewithal including financial resources to enable it to carry out its functions in a more focused and efficient manner.

It is in this spirit that Malaysia will support a real budget growth scenario that can help FAO to meet the challenges of evergrowing demands from Member Nations.

Ms Wendy DRUKIER (Canada)

My delegation, as well, spoke on this at the Council meeting last week. We would just like to reiterate our support for the Independent External Evaluation and our satisfaction with it having been approved by the Council. We have also already announced a contribution to the Special Trust Fund for the evaluation and we hope that we continue to all work together to ensure that the evaluation moves forward. As noted by my colleague from the United States, the Council also agreed that the Reform Proposals and the Independent External Evaluation should be mutually supportive, and we support that position and hope that we can move forward with that.

Mrs Fiona CORNWELL (Australia)

Again I am fortunate that those who have spoken before me have emphasized a lot of the points that we all agreed and discussed in depth during Council meetings earlier last week. I did want to mention, though, that Australia has been very closely involved in this Independent External Evaluation -- in the Working Group -- and certainly looks forward to continuing that involvement in the Committee that will be charged with responsibility for overseeing the work of the actual evaluation itself.

We are very much looking to the IEE to inform and guide the future strategic directions of the Organization, particularly in view of changes in the environment in which it now operates. It is very important that this IEE provides guidance, provides direction and information that confirms this Organization's comparative advantage and to also provide the analysis needed to identify priorities in the future.

We look forward very much to continuing our involvement in this very important work.

Patrick LUKHELE (Swaziland)

First of all, I would like to congratulate you and your bureau for your brilliant election. Secondly, my delegation would like to join others before us in supporting this exercise, that is the Independent External Evaluation. We would also like to thank those countries who have already placed some resources in the trust fund which is to see this process go forward.

We also support the position that the Independent External Evaluation exercise may be complementary or supportive of whatever reforms that have been proposed by FAO. Perhaps I should direct a question to the Secretariat or maybe ask some guidance from the Secretariat. Since the Independent External Evaluation exercise is supposed to be finished by 2007 or 08, how do they actually see a way of bringing in this complementarity between the proposed reforms and this Independent External Evaluation? I don't know whether this question is fair to them but, since we are going to be meeting in two years' time, we need some kind of guidance as to whether they see a way or any practicality in this proposed complementarity between the reforms and the Independent External Evaluation.

Mme Saïda ZOUGGAR (Algérie)

Je voudrais au nom de la délégation algérienne dire que nous soutenons tout à fait la déclaration qui a déjà été faite par le délégué de la Malaisie concernant les EEI.

Nous sommes aussi tout à fait heureux d'affirmer notre satisfaction concernant les réformes que le Directeur Général de la FAO a eu l'heureuse initiative de proposer, pour permettre à notre Organisation de s'inscrire dans le processus des réformes engagées dans le système des Nations Unies, et surtout dans le programme de recentrage des activités de la FAO.

Neil FRASER (New Zealand)

Consistent with New Zealand's support for reform across the United Nations organizations generally, we support this Independent External Evaluation of FAO. We hope that this will

provide an objective external opinion on the programmes, management and governants of the Organization and offer practical ways in which the Organization can be improved.

We also believe that it will be useful to evaluate the 2000—2015 strategic framework and the review of that document that will be undertaken in 2007. It can form the ongoing reform in the Organization as it will provide the kind of rigorous, in-depth analysis that will ensure reforms are soundly based.

Ms Esti ANDAYANI (Indonesia)

My delegation will be very brief. We really support the Independent External Evaluation of FAO. My delegation is of the view that the IEE should be mutually supportive with the reform proposal by the Director-General. Therefore, we support that the IEE could be conducted in parallel with the reform agenda.

Finally, my delegation is looking forward to having the inception report and future discussions in the IEE.

CHAIRMAN

Does any other delegation want to take the floor? Then I shall ask the Secretariat, Mr Markie, to provide you with some clarifications. I see myself that everybody is going in a positive direction and everybody is in favour of both reform as well as the IEE with its work of evaluation. How we split the differences and how we come together in a consensus eventually will depend on many factors, obviously. The working group is working in one of the halls with its efforts to accelerate the *rapprochement*. As soon as they are ready, they will come to report to us. That is why the Programme of Work and Budget was delayed until the last subject of this Commission. In the meantime, I am sure Mr Markie has the same kind of positive optimism.

John MARKIE (FAO Staff)

The Director-General has welcomed the support of the members for the IEE process, and you will recall that he himself stated in the forward to his reform proposals that he sees the two processes as being complementary. I don't think that from this side of the table we can prejudge the eventual outcomes of the Conference and how these two will exactly mesh together.

You may recall that in Ambassador Perri's remark to the Council he did suggest that one of the primary tasks of the Council Committee for the IEE would be to examine exactly how this should occur once the decisions of the Council are clear.

CHAIRMAN

We then conclude our discussion of item 13 on our agenda, and I would like to mention that the draft report will reflect the comments and observations of this Commission on this agenda item which will be sent to the Plenary of the Conference.

We have one remaining item on our agenda which is the Programme of Work and Budget 2006—07. We will take this item up tomorrow morning at 9:30 sharp in this room.

I thank you all for your cooperation today and wish you a pleasant evening.

The meeting is adjourned.

The meeting rose at 15.50 hours

La séance est levée à 15 h 50

Se levanta la sesión a las 15.50 horas

CONFERENCE CONFÉRENCE CONFERENCIA

Thirty-third Session Trente-troisième session 33º período de sesiones
Rome, 19 November – 26 November 2005 Rome, 19 novembre – 26 novembre 2005 Roma, 19 de noviembre – 26 de noviembre de 2005
THIRD MEETING OF COMMISSION II TROISIÈME SÉANCE DE LA COMMISSION II TERCERA SESIÓN DE LA COMISIÓN II
22 November 2005

The Third Meeting was opened at 10.15 hours

Mr Zohrab V. Malek,

Chairperson of Commission II, presiding

La troisième séance est ouverte à 10 h 15

sous la présidence de M Zohrab V. Malek,

Président de la Commission II

Se abre la tercera sesión a las 10.15 horas

bajo la presidencia del Sr Zohrab V. Malek,

Presidente de la Comisión II

PROGRAMME AND BUDGETARY MATTERS (continued)
QUESTIONS RELATIVES AU PROGRAMME ET AU BUDGET (suite)
CUESTIONES PROGRAMÁTICAS Y PRESUPUESTARIAS (continuación)

11. Programme of Work and Budget 2006-2007 (Draft Resolution)
11. Programme de travail et budget 2006-2007 (Projet de résolution)
11. Programa de Labores y Presupuesto para 2006-2007 (Proyecto de resolución)

CHAIRMAN

I have the pleasure in calling to order this Third Meeting of Commission II. We have one remaining item on our agenda this morning, Item 11, the Programme of Work and Budget 2006–07.

As I stated in the Commission yesterday, one of the most important tasks we face is to report to the Plenary of the Conference on Friday on a budget level through a budget resolution, which has been endorsed by consensus in this Commission. The rest of the report of this Commission will be delivered in Plenary on Saturday. We are fortunate in that the Working Group established by the Independent Chairperson of the Council at its One Hundred and Twenty-ninth Session has been discussing the reform proposals since then, and continues with its work under the distinguished chairmanship of Ambassador Mekouar. Regarding this morning's discussion of the Programme of Work and Budget 2006–07, it is evident from last week's Council meeting that views on the budget level are widely diverging, and therefore, I am hopeful that we will find a consensus here emerging from the discussion in the Commission. In the light of this, and taking into account the proceedings of the Working Group on the Reform Proposals, I would eventually like to establish a Friends of the Chair Group to discuss the issue of the budget level.

Many members took the floor on this matter in last week's Council, and as far as is possible, it would be helpful if repetition could be avoided and for the reasons I have given, I would seek your cooperation in keeping interventions brief. I would, again, encourage delegations to use the facility established in the first report of the General Committee C 2005/LIM/10 of inserting statements directly into the Verbatim Records of this meeting without having to make the statement orally, by passing written statements up to the podium so that I can inform the Commission of their receipt. If the Commission could agree to my proposition, I would like to proceed with the substantive discussion of the Programme of Work and Budget 2006–07. Are there any objections to this proposal?

The Programme of Work and Budget 2006–07 is document C 2005/3, including C 2005/3 corr. 1, C 2005/3 supp. 1, C 2005/3 add. 1, C 2005/LIM/8 and C 2005/INF/19.

Before inviting delegations to take the floor on this item, I will turn to Mr Juneja, Director of the office of Programme, Budget and Evaluation to introduce the item.

Manoj JUNEJA (Director, Programme, Budget and Evaluation)

Allow me to clarify, first, the scope of the documentation concerning the Programme of Work and Budget, and the Reform Proposals, and second, to draw attention to the specific elements on which decision will be required by the Conference this week. The documentation before you today comprises the four pieces just mentioned by the Chairperson. The main Programme of Work and Budget 2006–07 presents proposals for three resource scenarios: ZNG, ZRG and Real Growth of 2.5 percent per year based on the present organizational and programme structure. The supplement to the main PWB is entirely devoted to the Reform Proposals. It demonstrates that the proposed reforms are achievable at the 2.5 percent real growth level. In his address to the Conference yesterday, the Director-General emphasized that reforms are necessary and urgent, and are not dependent upon approval of a particular budget level.

In reviewing the Supplement at their last Sessions, the Programme and Finance Committees requested that additional information be provided on seven specific areas to enable Members to

better understand the proposed reforms. A detailed response to their request is provided in the addendum. Some of this information is quite technical, covering issues such as legal authorities, mapping tables of programme entities and expenditure breakdowns. The Programme and Finance Committees had also underscored the need for continued sharing of information to ensure a better understanding of the reforms by the Membership. Accordingly, the information document entitled *FAO Reform – A Vision for the Twenty-first Century* presents the reforms in a less technical and more reader friendly fashion. There have also been a series of meetings between the Secretariat and members, and between members in the period leading up to and during the Council. The Conference will be required to take decisions in a number of areas this week. The main PWB document, document C 2005/3, contains two specific proposals not directly linked to reforms. In paragraphs 138 to 148, it is proposed to establish a security expenditure facility in the form of Chapter 9 of the PWB and to amend the financial regulations accordingly. This will improve financial management, visibility and accountability for the security and safety of staff and assets. The proposal was reviewed and supported by the Finance Committee and the June 2005 Council.

At its Session last week, the Council reiterated its support for the establishment of a security expenditure facility. A Draft Conference Resolution is presented immediately after paragraph 148. The main PWB document also makes a proposal to require members to pay their contributions with a net deduction of forecast miscellaneous income, as a means to help address the difficulties of the cash flow situation of the Organization and the deteriorating accumulated deficit under the General Fund

I would note that the International Labour Organization (ILO) and United Nations Educational, Scientific and Cultural Organization (UNESCO), for example, do not apply any deduction in arriving at Assessments. So, the Secretariat's proposal is consistent with established practice of these specialized agencies and does not create a precedent in the UN System.

The proposal has been discussed twice by the Finance Committee, and by the June and November Sessions of the Council. The Secretariat's proposal has received broad, but not unanimous support. The report of the Finance Committee indicated that all but two Members supported the proposal, and at the Council one more Member expressed reservations. In this regard, I would like to recall that at every Finance Committee meeting, especially recent sessions, and also at last week's Council, Members have been expressing their serious concerns about the deteriorating cash flow situation of the Organization and the accumulated deficit. Late settlement of Assessments is a major factor contributing to our cash flow difficulties. It is not, however, the only factor. At present, when the Conference approves a budget of, say, US\$1 000, members are asked to pay only US\$930. This shortfall also contributes to our cash flow difficulties. A Draft Conference Resolution is presented after paragraph 203 of the main PWB to the effect that members fully fund the net appropriation from 2006–07 by temporarily suspending the application of Financial Regulation 5.2a.

I appeal to Members to continue to review the proposal so that it may be approved by consensus. In relation to the issue of After Service Medical Coverage, the same amount of US\$14.1 million is being proposed for the amortization in the next biennium as approved by the last Conference for 2004–05. The Council, last week, agreed to the recommendation of the Finance Committee to continue the ASMC amortization funding at this level for the 2006–07 biennium.

The other key decisions before the Governing Bodies concern the proposed reforms and the budget level for the next biennium. The Director-General seeks your support of his Reform Proposals in the Supplement and the Addendum, and as further described in the document entitled *FAO Reform – A Vision for the Twenty-first Century*. The Reforms provide a timely and holistic response to the challenges and opportunities facing FAO, including such matters as the Millennium Development Goals, broader UN Reform efforts, the recommendations of the evaluation of decentralization and the review of the Technical Cooperation Programme. The reforms safeguard the highest priorities identified by Members, while introducing areas of emphasis, such as FAO as a knowledge organization, capacity-building, increased inter-disciplinarity and partnership with other UN and non-UN Organizations. A new structure of

Departments and Divisions at Headquarters will achieve a better balance and greater synergies, without increasing the number of Assistant Directors-General. A revised decentralized structure will bring FAO's expertise closer to Members' needs and ensure more efficient use of resources; and extensive streamlining of processes and flattening of the overall management structure would achieve efficiency gains.

The Council, last week, welcomed the initiative of the Director-General to submit to the Conference the reform proposals regarding the programmes, structures and ways of work of the Organization. It expressed general support for the rationale and guiding principles underlying the reforms. The budget level must be voted by Conference through a Conference Resolution on the Budgetary Appropriations for 2006–07. The budget figures and the details of the resolution will depend upon the outcome of negotiations between members during the coming days. Draft Resolutions on Budgetary Appropriations are contained both in the main document and the supplement. They differ with regard to the chapter descriptions in the light of the proposed new programme structure inherent in the reform proposals.

In conclusion, the Conference is asked to provide decisions on the Draft Conference Resolutions on the Security Expenditure Facility, and Miscellaneous Income. It is also asked to take key decisions on both the budget level and the proposed reforms. The Director-General requests Members' endorsement of the proposed reforms, irrespective of the budget level that will be decided. I would also underline the Director-General's sincere commitment to be a fully engaged stakeholder in the Independent External Evaluation of FAO, so that all the reform efforts may be mutually supportive and so that the Independent External Evaluation may reach a successful outcome at the next Conference.

CHAIRMAN

I now open the floor to delegations wishing to speak on this item.

Victor C.D. HEARD (United Kingdom)

I am speaking on behalf of the European Community and its 25 Member States. The acceding countries of Bulgaria and Romania and the candidate countries to the European Union, Croatia and Turkey associate themselves with this statement.

The Conference always relies on the Programme Committee's analysis of the PWB proposals in considering this item. We note that the Committee chose this time to focus on the reform proposals and did not therefore report as fully as usual on the PWB itself.

We agree with the Committee's recommendation that consideration of the Director-General's reform package must be kept separate from the consideration of the overall level of the budget.

The European Union contributes to around 40 percent of the regular budget and does so in a timely way. We have a profound interest in helping FAO ensure that its budget is spent as effectively as possible and its priorities are defined in a realistic and objective manner.

We are pleased therefore to see the efforts that have been made to incorporate results-based analysis of performance in the draft Programme of Work and Budget. We are also pleased to see that the growing use of auto-evaluation has been successful and is now mainstreamed in the budget.

At the June Council, the European Union asked that a Zero Nominal Growth scenario be presented at a programme level in the Programme of Work and Budget. We regret that this request has not been met. On page 46 and following of the Programme of Work and Budget some general implications of a Zero Nominal Growth scenario are mentioned.

We observe that some of the working areas that are identified as high priority areas at the June Council in the Committee Meetings for example, Codex Alimentarius, IPPC, work on plant and animal genetic resources, PAAT, EMPRESS, FIVMS would be weakened under a Zero Nominal Growth scenario. We therefore reiterate that these high-priority areas should be adequately funded even under a Zero Nominal Growth scenario.

As always, how the PWB will be taken forward will depend upon resources available. The Finance Committee in its reports on its Hundred-tenth Session, has identified issues of grave concern to the membership of FAO.

We have commented on these and on the treatment of After Service Medical Costs and Security Costs in our statement on the Report to the Finance Committee at the Hundred and Twenty-ninth Session of the Council.

The European Union recognizes the need for a core budget that is sufficient to enable FAO to discharge its mandate. Equally we believe there is scope for efficient savings. We look forward to discussing with other members to arrive at a satisfactory consensus on the size of the budget.

I shall now like to turn to the supplement to the Programme of Work and Budget, and the further information that has subsequently been made available.

Reform is long overdue in FAO. The European Union has repeatedly called for it, as have many other FAO Members. We therefore warmly welcome in principle, the Director-General's initiative to table reform proposals that are designed to make FAO more efficient and effective; to enable FAO to rise to the serious new challenges it must face in a changing world, and to maximize its contribution to the achievement of the Millennium Development Goals.

Reform is necessary to ensure that FAO is in the mainstream of UN Reform, contributes fully to the development of country-led Poverty Reduction Strategies and further aligns its operational activities behind these strategies.

We note that the reform proposals follow the publication of the discussion paper *FAO and the Challenge of the Millennium Development Goals* in May 2005.

These Reform Proposals have however, been presented late with insufficient prior consultation with Member Nations and FAO staff and in a piecemeal way.

The Programme and Finance Committees on which Members rely for guidance were unable to give a complete judgement on the merit of the proposals contained in the supplement to the Programme of Work and Budget, and have not yet had an opportunity to consider the additional information provided by the Secretariat nor the paper *FAO Reform: a Vision for the Twenty-first Century*.

The conference therefore faces a very difficult task as it considers the material that is now available without adequate advice from these Committees. We are also very concerned about the missing link between the reform package and the Independent External Evaluation (IEE), the European Union remains deeply committed to the IEE and strongly believes that it can make a major contribution to the reform of FAO. We expect the IEE to provide an evidence base for important decisions on FAO's comparative advantage and on the priorities it should set itself - and hence on the work FAO should do and the way in which it should be structured and staffed to do that work.

Logically, therefore, the IEE should provide the evidence base for structural reform. Investment in changing FAO structures should therefore wait until we have the results of the IEE. We note the Director-General has said that the reform proposals: "seek neither to anticipate nor prejudge" the outcome of the IEE. Conference must avoid taking any decisions that could do so.

We welcome many of the principles underlying the changes proposed at headquarters, including the need for a flatter management structure. But we are concerned that the proposed new structure appears fragmented; it requires further consideration.

Similarly, further reflection is needed on the number of subregional offices, the number of FAO Representatives and the reconfiguring of Sub-regions in accordance with the location of regional economic integration organizations. The Membership needs to take a considered view of these proposed changes and there needs to be a process through which it can give them the attention they deserve before taking major decisions on them. Such a process could include further consideration by the Hundred and Thirty-first Session of the Council.

Nonetheless, we find the number of elements in the proposals that we welcome and believe should be implemented now. These include the proposed improvements in human resources management, including in performance management of staff, and the proposals for simplifying and delegating decision-making and for replacement, where possible, of ex ante controls by ex post controls.

We also welcome the proposed introduction of the principle that FAO should meet the cost of Representatives in poorer countries while better off countries should pay for them.

Further and stronger measures are needed to ensure that resources under the decentralized structure are concentrated where there are a large numbers of hungry poor people.

The European Union notes that discussions have begun between Members of FAO in Conference, and is committed to taking these discussions forward with a view to arriving at a Conference resolution acceptable to all.

Sanjay Vikram SINGH (India)

At the very threshold we would like to enunciate what we regard as the defining principle for this discussion on a matter of crucial significance. Every organization has a right to revisit its structure and functions to be able to be in readiness to respond to the ever-changing demands of its milieu.

When regard is had to this basic doctrine, we firmly believe that the discussion on the proposal should revolve around broad contours and underpinnings and not on the fine prints. Details legitimately lie within the domain of the management and we need to confine ourselves to the general desirability and workability of the proposal.

Before moving over to our specific responses, within the above framework, we also wish to clarify that we reserve the right to further elucidate our views after we have the benefit of the valuable opinions of the distinguished participants in this assemblage.

The first point to which we wish to draw attention is a formal matter. While the proposal may have originated from a discussion on the Programme of Work and Budget, it has acquired a substantive tenor of its own. This being the case, it was more appropriate to have posed this matter for detailed deliberations to Commission I, which is expected to consider Substantive and Policy Matters. Linking this major policy issue with the Programme of Work and Budget at best has some historical justification.

As we see it, the essential outcome of the proposed subregionalization of the Organization - the aspect of most direct relevance to developing countries - is the promised National Medium Term Policy Framework (NMTPF). We regard this novel approach as particularly useful to the needs to small developing countries. We, however, notice that the reform proposals do not take this proposed innovation to its logical conclusion. This proposal needs to be more fully developed. To the extent its relevance for larger countries will be limited, national entities where it can form an integral part of the developmental process need to be carefully identified and sister organizations like the UNDP, etc. taken on board. We would urge that for optimal outcomes of subregionalization of NMTPF should be developed from the conceptual stage to an instrument fully compatible with the proposed organizational structure.

As already conceded, the management has the inherent power and responsibility to adjust the Organization to changing needs. Identification of structures and functions requiring revision, is primarily with the remit of those whose responsibility it is to run the Organization. There are, however, many sources of gaining insights into how certain functions can be discharged more effectively - external evaluation is an important tool for identifying course corrections. Interests of the Organization demand that the proposed reform is carried forward in a manner which does not anticipate or pre-empt the evaluatory processes, which is being taken up in right earnest.

We are in full agreement with the authors of the reform proposals that FAO must *inter alia* function as knowledge institution. We do feel that this role needs to be dovetailed with the various other responsibilities, which the Organization is called upon to discharge. We need to have a

holistic picture of the post reform FAO performing various functions entailed by its Charter while collecting, collating and disseminating knowledge. In other words, FAO, while it must play the role of knowledge centre, cannot function solely as such a centre. We hope the Secretariat will do that at an early date.

We appreciate that the imperatives of multidisciplinary have played a considerable role in formulation of reform proposals. We are of the view that multidisciplinary needs to be dealt with not only through organizational restructuring but it also requires a certain degree of changes in attitudes. We hope that the Organization will pay equal attention to a sustained campaign to motivate the personnel to look beyond their narrow disciplinary confines to the larger picture.

The need for expedition and urgency to usher in reforms has been well brought out. In order that these proposals yield maximum benefits, a broad consensus on principles is highly desirable. India would urge that the matter be proceeded with expedition, but consistent with careful examination of viewpoints and perceptions of various sections of the Membership.

Richard BEHREND (United States of America)

The United States spoke at last week's Council meeting on the issues of the PWB and reform. Those statements are part of the record of the Council meeting. Since you requested that our intervention be brief, I will limit my remarks to the issue of the overall budget level.

The FAO faces a chronic situation of pervasive late payments and arrearages. This situation is regrettable but it is a fact that we must face. We do not believe it is realistic to adopt a growth budget since Members are having difficulty paying their assessments.

The United States advocates budget discipline, accountability, efficiency and prioritization of the activities of international organizations. We support a Zero Nominal Growth budget for the 2006-07 biennium. In this respect, it is important to keep in mind that voluntary contributions represent about half of the resources available to FAO and that voluntary contributions continue to rise. For our part, voluntary contributions from the United States in 2005 will total approximately \$23 million, which is equivalent to more than one quarter of our Assessed Contributions.

The FAO has an essential role to play in the international system and the United States continues to support its work. We believe nonetheless that the Organization and its Members must be realistic about what is possible. It is not healthy for the FAO to attempt to operate under virtual budgets that cannot be fulfilled.

Horazio MALTEZ (Panamá)

Por ser la primera vez que intervengo, permítame felicitar a usted y a todos los Vicepresidentes.

Quisiera también dar mi enhorabuena al Informe de la Secretaría. Ha sido un informe muy claro y creo que no tenemos ningún inconveniente en aceptarlo completamente.

Los países en desarrollo hemos venido proponiendo por muchos años una serie de ayudas pero la situación es cada día peor en nuestros países y es por esto que hemos propuesto a la FAO muchas cosas, la Organización se ha empeñado en ellas y las ha englobado en algunos programas, y para hacer frente a estos proyectos tiene necesidad de recursos, por lo cual mi país estaría de acuerdo en un crecimiento limitado del nivel del presupuesto. Sin embargo, también creemos y apoyamos la propuesta de que las reformas deben ser independientes del nivel de presupuesto. Estaríamos dispuestos a aceptar esto.

Antes de terminar quisiera decir que me han gustado mucho las declaraciones de la India y me identifico muchísimo con algunas de ellas.

Por último, sin poner en duda, naturalmente no puedo hacerlo, la declaración que acaba de hacer el Reino Unido en nombre de la Unión Europea, permítame decir que estoy bastante confundido, porque una cosa es lo que escuchamos aquí y otra lo que escuchamos por gran parte de sus ministros en las declaraciones de la Plenaria respecto a este tema. Nos confunde mucho.

Young-gu LEE (Republic of Korea)

First of all, we like to appreciate the Secretariat's huge efforts in preparing the three budget scenarios and we would like to express some regrets that Zero Nominal Growth scenario (ZNG) has not been presented at programme entity level, which makes it difficult for us to review the exact implications of the ZNG scenario at programme entity level.

Regarding the priority areas, we support the works, such as Codex, EMPRES, IPPC, ITPGR, and we also believe FAO needs to make a far-reaching effort to secure food safety and sustainable agriculture. Especially, Avian Influenza needs urgent and particular attention of the globe and we would like to ask FAO to lead the world in exerting the joint efforts in this regard.

In relation to the budget level, as the tenth largest contributor to FAO, the Republic of Korea firmly supports the Zero Nominal Growth scenarios for 2006–07 budgets.

Even the Zero Real Growth scenario proposed by the Secretariat means a 7.8 percent budget increase, which is very difficult for us to accept.

Domestically, we are suffering from the continuing economic depression and there has been a significant increase in assessment from various international organizations in recent years, and in the short term, it is difficult for us to meet these increasing demands of assessment.

We also would like to point out that the financial situation of FAO is deteriorating due to the increasing arrears of assessments, which clearly show even the current assessments are too high, considering its Members' capabilities. Having said this, we would like to ask FAO to focus on efficiency savings rather than try to enlarge the size of the Organization. Especially, we would like to ask the Secretariat to present concrete targets in efficiency savings, and to develop indicators for monitoring the progress and comparing its performance with other international organizations or private sectors.

Regarding the reform proposal, my delegation generally welcomes the proposal, and we would like to appreciate the Secretariat's efforts in preparing this excellent proposal.

We agree with the Secretariat that it is time for the Organization to change to better fulfil its mandate through improving its effectiveness and efficiency.

We especially support the contents of the proposal, such as focusing on the areas of FAO's comparative advantage, improving efficiency, reducing staff numbers and strengthening the decentralization. However, we have some concerns over the reform proposal.

First, the proposal is based on the real growth of the Organization's budget and there are too many transition costs to implement the reform. This would result in the huge increase of Member Nations' Assessments for the next biennium. It is not the kind of reform that we want. We believe, the reform should focus on efficiency savings and should not imply any increase of assessment.

Secondly, we have worries about increasing the number of Subregional Offices and the department of headquarters. This could disperse the Organization's limited resources, resulting in negative impacts on its efficiency and effectiveness.

Finally, the reform should be planned after sufficient consultation with the members. However, we have not yet had enough time to consider the reform proposal and the additional information. Therefore, we need more time to review the reform proposal and we ask the Secretariat to provide detailed information on the proposal.

Robert SABIITI (Uganda)

The Ugandan delegation thanks the Secretariat of the Programme and Finance Committee, for the enormous work put into the preparation of the Programme of Work and Budget 2006–07.

In the same vein, my delegation would like to express our support for the Director-General's proposal to reform the Organization for better efficiency and effectiveness in delivery of its services to the member countries as it will see more capacity built in the deserving regions and

countries to discharge FAO's mandated roles in those areas. It will also see more resources flowing down to the grassroots where production is undertaken. The reform will also see the Organization timely responding to the services requested by the Membership.

Having looked at the different budget scenarios, my delegation supports the Real Growth scenario as the appropriate level. This is the only way that the Organization will better serve the membership. Year in, year out, we have seen the Organization given more and more responsibilities, subjected to preparing different budget scenarios and then at the end of the day we say that there is only one scenario that can be catered for.

We also realize that both field operations and normative activities are important, however, there should be a clear balance between the two. For us from poor countries believe that more emphasis should initially be put on enhancing production in order to help those countries overcome poverty and food insecurity and then pay more emphasis on the normative activities.

Veli-Pekka TALVELA (Finland)

Finland is speaking on behalf of the Nordic countries: Denmark, Iceland, Norway, Sweden and Finland.

We expressed our views on the budgetary level already at the Council meeting last week and therefore, we will not be reiterating those views here.

We also wish to align ourselves with the intervention made by the United Kingdom, on behalf of the European Union and its candidate countries, earlier today.

What we would like to bring up again, however, is the improvement of information-sharing and ownership of the FAO processes. For example, the Finance and Programme Committees should consider a more open approach to their work – for instance, through opening up meetings for observers to follow the process. This would facilitate, indeed, the information flow and hence the ownership of the planning and budgetary process of the membership of FAO.

We expressed this opinion already in the Council last week, and it was supported and seconded by many countries. I wish that, if they feel the same way today as last week, that they would support this as well. If the Chairman and the Secretariat would be so kind as to include this in the report of this Commission, I would be very grateful.

On behalf of Finland, my own country, I would like to give some guidance for those who believe that they have found any inconsistencies in the European opinions, which have been stated here or in the Plenary.

One should not worry or be confused. It is just as any other regional group – while the formal interventions by the individual countries may emphasize different shades of the matter at stake, it is the coordinated statement of the European Union, as expressed by the EU Presidency, that counts.

Ms Esti ANDAYANI (Indonesia)

First of all, my delegation would like to make references with the result of the Thirty-first Session of the Committee on World Food Security in May 2005, which again and again has been voiced out by – among others – the FAO Director-General during the Thirty-third FAO Conference yesterday which expressed concerns over the slow rate of progress towards halving the number of people suffering from hunger by 2015.

The latest estimates show that 852 million people are suffering from under-nutrition, including 815 million in the developing countries, 28 million in the countries in transition and 9 million in industrialized countries. At the current pace, this goal can only be achieved in 2050.

Any countries and UN organizations dealing with poverty, hunger and malnutrition – including FAO – are faced with this huge challenge. When we convened in this very important Conference, discussing and debating to find consensus to get to other subjects to debate again, around 25 000

children die every day. Something has to be done very urgently and, of course, in an appropriate manner.

The Director-General has already proposed the Programme of Work and Budget 2006–07, as well as its supplement, as a mean for the next biennium to address the above challenges. The Programme and Finance Committees have already discussed the matters with several recommendations and notes which have also been discussed during the last Council meeting.

My delegation is glad to note the Council's shared assessment, with the Director-General, on the need to enhance the FAO ability to fulfill its mandate through its normative and operational activities, including through concrete contribution to the well-recognized challenges, such as assisting Members in implementing the Millennium Development Goals (MDGs).

My delegation also shared the Council's recognition on the need to respond to the renewed commitment to rural investment and ever-growing opportunities for harnessing knowledge for agriculture.

My delegation expresses its concern with other members who support the zero nominal growth budget scenario, due to difficulties of the number of Member Nations to make full payment of their Assessed Contributions. My delegation would also like to appeal to countries, which are financially able but have not met their obligation, to do so.

With a huge challenge right now ahead, in particular the needs for assistance in countries for the implementations of MDGs and the central role of FAO, my delegation is of the view that reasonable preferences could be put on the real growth scenario at 2.5 percent as a minimum, or even at a higher percentage – of course, with the readiness of the Member Nations to bear the consequences on the increase in the Assessed Contributions of each Member.

Studies made by one member country show that regardless of the size of scale, the assessed contribution will increase: 18.9 percent for high real growth; 13.4 percent for real growth; and 9 percent for zero real growth.

Equally important is that FAO should have also been efficient with the priority given to the programme expenditure budget. The same studies show that, out of US\$841 million of the Programme and Budget, 66 percent – US\$554 million – is for human resources expenditure and another 17 percent – US\$143 million – is for non-staff human resources expenditure.

My delegation is glad that the Council has endorsed the Draft Resolution on the Security Expenditure Facility, including the amendment for Financial Regulation. Therefore, my delegation would like to encourage this Conference to endorse the draft decision, as well as its amendments, to Financial Regulation.

At the moment, Member Nations are still in the process of finding consensus on the budget level and other areas, including the reform package of FAO. My delegation would also endorse that the reform proposal should be separated from the budget level.

My delegation noted that the Session of the FAO Council has expressed its general support for the rationale and guiding principles underlying the reform as a basis for further discussion. We really welcome the Council's decision to establish a Working Group on Reform, chaired by the FAO Independent Chairman and with participation from all regional groups. At the moment, the Working Group still works very hard.

From our delegation's observation last night, indeed, there are still so many elements that have to be negotiated. We hold the strong belief that with a spirit of cooperation and finding solutions, the consensus on the reform, as well as on the Programme of Work and Budget, could be achieved, hopefully, before the end of the Conference Session.

Finally, my delegation is looking forward to having the result of the Joint Meeting between the Finance and the Programme Committees in May 2006 to explore options for streamlining and improved planning process, as well as to explore the option of either possible merger or retaining

the current arrangement between the Committee on Commodity Problems and the Committee for Agriculture.

CHAIRMAN

May I make a suggestion to assist the interpreters to do their job properly? Could the delegates, when they intervene, speak slowly?

YUN SU CHANG (Democratic People's Republic of Korea)

Allow me, first of all, to congratulate you on your election as Chairman of this important Commission II.

I express thanks to the Director of the Office of Programme, Budget and Evaluation for his clear and concise introduction on the urgent item.

On behalf of the delegation of DPR of Korea, I would like to make the following comments with regard to the Programme of Work and Budget for 2006–07 before us.

First of all, I would like to express our appreciation to the Director-General and the Secretariat of FAO for endeavours and tireless efforts for the preparation of excellent documents C 2005/3 and C 2005/3-Sup. 1 on the Programme of Work and Budget for the next biennium and with the reform proposal of FAO.

Secondly, we think the Director-General has put forward the reform proposal of FAO, which has been made in a timely and constructive way, on the basis of the review and analysis of achievement, experience and lessons gained in the management and operation activities of FAO in the past decade of his two terms of office and considering challenges faced and future work to do by FAO.

The reform proposal has been designed to enable FAO to strengthen further its capacity and role as a world-leading agency in agriculture in the UN system so that FAO will meet the ever-growing demand of its Member Nations, delivering its services to them more efficiently to achieve the objectives and goals of the World Food Summit and the Millennium Development Goals.

My delegation welcomes and supports the ideas, contents and principles of the reform proposal, initiated by the Director-General of FAO. We strongly wish the Conference will take the necessary decision to proceed with the reform process.

Thirdly, my delegation recognizes that the Programme of Work and Budget 2006–07, proposed by the Director-General has been made in a rational and balanced manner. It reflects the mandate of FAO challenges, demands and priorities of Member Nations by improving and strengthening FAO capacity and delivery of service in conformity with the long-term strategy and the Medium-term Plan of FAO, set up by the Conference.

My delegation fully supports the real growth proposal for the Programme of Work and Budget 2006–07, proposed by the Director-General of FAO.

Fourthly, the Technical Cooperation Programme (TCP) has demonstrated, impressively, its effectiveness and efficiency, important bridge and catalytic intervention in the practice to assist developing Member Nations in achieving the sustainable agriculture development and food security.

However, my delegation strongly requests that FAO increases funds allocation for TCP at a 17 percent level in the budget, as adopted by the FAO Conference in the past. We appeal to all delegations to endorse the real growth Programme of Work and Budget to enable FAO to implement the programme and activities which were agreed by the member countries in the past.

In conclusion, I would like to say that Democratic People's Republic of Korea will make all efforts to cooperate with FAO, as a member country, for implementation of the Programme of Work and Budget 2006–07 and with the reform proposal.

GUO HANDI (China) (Original language Chinese)

The Chinese delegation would like to begin by thanking the Secretariat for having so carefully prepared the Programme of Work and Budget for 2006–2007 plus its Supplement. I want to speak about both documents together.

First of all, the PWB and the Supplement as the Supplement deals with reform proposals. We have noted the four budget scenarios which appear, that is Real Growth, Zero Real Growth, Zero Nominal Growth and Higher Real Growth. My delegation perfectly understands the concern of many developing countries that FAO has its resources increased so that it can better serve its Member Nations to meet their development objectives, especially the MDGs. At the same time, we, too, would like, in so far as efficiency-savings are concerned, that FAO heed the good suggestions made by Member States so as to explore further potentials for efficiency savings and to streamline itself so that more resources can be allocated to rural development, technical assistance, policy consultations and strengthening of capacity, thus helping developing countries and playing a greater role in favour of food security and agricultural development throughout the world.

We have noted that for quite some now FAO has been in a very serious position with respect to arrears in the payment of assessed contributions. A number of factors have led to the fact that more than a third of the Member Nations of the Organization are actually in arrears, 31 of which are under risk of having their voting rights put in doubt. Therefore, with respect to budget increases and the increases in assessed contributions, it is to be expected that even more countries will be in arrears so the objectives of the carefully prepared programmes of the Organization would not necessarily be achieved. Consequently, so far as the PWB is concerned, it is important that all parties involved adopt a very pragmatic attitude, communicate better, and understand each other better so as to settle the matter by consensus.

Now I would like to turn to the reform proposals. In particular, the Chinese delegation thinks that the proposed reforms suggested by the Director-General which would have major repercussions in the interest of many parties are a very important stake. We attach great importance to them. China, whose development up to today, has benefited much from openness and reforms understands the importance of reform. However, we are equally well aware that no major reform can be carried out overnight.

Reform is an immense upheaval in the system existent. That of FAO won't be an exception. We think that before any reforms are put into effect in FAO, all the countries ought to discuss them, improve them and consider them from different angles. Reform can only be a success if it is based on the respect of different opinions and carried out in a consensus. In other words, listening to other people's views is very important.

My delegation is also concerned by the relationship between the proposed reforms and the budget level and the practical solution to cover transition costs in a one off way. We also think that, throughout the reform process, given the efficiency of the work done and the service offered, FAO Member States should in no way be negatively affected.

Abdul Razak AYAZI (Afghanistan)

I shall limit my comments to four aspects of the Programme of Work and Budget 2006—2007: (i) the format; (ii) the level of the budget; (iii) the reform budget; and (iv) the reform package.

However, before doing that, I wish to thank Mr. Juneja for the introduction on the subject matter.

On the format of the PWB, when it is compared to the PWB 2004–2005, the size of the Director-General's proposed PWB 2006–2007 has been reduced by half, to be precise a 48 percent decline. The largest share of this reduction is in the Programme Budget proposal that are now presented by Programmes instead of Programme entities. We think is a positive sign and we support the revised format.

We are also impressed by the clear presentation of the risk assessment as shown in paragraphs 10-35 of document C 2005/3 and by the clear presentation of the efforts for efficiency savings and productivity improvements as given in paragraphs 101 to 137, and also by the new section on Human Resources Action Plan as stated in paragraphs 80-88. We support the ideas proposed in paragraphs 121 to 123 for establishing new ceilings for AOS and TSS to lessen the financial burden on the Regular Programme.

With respect to the level of the budget, the roles expected of FAO in contributing to the targets of the World Food Summit and the Millennium Development Goals as so well explained in FAO's document entitled *FAO and the Challenges of the Millennium Development Goals – The Road Ahead* are really daunting and, in our opinion, the ZNG and the ZRG scenarios are out of step with these expected roles.

In the biennium 1986–87, FAO had a Regular Programme budget of US\$437 million with a field programme of US\$556 million making a total resource commitment of US\$993 million. In today's prices, this sum will amount to US\$1564 million, assuming an inflation rate of 2.5 percent over the past twenty years. As shown on page 50 of document C 2005/3, the total resources available for the Organization in the years 2006–2007, even under the RG scenario, is less than the total resources available to the Organization twenty years ago. Meanwhile, there has been a dramatic increase in the Membership of the Organization.

As mentioned in the Director-General's foreword to the Supplement Budget, the assessed budget of the Organization has been going down steadily for five successive biennia and since 1994 FAO has already implemented efficiency savings of US\$120 million per biennium. In short, the work of FAO will suffer severely with a stagnant or a reduced budget.

Evaluation after evaluation complains about the lack of staff and the inadequacy of non-staff costs, particularly travel to field projects and advisory services to governments in the developing countries. These weaknesses can only be rectified with a sizable financial increase in the budget of the Organization. A real growth budget fits well with the change in international environment that places more emphasis on poverty and hunger eradication, increase in ODA, expanding world trade and paying special attention to the needs of the countries in Africa south of the Sahara. Therefore the developing countries could not possibly entertain the ZNG or the ZRG budget.

Let me say a few words on the reform budget which is linked to the Director-General's proposals on reform. It involves an additional sum of US\$39 million over and above the regular budget scenario of 2.5 percent increase. It is proposed that US\$33.8 million of this additional sum be programmed for TCP in order to bring its percentage share to 17 percent of FAO's total budget as sought by the Conference Resolution 8/89. The remaining US\$5.2 million is earmarked for capital budget.

Under the section on Programme Thrusts and priorities (paragraphs 45-54 of the Supplement budget) the Director-General mentions the rationale for the prioritization of the various elements of the new Chapters 2, 3 and 4 by distinguishing 4 categories of activities:

One: activities which are new initiatives of emphasis that will require additional resources. Two: activities requiring significant shifts in focus and resources. Three: adjustments in activities to enhance efficiency and effectiveness; and Four: activities that will be either reduced or eliminated.

The above categorization looks fairly straight forward. However, the litmus test of this categorization is to ensure that there is a legitimate balance between the specific demand expectations of developed and developing countries from the work of the Organization. As well as, the specific needs of developing countries in different stages of economic and social development, and also of geographic regions. The Secretariat is encouraged to undergo this exercise in the implementation plan related to the reform proposal.

With respect to the reform proposal. The package proposed by the Director-General is indeed a bold initiative. Its scope is comprehensive and overarching and the elements included in the

reform package are praise worthy. Being a comprehensive package, the reform obviously encompasses potential implications on the modus operandi of the Organization in relation to its Members, development partners and the job security of the staff.

As requested by the Programme and Finance Committees, the Director-General has provided more information on his reform proposal in document C 2005/3 Sup.1 Add.1, which clarifies some of the concerns raised by the Committee.

Obviously, there are, of course differences of opinion among the membership on some aspects of the reform package, and particularly on the implementation modality of some of the proposals. However, on issue of substance, there appears to be not much controversy. The level of the budget is, of course a factor in determining the speed with which the reforms can be implemented. We hope that the consultation among members now in process will produce a compromised solution, acceptable to the membership as a whole.

On one thing we all agree, and that is that the need for reform is overdue and must be put into effect if FAO is to live up to the challenges of the Millennium.

Seiichi YOKOI (Japan)

I would like to join the voices that the reform and the budget should be discussed separately.

Japan appreciates that FAO has been contributing to expanding world economy and ensuring human freedom from hunger as its fundamental objectives since its establishment. Japan fully supports the MDGs and believes that, there is no doubt in the point that we need to make efforts to eliminate hunger and poverty.

Japan is proud of contributing to FAO's accomplishment, with one fifth of the total appropriation or more than US\$70 million per annum.

As the second largest donor to FAO, Japan is strongly interested in the efficient and effective management of FAO. From this point of view, Japan is concerned about the deteriorating financial condition of FAO. Due to a large amount of financial deficits and bad cashflow situation, FAO is dependent in external funding which incurs payment of interest. The Finance Committee pointed out that future cashflow problems could even exceed the Organization's capacity to borrow externally.

Furthermore, the financial situation of the General Fund is worsening, resulting in US\$107.6 million of a deficit at the end of June this year. The total amount of arrears is in critical condition, more than 40 percent of the membership are with arrears and the total amount of those arrears is as much as US\$55 million and Euro 8 million.

Furthermore, there are 31 Member Nations with voting rights problem due to the existence of arrears. Such a situation that more than 40 percent of Member Nations are having difficulty in the payment of their Assessed Contributions is the clear evidence of the fact that the size of the regular budget exceeds the resource availability of the Member Nations.

The Secretariat is proposing four budget scenarios for the next biennium. If After Service Medical Coverage and Miscellaneous Income are treated as recommended by the Finance Committee, each scenario leads to a considerable increase of the Assessed Contributions of each Member Nation, regardless of the size of the Scale compared to the current biennium by nine percent even with the Real Growth scenario.

Given the above mentioned financial conditions and difficult situation of the Membership to make full contribution to FAO, it is urged to restrain the size of the regular budget as low as possible, and identify the priority areas of activities with a comparative advantage in the UN System, for the realization of efficient and effective management of the Organization. Therefore, it is a matter of financial conclusion that FAO has no other choice but to adopt below Zero Nominal Growth level for the 2006–2007 regular budget. This is Japan's firm position.

Regarding Miscellaneous Income, as Japan observes that the fundamental reason of the financial deficit is the budget level exceeding the availability of resources for the Member Nations, and we cannot accept such manipulation which does not address the root of the problem and increases Assessed Contributions of the Member Nations. It is drawn to the attention of the distinguished delegates that Japan seriously seeks for re-establishment of sound finance of FAO.

Regarding the reform, Japan considers that the reform of FAO is an important issue to be addressed to achieve more efficient management, improvement of transparency, and promotion of decentralization of FAO.

We recognize that some part of the reform proposal by the Director-General go along with this concept. However, it is regrettable that the detailed information provided is linked to the Real Growth budget scenario, and consequently we cannot confirm if these reforms could be achieved with a more restricted budget level. Furthermore, enhanced efforts are required to eliminate work on old fashioned subjects, as well as redundancy and repetition of activities.

As for the reform of the organizational structure, which includes establishment of two departments and 16 subregional offices, the proposal would merely expand the organizational structure both at Headquarters and at the Decentralized Offices. At the same time it would cause fragmentation of the headquarters, which would lead to further complication in liaison among Departments and disperse the focus of FAO's activities. We believe, given the limitation of available resources, what is needed for the Organization is prioritization of the activities, and slimming down of organizational structure as a result of the appropriate prioritization. Regarding this point, decentralization should be coupled with downsizing of Headquarters.

In addition to this, since change of the organizational structure requires enormous efforts and resources, such changes, should be implemented based on the results of the Independent External Evaluation which is expected to be submitted before the next session of the Conference.

CHAIRMAN

I will give the floor to Canada to be followed by Kuwait. I can also announce now that there are eight more countries to follow Canada. I will rename them again; Kuwait, Australia, Lesotho, Zimbabwe, Angola, Swaziland, Tanzania and Cuba. We have less than one hour before we adjourn for lunch. I would appreciate if you can summarize your statements in a way that will be brief.

Ms Wendy DRUKIER (Canada)

I would just like to briefly reiterate that Canada is a strong supporter of the work of the FAO and recognizes that a solid FAO programme is important to developed and developing countries alike. Canada recognizes the important work of the Organization in the context of the Millennium Development Goals. In particular, MDG number one of halving the number of people suffering from extreme poverty and hunger. The role the Organization is playing in combating the Avian Flu pandemic, priority of Africa as a focus for international development and that FAO has been starved for resources for a number of years.

In this light, Canada is not uncomfortable with proposals for modest additional resources, which focus on allocating resources from the regular programme to areas Canada considers to be FAO's core business. The Secretariat has noted that we have a few items before the Conference for decision, one of which is the issue of forecast Miscellaneous Income. The proposal from the Secretariat that this not be deducted from Assessed Contributions.

I would like to reiterate the important work of the Organization in the context of the Millennium Development Goals, in particular the first MDG of halving the number of people suffering from extreme poverty and hunger; the role the Organization is playing in combating the Avian flu Pandemic; priority of Africa as a focus for international development; and that FAO has had limited resources for a number of years. In this light, Canada is not uncomfortable with proposals for modest additional resources, which focus on allocating resources from the Regular Programme to areas Canada considers to be FAO's core business.

The Secretariat has noted that we have a few items before the Conference for decision. One of which is the issue of forecast Miscellaneous Income, the proposal from the Secretariat that this not be deducted from Assessed Contributions. I would like to reiterate, our delegation's position that we do not support this proposal, which of course while it would improve the cashflow situation of the Organization, it ignores the fact that the cashflow problem is the direct result of late and/or non-payment of Assessed Contributions by a significant number of Members. Increasing the appropriation level in this way, penalizes members who pay their Assessments on time and which would in effect subsidize late payments by others.

We would note that the Finance Committee was not able to come to agreement on whether to support or not this recommendation from the Secretariat and that Council did not recommend that the Conference adopt this - there was no agreement within the Council. We would just like to draw the Commission's attention to this fact.

Takesh GRAHAM (Kuwait) (Original language Arabic)

Kuwait welcomes the reform in principle and we fully endorse the earlier comments made by the United Kingdom.

Our delegation is an active member of the ongoing Working Group on reform and we are striving to reach a just resolution before the end of the Conference.

Mrs Fiona CORNWELL (Australia)

Our comments on the Programme of Work and Budget are on the record of Council. Therefore, I will adopt your suggestion and make a few key points.

Australia supports a conservative approach to the Programme of Work and Budget with a preferred scenario around ZNG level. We do this for a number of reasons. This scenario will encourage a focus on efficiency and effectiveness, including through savings and prioritization, and we envisage this will lead to a focus on the Organization's comparative advantage in serving its Membership.

The Organization faces a significant unavoidable on-going costs that must be covered comprising security expenditure and the unfunded liability of After Service Medical Coverage. It is of concern the continuing pattern of donor payments, being late payments and significant arrears. This has forced the Organization unfortunately, to borrow money just to keep operating and this has attracted significant interest costs, so much so that the Organization is facing a situation where it will not be able to borrow any more money to keep the wheels turning.

As everyone knows, Council and Conference have been asked to consider a Reform Proposal and a Working Group has been formed to consider this package of reforms and also a process to take it forward.

The Organization has supported the Independent External Evaluation and I would expect that its results will feed in to Council and Conference between now and when it ends in 2007. I believe this input will provide importance guidance on the Organization's strategic directions, and also how it operates, how it goes about its business.

Under these circumstances, particularly until the package of reforms and the associated costs and timelines are clarified and agreed, along with the guidance that we expect will be provided by the Independent External Evaluation, we would prefer a ZNG scenario.

We would find it difficult to support a Growth scenario, which we feel could worsen the Organization's financial situation, and it could also result in less than optimum delivery of priorities.

Ms Mantho MOTSELEBANE (Lesotho)

As my delegation is taking the floor for the first time, we would like to congratulate you and your bureau for your election.

We strongly support the proposed Real Growth scenario at 2.5 percent for the 2006–2007 Programme of Work and Budget. This scenario takes account of the balance in the Medium Term Plan in a better manner. This is the barest minimum that will help FAO discharge its responsibilities and meet the needs of Member Nations.

Secondly, we support the reforms as proposed by the Director-General. We feel that they should be implemented regardless of the budget level. However, they need close monitoring.

In conclusion, we also wish to align ourselves with the interventions by India and Uganda on both budget level and the reforms.

Ms Veronica MUTIRO TAKAENDESA (Zimbabwe)

The delegation of Zimbabwe would like to congratulate you for being elected to steer the important deliberations of this Commission.

My delegation welcomes the PWB for 2006–2007 biennium and accompanying Reform Proposals by the Director-General.

My delegation would like to reiterate our position as regards these issues, as raised at the Council - our consensus is on record. We are also part of the negotiations that are currently going on by the Working Group our reforms, and our interest towards the issue will be known.

My delegation realizes that the Organization has been financially constrained in the last biennium do the Zero Real Growth budget, which necessitated a net resource reduction totalling US\$51.2 million or 6.4 percent of the Real Growth scenario in the previous biennium. Other factors affecting the financial health of the Organization, included late payments of Assessed Contributions and increasing contributions in arrears, which necessitated the Organization to resort to external borrowing - a situation that is not acceptable in such a large organization.

There is no doubt that these have greatly affected the Regular Programme delivery. We want to appeal to the Membership to prioritize paying assessed contributions, as opposed to the current situation where some members who are in arrears, are up to date with extrabudgetary provisions. We have evidence in the Finance Committee that members prefer paying other UN Agencies before FAO, therefore the fact that we have to deal with, is what we discussed at the budget level, is that of preference rather than capacity.

The financial challenges facing the Organization for the next biennium include financing the new chapters on security, after service medical liability which the Membership endorsed without exception. If the Organization is to fully meet these obligations, it will necessitate an increase in assessed contributions of no less than 2.5 percent. We have all endorsed these new responsibilities in the Programme of Work and Budget. We should therefore be prepared to dig deeper into our pockets.

In light of this, Zimbabwe recommends that the Conference should adopt a Real Growth Budget level of 2.5 percent and also meet the one-time cost of transition to enable us to meet the Organization's historical obligations to its staff, also to improve security and bring about better implementation of programmes. Should the group adopt a Zero Nominal Growth scenario, we would not view it as Zero Nominal Growth because it eats into what the Organization already has. Simple mathematics will suggest otherwise, it would be a negative growth.

In pursuit of further efficiency savings, Zimbabwe looks forward to the operationalization of the implementation plan drawn up by the management from the findings of the Independent Evaluation of Decentralization. We see this process contributing to issues of proximity and better response to national and regional needs. We also see this process improving normative support to programmes at operational level and this will be complemented by the multidisciplinary teams.

As the entire UN family is focusing on the achievement of the MDGs, FAO should pay particular attention to MDG 1 and 2 that fall within its purview. We cannot achieve these two objectives by continuing on the party of a series of negative growth budget. Any increase in Assessed Contributions should go towards the core business of this Organization that is operative in the

normative functions and, in particular, we also want to see the need to achieve the level of support to TCP as already approved in an earlier resolution of this Conference.

Pedro Agostinho KANGA (Angola)

Je tiens tout d'abord à féliciter le Secrétariat de nous avoir présenté un document que nous considérons excellent.

Rien ne pourra être réalisé sans qu'il soit attribué à la FAO un budget digne pour qu'elle exécute les programmes qui lui sont assignés. En ce moment, le monde est en proie à plusieurs calamités naturelles. Tsunami, inondations, tremblements de terre, provoquant des milliards de morts, des blessés, des sans abris des affamés, et comme conséquence l'augmentation de la pauvreté et de la misère.

Il est sans doute que la FAO soit appelée comme toujours à faire face à ces défis, de reconstruction et de développement. Comment, si son budget durant toutes ces dernières années, n'a jamais connu une augmentation.

A cet égard, nous pensons que la croissance réelle du budget serait l'idéal.

Nous croyons aussi que soixante ans d'existence pour une organisation, il s'avère indispensable de revoir ses structures et la manière dont elle est gérée. A cet égard, nous nous félicitons et saluons l'initiative du Directeur général de présenter d'importantes propositions de réforme, qui certainement iront injecter un sang nouveau pour redynamiser l'Organisation et la rendre plus réceptive.

Notre délégation appuie dans sa généralité la ligne de conduite des réformes. Mais, elles doivent être mises en œuvre quelque soit le niveau du budget.

Concernant la nouvelle structure des bureaux régionaux, nous appuyons ces changements car ils serviront à renforcer les capacités de l'Organisation et seront axés sur les activités régionales et nationales.

Il n'y aura pas d'augmentation des effectifs car ils proviendront du siège et des bureaux décentralisés.

S'agissant du Programme de coopération technique (PCT), nous appuyons les propositions tendant à ce que tous les Membres de la FAO aient accès à l'assistance du PCT et qu'une attention plus particulière soit prêtée pour l'affectation de ses ressources aux pays les plus défavorisés; les PMA, les PIED et les PFRDV.

Ainsi, Monsieur le Président, nous souscrivons aux éléments du renforcement du PCT tels que proposés par le Secrétariat et nous nous félicitons aussi de la disposition des pleins pouvoirs pour approuver des engagements au titre du Fonds du PCT à la hauteur de 200 000 dollars EU.

Patrick LUKHELE (Swaziland)

First of all I would like to thank the Secretariat for the excellent documentation and the introduction to the subject at hand. I would like to confine myself to very, very short and specific issues since we made our comments very extensively last week in the Council meeting, but I believe that one is maybe to reiterate our position because this subject is very very important.

First of all, I would like to address myself to the budget level. A few days' ago we appointed, almost unanimously, the Director-General of FAO, and that to my delegation is testimony for the confidence that we give to him and his Secretariat. We believe that FAO is almost like going to war, particularly with respect to the MDGs of hunger and poverty alleviation. In fact, my delegation believes that FAO has the greatest responsibility amongst most of the UN Agencies to sort out the most intricate problems of hunger and poverty, and we believe that you cannot go out to war without the necessary ammunition. One of the greatest and most effective ammunition is the financial resources. We are cognisant of the fact that FAO has to exercise restraint on expenditures and try to make efficiency savings, but efficiency savings alone cannot solve these

problems, and it is for that reason that my delegation, once again, would like to recommend that this Conference adopts the Real Growth scenario.

Secondly, on the question of reforms, my delegation would like to state categorically that we support very fully the reform suggested by the Director-General. We believe that the reforms are necessary, not only because most UN Agencies are reforming, but because the challenges facing FAO are very, very serious, and that is why we support, very strongly, some of the elements of the reform, particularly with respect to decentralization, because we believe that most of the work is out there in the field. We are not in any way suggesting that the normative work that is being done at Headquarters is insignificant, but we believe that we have to do more work in the field, and so decentralization is very much supported by my delegation. In fact, if it were according to my delegation, this Conference would give the Director-General the mandate really to go ahead with the reforms.

Lastly, my delegation supports very strongly the modifications and the improvements that are suggested on the TCP Programme. We believe that this Programme has made a lot of impact in improving agriculture in most of our countries. Whilst we realize that TCP should not be confined to FAO countries, we strongly believe on the universality of TCP, but, of course, there are countries which are facing more serious problems than others. We believe that this Programme needs to be concentrated in those areas, whilst not leaving out the other memberships.

Ms Janet BITEGEKO (United Republic of Tanzania)

My delegation has examined document C 2005/3 with great interest and has observed that it has captured demands and requests from Member Nations that have been expressed in some committees and Council sessions. We have also noted the need to strengthen security environment within the Organization and the additional cost it carries. For example, the security expenditure since the 2002–03 work programme was prepared has now reached US\$10.6 million on a biennial basis. Such an increase in expenditure on a decreasing budget, will certainly lead to a reduction of vital programmes as stated by the Director-General in the introductory remarks. While the Organization strives to provide a safe environment to its staff, there should be enough resources for the Organization to fulfil its mandate. This calls for additional resources, and the most appropriate way for FAO will be to adopt a budget on a real growth scenario (RG).

The Millennium Development Goals (MDGs) and the World Food Summit: *five years later* have shown that a lot needs to be done to achieve the set targets to reduce poverty and the hungry people in the world. This, therefore, underscores even further the need for increased resources.

It is with the above account that my delegation after considering the contents of the Programme of Work and Budget, strongly recommends that the next biennium budget for the years 2006–07 be based on a Real Growth Plus scenario as proposed by the Director-General.

On the reforms, the United Republic of Tanzania would like to join hands with other delegates in supporting the proposed FAO reforms. We congratulate the Director-General for taking such a bold decision on reforms, which are in line with those proposed by the whole UN System.

The philosophy of democratization proclaimed in the world is putting emphasis on decentralization and involvement of stakeholders at all levels in decision making and implementation of various processes. This philosophy needs to apply to every institution, including FAO. Although FAO has in place country and regional representatives, to date this arrangement does not meet most the FAO Member Nations' expectations. The United Republic of Tanzania would like to see more authority granted to regional, sub-regional and country offices. This arrangement will help FAO to better respond to Member Nations' calls for assistance to enable them to attain the MDGs.

We note that FAO has made comprehensive consultations on the reforms with Member Nations, international fora, regional groupings, specifically with Permanent Representatives based in Rome. Consultations were also made with FAO staff at Headquarters and Regional Offices. We concur with FAO that the reforms are necessary for facilitating the Organization's role more

effectively by enhancing capacity specifically at the field level where the majority of the targeted hungry and poor people find themselves.

Once again, we salute the Director-General for the proposal of reforms of the Organization. At the same time, we congratulate the FAO Secretariat for its unwavering support for the down-to-earth reform proposals. We believe that the reforms are not contradictory to the agreed Independent External Evaluation of FAO, but rather are mutually supportive.

Tanzania expresses its pledge to work closely with FAO and to provide the necessary support to make the proposed reforms a reality and we urge Member Nations to give their full support.

José A. QUINTERO GÓMEZ (Cuba)

Vamos a ser breves, por lo tanto no vamos a repetir nuestra intervención sobre el tema realizada en el Consejo anterior.

Felicitemos a la Secretaría por este documento. Nuestra posición es la siguiente: primero, apoyamos una opción de Crecimiento Real, teniendo en cuenta la necesidad que tiene esta Organización de hacer frente al creciente aumento de la demanda de servicios de los Países Miembros; segundo, apoyamos los principios en los cuales se basa la Reforma presentada por el Director General y consideramos que ya hemos dado un gran paso al comenzar un diálogo abierto entre todas las delegaciones sobre este proceso de reforma.

La Reforma debe llevarnos a un aumento de la eficiencia y la eficacia en el trabajo de la Organización. Por lo tanto, debe tener en cuenta aspectos tales como: mejoramiento de la estructura organizativa y funcional de la FAO; reforzamiento de la capacidad técnica de la Organización y del apoyo a los Países Miembros, incluyendo el PCT y el PESA; y un equilibrio razonable entre actividades normativas y acciones en el terreno.

Sra. María Eulalia JIMÉNEZ DE MOCHI ONORI (El Salvador)

La Delegación de El Salvador desea referirse brevemente al tema relativo al PLP. Nuestra delegación desea reiterar el respaldo y el apoyo que mi Gobierno ha dado siempre a esta Organización, el cual se refleja en el esfuerzo realizado para estar siempre al día con el pago de sus Cuotas. Hace ya muchos años que la Organización trabaja con recursos limitados y estimamos que, en consideración a las crecientes necesidades con que se enfrentan los países en desarrollo, particularmente en el sector agrícola, el cual ha sido duramente golpeado en muchas ocasiones por desastres naturales de gran magnitud, como hizo referencia hace un momento el distinguido delegado de Angola, sería necesario dotar a la Organización de los recursos que necesita para hacer frente a los requerimientos de los países en desarrollo.

En este sentido, nosotros creemos que la primera forma de apoyar a esta Organización es el pago puntual de las obligaciones adquiridas por todos los países. Todos tenemos la obligación de pagar oportunamente, principalmente, estimamos nosotros, aquellos países de economías avanzadas que tendrían menos dificultades en cumplir con sus compromisos. Esto le daría a la Organización la posibilidad de poder trabajar más eficientemente.

Con relación a las propuestas de reforma que nos ha presentado el Director General, en primer lugar compartimos el hecho de que una reforma de la Organización se hace necesaria, es indispensable para permitir a la FAO una activa participación en el logro de los Objetivos del Milenio. Estimamos que es fundamental que estas propuestas de reforma sean analizadas oportunamente con la activa participación de todas las partes interesadas, y en este sentido esperamos con mucho interés el resultado del Grupo de Trabajo sobre la Reforma, que se encuentra actualmente laborando, y en el cual están siendo discutidos los puntos de vista de todos los grupos regionales, y en el que estamos seguros se tomarán en cuenta las posiciones reflejadas esta mañana en esta Comisión II, como las que acaba de señalar el delegado de Cuba.

Para concluir, compartimos la oportunidad de separar el nivel de presupuesto de las reformas presentadas por el Director General.

Saulo Arantes CEOLIN (Brazil)

Brazil has also spoken extensively on these issues during the Council but I would just like to reinstate here, regarding a few issues.

Brazil is fully committed to the principles and objectives of FAO. We wish to see an Organization that is increasingly strong and efficient. For that reason, Brazil strongly supports a Real Growth scenario for the biennium 2006–07. It is high time that we recognize that the Organization has been operated under difficult conditions for quite a long time now.

As many who have spoken before us, we believe we must give FAO the necessary resources to fulfill its mandate, as well as the increasing demands put to it by its Members.

Against the background of rising demands and shrinking resources, Brazil is also concerned with the growing tendency to inflate FAO's extra-budgetary funding. It is a practice that runs contrary to the Organization's multilateral nature. We do appreciate the importance of extra-budgetary funds, however, we believe that their application should follow, as much as possible, general political instructions emanated from the whole Membership.

Brazil calls on FAO to openly plan and publicize the mobilization of extra-budgetary resources. Greater transparency, reflected already in the Programme of Work and Budget we have before us, is an excellent first move. It should be followed by further discussions on the role and modes for the proper application of extra budgetary funding.

Brazil would also like to reiterate the need for greater transparency in the use of extra-budgetary funding, especially regarding FAO's studies and publications. Visible, clearer disclaimers must be accompanied by adequate information on the source of financing for these studies, particularly those in politically-sensitive fields.

Finally, regarding the reforms, I would just like to express Brazil's full support to the reform process in FAO. We have been actively, both in the Working Group that has been discussing the Director-General's Reform Proposals during this Conference and Council, as well as in the Inter-sessional Working Group that prepared the way for the Independent External Evaluation. We do believe that the Director-General's proposals and the IEE are mutually supportive. We are hoping that the Conference will manage to arrive at a strong, positive resolution on the reforms.

Regarding the issues of budget level in reform, we do align ourselves with the statements of India, Cuba, Zimbabwe and other developing countries who have spoken before us.

Mme Saïda ZOUGGAR (Algérie)

Au nom de ma délégation je voudrais remercier le Secrétariat pour le travail concis qu'il nous a présenté et qui nous permet d'avoir des discussions aujourd'hui. Par ailleurs, je voudrais aussi rappeler au nom de ma délégation, que nous appuyons parfaitement le Directeur général pour l'heureuse initiative qu'il a eu de nous proposer un projet de réforme permettant à notre Organisation de s'inscrire, non seulement dans le processus des réformes engagées dans le Système des Nations Unies, mais aussi, et surtout, de recentrer les activités de la FAO en se concentrant sur les domaines présentant un avantage comparatif pour mieux aider les Pays Membres à réaliser les objectifs du Millénaire pour le développement.

Nous saluons également les actions projetées pour faciliter la réalisation des objectifs précités notamment: la restructuration des départements du siège et du réseau des structures décentralisées avec le redéploiement du personnel que cela implique; de décentralisation; des décisions accompagnées d'une plus grande souplesse dans l'affectation des ressources.

Il faut souligner, que cette réforme nécessiterait des fonds additionnels substantiels et donc, le scénario de Croissance Réelle du budget serait le plus adéquat pour la bonne réussite de cette ambitieuse réforme. Cela, eu égard aux problèmes des déficits budgétaires qui se sont accumulés, et qui sont notamment liés aux arriérés des contributions des Membres de cette Organisation. Voilà ce que j'avais à dire.

Kasem PRASUTSANGCHAN (Thailand)

Thailand appreciates the presentation of the Programme of Work and Budget (PWB) and the Supplement. We are grateful for the opportunity to consider the budget scenario as proposed by the Secretariat in these documents.

We are pleased to see that the PWB document is shorter and more focused, along the lines of what has been suggested by members, for streamlining the programme and budget process.

We are also pleased with the presentation of risk assessment in the PWB, however, Thailand would like to make comments on the proposed PWB, as follows.

Thailand is happy to see that in the preparation of the PWB strategic considerations, the priority setting has taken into account the issues such as the Millennium Development Goals (MDGs), the recommendations arose from the independent evaluation of decentralization, regional dimensions, FAO's strategic framework partnerships, human resources and efficiencies and productivity improvements.

My delegation has a concern on the financial situation of FAO, in particular on the deficit. The arrears appear to be the source of the shortfall. The agreed budget has been a shared commitment among Members because the decision was made at the Conference. It is not only that Thailand respects the agreement, but also that the work in agriculture of this Organization is important, especially to the developing countries. Our contribution has always been made on time.

However, when we consider that the budget increase would bring a number of countries with more arrears, we support the Zero Nominal Growth scenario, as it is the most appropriate budget level which will not create further difficulties for the countries already in arrears.

Regarding the reform proposals, my delegation agrees that there are many new challenges in the world that the context of this Organization may have to adapt in order to be consistent with this development. The proposed reform introduces a substantial change to the structure of the Organization. However, we need more time to carefully consider it. Taking into account the transparency and neutrality of the reform, we prefer the use of Regular Programme budget for the proposed reform, as opposed to using extra-budgetary resources.

Another point of our concern is about the unbalance of geographic distribution of professional staff. It should include this matter into consideration on the reform process.

Thailand will be pleased if we could be kept well-informed and be allowed to be involved more in the reform process. Also, we think it would be better to take the outcome of the Independent External Evaluation into reform consideration.

Ms Adele BRYANT (New Zealand)

Sorry for taking the floor so late. New Zealand invites its preference for budget around the Zero Nominal Growth level, and we note that FAO is in financial difficulties and Members need to pay Assessed Contributions early and in full ahead of funding for extra-budgetary resources. New Zealand invites that members are asked to fund proposed reform processes including the Independent External Evaluation. In addition, Members need to meet FAO staff liabilities. Some Members are facing a number of additional costs which need to be considered when treating the budget.

CHAIRMAN

Thank you New Zealand for your brief statement. I have an announcement to make because this relates to the meeting at 12.30 hours. The delegation of Mali wishes to bring to the attention of the distinguished delegates of the Africa Group the presentation on the arrangement for the 24th Regional Conference of FAO for Africa in Bamako, Mali, from 30 January – 3 February 2006. The meeting will be in the Austria Room, Building C, Room 237, at 12.30 hours today.

Since I have no other speakers on my list, I would like, therefore, to pass the floor to Mr Haight, for some clarifications from the Secretariat.

Boyd HAIGHT (FAO Staff)

I am here on behalf of Manoj Juneja, the Director of the Programme, Budget and Evaluation, who is currently representing the Secretariat in the Working Group on Reform and, therefore, could not, unfortunately, listen to the debate on this item this morning.

In the first instance, I would like to thank very much the distinguished delegates with a wide range of comments and, also, for the conciseness and constructive nature of those that have been presented. We have also taken note that many delegations have referred to their comments made at the 129th Session of the Council last week. In this regard, I would also refer delegates to the reply that was provided by Mr Juneja to these comments which is in the Verbatim Record of the Council and which addresses many of the issues that have been raised by the other delegations that are present today.

We also appreciate the welcoming of the new format of the PWB, the shorter format, and I can assure the Members that we will continue to try to make improvements in the presentation of the information that we provide you in order to help you make decisions on priorities for the Organization and the budget levels.

Turning to the budget level, we have noted that there is a range of views that have been expressed, and the Chairman has indicated that he intends to establish a Friends of the Chair Group that will continue to consider this issue so that the Conference can come, hopefully, to a consensus on the budget level by this Friday.

Many Members raised the issue of late payments and arrears and, as you know, this has been under consideration by the Finance Committee and the Council in the past. Canada and Japan again reiterated their positions on the proposal of the Secretariat not to deduct Miscellaneous Income for determining the assessments. I can only reiterate that this is a proposal by the Secretariat to improve the financial management of the Organization and, although it is certainly not an overall solution to cash flow, it does help us to deal with this important problem. Therefore, I would certainly appeal to Members to consider giving support to this proposal.

Many delegations have pointed out the need for the Organization to continue to pursue efficiency savings and productivity gains, and we recognize that there is always scope for additional savings and gains. The Organization takes this matter very seriously, and you can see the proposals made in the main PWB document, in paragraphs 101-137 and in the supplement, in paragraphs 105-131.

That being said, and as we have pointed out in the past, and as has also been recognized by the Council, targets for efficiency savings must be realistic. We have achieved, as pointed out by delegates, savings in the past decade of US\$120 million per biennium. As we continue to search for them, we also must find a balance of the impacts on the programmes of the Organization.

Finally, concerning the Director-General's proposals for reform, as you know, a Working Group has been established to further the discussion among Members, and we hope for positive outcome on these proposals. Therefore, I do not intend to address particular issues that have been raised here, as they are under discussion in the Working Group.

Some Members have mentioned the need to have a close link with the IEE, and I can only reiterate that the Director-General is fully committed and engaged in the IEE which we believe is complementary to the reform proposals, particularly in terms of timing; that the reform proposals are dealing with how the Organization works, whereas the IEE is looking much more in terms of scope, also in terms of more substantive priorities, because the reform proposals do not propose to change the priorities. Another example of how the IEE could handle some issues raised by Members, Finland has both here and in the Council raised the issue of the open meetings of the Programme and Finance Committees, and as the IEE looks at governance, it may wish to take up these matters.

One last matter. Japan has indicated the Decentralization under the reform proposals should be coupled with downsizing the Headquarters structure, and I would just like to point out that, under

these proposals, the percentage of Professional posts at Headquarters would fall from 70 to 60 percent with a corresponding increase in Decentralized Offices. So this is an example of how the reform proposals are trying to deal with the way the Organization works to increase its effectiveness, working more closely with Members in the field.

I have tried to give a brief reply and also refer Members to the more detailed reply that was provided by Mr Juneja at the last Session of the Council.

CHAIRMAN

If there are no further comments, I would like to summarize the discussions on this floor this morning.

The deliberations of this morning have underscored the importance attached by Members to the reform process and have equally revealed a broad agreement on the need to consider the reform proposals tabled by the Director-General of the Organization separately from the level of the budget to adopted for the upcoming 2006—07 biennium.

While the Members have also underlined the importance of the IEE, the Commission notes the need to ensure complementarity between this exercise and the reform proposals.

With regard to the budget level, I noted from the interventions made this morning, that there is a wide divergence of use among the Membership on the most appropriate level to be adopted. Such divergence of use will necessitate further consultations with a view to forging a consensus on this issue. Accordingly, I wish to convene a Friends of the Chair Group to discuss the budget level, as I mentioned this morning.

I would like this group to meet this afternoon from 15.00 hours to perhaps 16.30 hours in the Lebanon Room, D209. I would ask the regional groups to nominate up to three Members to attend this meeting and to provide the Secretariat with the names of the countries by 14.00 hours today, either by telephoning the Secretary at extension 57151 or extension 57150 or by walking across the corridor to Room A367 in this building, on this floor, to say, "Here are the names of the regional representatives".

Before closing, I have been asked to remind distinguished delegates that at 12.45 p.m. in the Green Room, opposite this one, there is a side event on Avian Influenza where the Chairperson of the Conference will also present the Viet Nam experience.

I would also remind delegates that the Conference proceedings will be suspended at 11.00 hours on Thursday as His Holiness, Pope Benedict XVI, will grant an Audience to Conference participants that day.

It only remains for me to thank you for your collaboration this morning and, as we have now completed discussion of all the items on our Agenda, I hereby suspend Commission II until Thursday afternoon at 14.30 hours.

Thank you very much. The Secretariat has an announcement to make in addition to what I said.

SECRETARY

I wish to inform the Members that the Drafting Committee will meet this evening at 18.30 hours in the Lebanon Room, Room D209.

CHAIRMAN

The Session is adjourned, and we will see on Thursday at 14.30 hours except for the Regional Groups and the members of the Chair. Have a good lunch.

The meeting rose at 12.30 hours

La séance est levée à 12 h 30

Se levanta la sesión a las 12.30 horas

CONFERENCE CONFÉRENCE CONFERENCIA

Thirty-third Session Trente-troisième session 33º período de sesiones
Rome, 19 November – 26 November 2005 Rome, 19 novembre – 26 novembre 2005 Roma, 19 de noviembre – 26 de noviembre de 2005
FOURTH MEETING OF COMMISSION II QUATRIÈME SÉANCE DE LA COMMISSION II CUARTA SESIÓN DE LA COMISIÓN II
24 November 2005

The Fourth Meeting was opened at 19.30 hours
Mr Zohrab V. Malek,
Chairperson of Commission II, presiding

La quatrième séance est ouverte à 19 h 30
sous la présidence de M. Zohrab V. Malek,
Président de la Commission II

Se abre la cuarta sesión a las 19.30 horas
bajo la presidencia del Sr. Zohrab V. Malek,
Presidente de la Comisión II

**ADOPTION OF REPORT
ADOPTION DU RAPPORT
APROBACIÓN DEL INFORME**

**DRAFT REPORT OF COMMISSION II - PARTS I – II
LES PROJETS DE RAPPORT DE LA COMMISSION II – PARTIES I – II
LOS PROYECTOS DE INFORME DE LA COMISIÓN II - PARTES I - II**

**9. Programme Implementation Report 2002-2003
9. Rapport sur l'exécution du Programme 2002-2003
9. Informe sobre la Ejecución del Programa en 2002-2003**

CHAIRMAN

We will be adopting the Commission II Draft Report, Part 1 and Part 2.

The level of the budget is not part of this Report. We shall also, not be adopting part 2, point 8 on page 5 starting with the last word "The Conference adopted the following Resolution, on Miscellaneous Income". I shall pass now the floor to the Chairman of the Drafting Committee.

Søren SKAFTE (Chairman, Drafting Committee)

As the Drafting Committee for Commission II, we have had two Sessions, and it has been an easy task as many of the elements were already discussed, and to some extent agreed during the Council.

Part 2 of the Draft Section, the Report, apart from the paragraph 8 you mentioned on Miscellaneous Income, the Draft Report is also elaborated with the understanding that the paragraphs from 9 onwards, "Views on the Reforms" should be considered in light of the outcome on the two Resolutions. Depending on the specific content of the two Resolutions, all Members of the Drafting Committee reserve their right to come back through formulations in the paragraphs in the section starting with "Views on the Reform" and onwards in Part 2 of the Report.

Apart from that, I do not think that I have any initial comments.

CHAIRMAN

Could you elaborate a little bit more on the Report?

Søren SKAFTE (Chairman, Drafting Committee)

With your permission, I would suggest that we take the Report paragraph by paragraph, starting with Item 9, Programme Implementation Report 2002–2003 and document C 2005/2/REP/1.

Are there any comments on Item 9?

I do not see any, yes Austria has the floor.

Ms Natalie FEISTRITZER (Austria)

I just have a procedural question.

What are we going to do now? Are we going to discuss paragraph by paragraph, or are you going to give some amendments which were omitted or are we going to adopt them on block or what are the procedures?

Søren SKAFTE (Chairman, Drafting Committee)

We cannot adopt the Report on block for the reasons we said before. I suggest that we take it Item by Item, unless anybody in the room insists that we take it paragraph by paragraph or even word by word. So, I will come back to Item 9, and I am suggesting this because the Members of the Drafting Committee can confirm that we did not use much time on discussing on the Draft Report on Item 9.

I do not see any comments from the floor, so I think that we can consider the Report on Item 9 adopted.

Adopted

Adopté

Aprobado

10. Programme Evaluation Report 2005

10. Rapport d'évaluation du Programme 2005

10. Informe de Evaluación del Programa 2005

11. Programme of Work and Budget 2006-2007 (Draft Resolution) (paras 1-7)

11. Programme de travail et budget 2006-2007 (Projet de résolution) (pars 1- 7)

11. Programa de Labores y Presupuesto para 2006-2007 (Proyecto de resolución) (párr 1-7)

12. Performance of the Split Assessment Arrangement

12. Résultats de l'application du dispositif de mise en recouvrement des contributions en deux monnaies

12. Resultados del sistema de pago de las cuotas en dos monedas

13. Independent External Evaluation of FAO

13. Évaluation externe indépendante de la FAO

13. Evaluación externa independiente de la FAO

Søren SKAFTE (Chairman, Drafting Committee)

The next Item is the Programme Implementation Report 2005, Item 10. Are there any comments to this Report? I do not see any. I think we also can consider the Report on Item 10 adopted.

The next Item is Performance of the Split Assessment Arrangement, Item 12. Any comments? We consider the Report on Item 12 adopted.

Item 13, Independent External Evaluation of FAO. Only one paragraph. No comments. I think that we consider the Report on Item 13 adopted.

We now proceed with Part 2 of the Report. The first Item is Item 11, Programme of Work and Budget 2006-2007. PWB documentation, I suggest that we take this Item, paragraph by paragraph.

Ms Sharon KOTOK (United States of America)

I do not know that there is a great utility in adopting this first part of the document number 2, paragraphs 1 through 7, since the PWB discussion is still ongoing, is it really important to adopt this part right now or should we wait until that discussion is resolved?

Søren SKAFTE (Chairman, Drafting Committee)

We also had the same discussion in the Drafting Committee. I think it is fair to say that the general agreement was that as far as we could take it, there would be some advancement. In the Drafting Committee, these first paragraphs, were not considered controversial. My suggestion is that, if possible, we adopt the Report until paragraph 8, and we consider the following paragraphs still being in square brackets.

Are there any specific comments through paragraphs 1 through 7 including the Draft Resolution for the Conference regarding security expenditure facility. This was also discussed at the Council. I take it that we can consider the first seven paragraphs in this part 2 Report adopted.

From paragraph 8 as mentioned by the Chairman the Resolution will probably be deleted during the proceedings due to recent developments. I do not think that there is any point in having a lengthy discussion on the final elements in these texts. My proposal is that we adopt part 1 and

part 2 of the Report with the exception of the last paragraph starting with 8. Can we all agree to this? It seems that we can consider the Report adopted with the mentioned results.

Paragraphs 1 to 7 approved

Les paragraphes 1 à 7 sont approuvés

Los párrafos 1 a 7 son aprobados

Applause

Applaudissements

Aplausos

CHAIRMAN

Now, I would like to announce the resumption of the Friends of the Chair to discuss the budget level. We still have some points to iron out. I invite those Members who are part of the Friends of the Chair to go to the Lebanon Room.

SECRETARY

To avoid any confusion, the remainder of the Report of this Commission will be adopted in Plenary tomorrow. We will not reconvene in this room again.

Victor C.D. HEARD (United Kingdom)

I am sorry to take up the Meeting's time with this. May I just mention to Members of the European Union that there is a Coordination Meeting at 08.00 hours tomorrow.

The meeting rose at 19.45 hours

La séance est levée à 19 h 45

Se levanta la sesión a las 19.45 horas

CONFERENCE CONFÉRENCE CONFERENCIA

Thirty-third Session Trente-troisième session 33º período de sesiones
Rome, 19 November – 26 November 2005 Rome, 19 novembre – 26 novembre 2005 Roma, 19 de noviembre – 26 de noviembre de 2005
FIFTH MEETING OF COMMISSION II CINQUIÈME SÉANCE DE LA COMMISSION II QUINTA SESIÓN DE LA COMISIÓN II
26 November 2005

The Fifth Meeting was opened at 10.55 hours
Mr Zohrab V. Malek,
Chairperson of Commission II, presiding

La cinquième séance est ouverte à 10 h 55,
sous la présidence de M Zohrab V. Malek,
Président de la Commission II

Se abre la quinta sesión a las 10.55 horas
bajo la presidencia del Sr Zohrab V. Malek,
Presidente de la Comisión II

CHAIRMAN

Before opening the Twelfth Plenary Meeting, I would like to give the floor to Mr Malek, the Chairperson of Commission II, so that the Report on the Programme of Work and Budget 2006–2007 can be adopted in that Commission. Upon adoption of the first Report of Commission II, I will return to the Chair.

ADOPTION OF REPORT OF COMMISSION II (C 2005/REP/1)**ADOPTION DU RAPPORT DE LA COMMISSION II (C 2005/REP/1)****APROBACIÓN DEL INFORME DE LA COMISIÓN II (C 2005/REP/1)****Zohrab V. MALEK (Chairman, Commission II)**

Thank you for allowing me to reconvene Commission II.

I have the honour of presenting to this Fifth Meeting of Commission II, the Draft Report of the Commission as it pertains to Item 11, the Programme of Work and Budget 2006–2007.

The Draft Report is set out in document C 2005/REP/1.

You will note, that this report contains three Resolutions: on the Security Expenditure Facility as contained in paragraph 7; on the Director-General's Reform Proposals; and on the Budgetary Appropriation for 2006–2007 biennium.

The Resolution on the Security Expenditure Facility was voted on and approved in the Plenary of Conference yesterday morning and, as such, distinguished Delegates may agree that there is no need to comment on it further. Indeed, I would remind the Delegates that paragraph 1 to 8 of this Report have already been adopted by the Commission. We should, therefore, restrict our comments to paragraph 9 and onwards.

Furthermore, these paragraphs were approved by the Drafting Committee of Commission II, insofar as, they were able to do so, without the benefit of the conclusions emanating from the Friends of the Chair Group and Resolutions contained in paragraph 22. I am joined on the Podium by the Delegate from Denmark, who chaired the Drafting Committee and is available to answer any questions relating to their work.

Before proceeding to the Adoption of the Report, I would like to refer to the Resolution which has come out of the Working Group on the Director-General's Reform proposals. Regrettably, Ambassador Mekouar, who was chairing this Group, is unable to be here today. However, he has asked me to express, on his behalf, his satisfaction that after what was a very long and extremely difficult negotiation, the Working Group was able to produce a Resolution, which enjoyed full consensus. He has asked me to thank the Members of the Group for the friendly spirit which was present throughout the discussions.

I would now like to proceed with the adoption of the remainder of the Report on Item 11, from paragraph 9 onwards. I would like to know, if we are able to adopt the Report of the Commission on block, so that we are able to transmit it to the Plenary of the Conference.

This will require that I ask if there are any interventions at this point. I do not see any.

Thank you for your cooperation and this concludes my work, at this time. I consider the Report adopted.

Adopted

Adopté

Aprobado

I would like to pass the Report to the Conference.