

# Time for FAO to Shift to a Higher Gear

A Report of the CGD Working Group  
on Food Security

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# The CGD Working Group on Food Security

The Center for Global Development convened the Working Group on Food Security to explore how the agencies could more effectively improve food security. The group decided to focus on the largest of the three agencies—the FAO—and the need for member states to be more accountable for their actions related to food and agriculture. The election of Jose Graziano da Silva as director-general is the first leadership transition in decades, and presents a unique opportunity to change the FAO for the better.

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Members of the working group were invited to join in a personal capacity and on a voluntary basis. Their biographies appear in appendix A. The report of the working group reflects a consensus among the members listed above. It does not necessarily represent the views of the organizations with which the working group members are affiliated, the Center for Global Development, or its funders or board of directors.



# January 2015 Update

## FAO: New Reforms and Steps Forward

By: Casey Friedman and Vijaya Ramachandran

### Introduction

There has not been a radical transformation of the Food and Agriculture Organization (FAO) since the Center for Global Development's Working Group on Food Security released its report *FAO: Time to Shift to a Higher Gear*. There has not been time for such a transformation to take place, nor has it been a broadly shared priority. This note asks if FAO has progressed along the path to becoming a more effective provider of global public goods and whether it has focused its activities at the national and local levels in areas where it retains capacity.

The CGD Working Group report was publicly launched in October 2013, a few months after the 38th Session of the FAO Conference approved a new strategic framework and employed that framework as the foundation for the current biennium's budget. The Conference, FAO's plenary body and final governing authority, has not met since the CGD report was released.

The core messages of "Time for FAO to Shift to a Higher Gear" were that, in order to maintain and rebuild its relevance, FAO has to shift its focus to global public goods and improve its institutional governance. These challenges were interrelated; the working group identified several weaknesses in FAO governance that reduce the organization's ability to address global issues. In short, FAO has long been split between "normative" work, whether done at headquarters or in the field offices, and "operational" or "technical" work carried out on farms, fisheries, or forests. Dwindling resources for the core FAO budget since the 1990s heightened political tensions between advocates of FAO's operational work and members who argued that much of FAO's fieldwork was fragmented. As a result of this tension, FAO for a long time struggled to develop a coherent program with meaningful priorities.

FAO is now completing the final components of a reform process (Immediate Plan of Action or IPA) that began in 2007, inspired by a major independent, external evaluation. It was widely understood that this reform was the beginning of an ongoing process of evaluation and improvement in FAO. The CGD Working Group's aim was to help set the agenda for the next steps after the reform plan was complete. To that end, the CGD report included recommendations directed both to FAO's management and to its member states, the two constituencies with the greatest influence and interest in the organization's work. These recommendations were intended to be at once actionable and significant. Together with an assessment of progress, they are described in Table 1.

Table 1 places recommendations into one of four categories, based on the recognition of the relatively limited opportunities for progress since the Working Group report was issued. In one or two cases, there has in fact, there has been some (limited) indication of progress. In other cases, there is no progress yet. Finally, there are cases where no progress is expected under current circumstances.

Appendix 1 explains how progress was assessed for each recommendation. In order to keep sight of the purpose of the recommendations, this note is structured to highlight two key findings.

First, FAO's core challenges remain mostly unresolved. Second, new structures and a sincere focus on results are improving the likelihood of addressing the core challenges in the long run.

### ***FAO's Persistent Core Challenges***

In order to assess the state of reform within FAO, we compare FAO's activities to its potential using three broad categories. First, global or regional 'normative' work enables stakeholders to overcome collective action problems; it also generates knowledge that is useful to all of FAO's members. The clearest examples of global public goods produced by FAO are food security and agricultural statistics, fora for policy coordination, international legal instruments, and information exchange platforms. Second, work done at the national and local levels can serve global or trans-boundary purposes; in other words, it can involve the production of public goods at the national level. Examples include support to national statistical services, monitoring of pests and diseases, and capacity building for implementation of international guidelines or treaties. Finally, when it has particular expertise and capacity, FAO could lead national and field level activities that don't, strictly speaking, produce global public goods: support for climate change adaptation, for instance, provides localized but considerable benefits, and FAO may well be the right source of that support.

### ***Global and regional normative work***

The CGD Working Group held the view (together with other recent reports and evaluations of FAO) that FAO's global, normative work tended to be the organization's strongest outputs. It is also in this area that the most visible improvements in FAO's outputs have taken place over the last year. While there have not been transformative changes to FAO's normative programs since the release of the CGD report, the effects of earlier reforms are making themselves felt, and small but significant changes have been made.

In particular, the "revitalized" Committee on World Food Security (CFS) has begun to attract broader policy and academic attention as a model for a multi-stakeholder forum in global governance (Montpellier workshop/policy briefs). The CFS is now largely independent of its FAO host, but ever since the Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forests (VGGT)<sup>1</sup> were approved, it has worked out a division of labor with FAO. CFS is increasingly viewed as a pre-eminent forum for global discussion of food security policy, while FAO employs its institutional presence and resources to promote CFS-negotiated instruments and to provide support for their implementation. Agreement on a new set of Principles for Responsible Agricultural Investment (the lower-case "rai principles") at the CFS, approved in August, will further cement CFS' prominent role, unless the principles are disavowed by important civil society groups at the October CFS meeting. The rai principles were intended to be a counterweight to the PRAI (upper-case), developed under the auspices of the World Bank, UNCTAD, FAO, and IFAD, which attracted the ire of civil society groups for failing to invite the participation of small-scale producers or to adequately consider their needs.

In addition to the role of the CFS, FAO's decentralization efforts have the potential to improve FAO's normative work at the regional level, creating regional (if not global) public goods. Normative work is not the main focus of the decentralization initiative, which has focused primarily on expanding the role of regional offices in managing and directing country offices and projects. Nonetheless, the decentralization process has given regional offices responsibility for all financial

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1. Full title: Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

resources allocated to the region. This has likely motivated broader participation in Regional Conferences and greater interest in regional offices' normative activities, which in the past had not been perceived as especially relevant.

Within the FAO secretariat, there have been isolated developments that may bolster FAO's international normative work. The Statistics Division anticipates a considerable boost in extra-budgetary funding during the current biennium, amounting to an increase of \$2.3 million over last biennium's total resources of \$16 million and extra-budgetary resources of \$0.5 million; a similarly large increase is expected for the Trade and Markets Division. The Natural Resources Management and Environment Department has been elevated to the senior management level, to be headed by one of the two deputy director generals, but it is not clear that this organizational relocation will have the desired effect of incorporating natural resource and environmental issues into the broader spectrum of FAO work.

### ***Support for regional and global public goods at the national level***

Even in a global and regional public goods-oriented FAO, there is a clear role for field projects and capacity building at the national level. FAO's governance has not been favorable to this category of activity--instead, it has been torn between constituencies for the production of global public goods and programmatic or operational activities at the national or sub-national level.

FAO is currently expanding its work to support public goods production in some areas. The Programme Implementation Report for the VGGT indicates that 11 regional workshops were held in 2012-2013. Support for 17 countries is currently being planned. In addition, FAO has been steadily expanding its locust and transboundary plant pest monitoring capability since 2009.

In spite of these examples, there have been no broad initiatives that would strengthen FAO in this category of work. Unfortunately, FAO management struggles to understand the category, and sees "global public good" as code for "headquarters." The 2014 evaluation of FAO's work on crop production, like the CGD Working Group report, recommended a greater focus on global public goods, providing as examples of successful current and past programs a number of initiatives that required significant national-level work: control of the Ug99 wheat rust strain, the global plant-breeding program, and the Global IPM Facility (para. 355). FAO's management mistakenly construed the evaluation's recommendation as opposing field activities and thus rejected it.

### ***National and local level work where FAO has expertise***

FAO's contribution does not have to be exclusively in the domain of regional and global public goods. Providing many types of "private goods" is appropriate and necessary: emergency relief is a compelling example. However, if FAO is involved in the provision of private goods, it should be the best available provider. Unfortunately, as a result of the hollowing out of FAO's institutional capacity over several decades, FAO now operates in many areas where it lacks a "critical mass" of expertise. Donor-driven or opportunistic projects, which dominate FAO's field activities, are often not a sensible use of resources.

Because this challenge is fundamental, it would not have been possible to address it in any substantial way in the past year. A set of principles to improve the selection and monitoring of FAO's Technical Cooperation Programme (TCP) projects (in-country projects financed by the regular budget) has been approved, requiring TCP projects to be aligned with country- and FAO-agreed priorities (under the Country Programming Frameworks). However, TCP makes up only a small portion of FAO projects--most are under the extra-budgetary program--and the efficacy of the new rules remains to be seen. Core voluntary contributions, which is extra-budgetary funding that has

the flexibility to be budgeted in alignment with FAO's overall work program, shows no indication of increasing; in fact, the amount projected this biennium is much less than in the preceding two biennia.

### ***Foundation for progress***

Despite the limited change in the way FAO delivers its work program or in the balance of its activities, some of the systems and plans put in place by the reform process have the potential to contribute to greater transformation over the long term. These have only been finalized in the past year or are still being finalized, and they are slightly easier to evaluate now than at the time of the CGD Working Group report.

FAO staff and others involved in the organization are quick to identify the new Strategic Framework as representing fundamental change. The framework defined a structure for the budgeting and planning process, reducing the number of objectives sharply, as well as moving from objectives that were aligned with FAO's organizational structure to "cross-cutting" objectives. The framework was designed to be supported by a results framework that would define objectives further and provide specific indicators and targets--both for outputs and outcomes--against which progress can be judged. Since the CGD Working Group report was released, the results framework has been further refined, indicators have been formulated, and a baseline survey has been conducted.

The results framework is designed to measure progress on the outcomes in food security and agricultural development that are aligned with FAO's goals. Indicators, especially for outcome monitoring component, are meaningful as well as measurable. Table 2 describes an example of one component of the results framework. Furthermore, the survey component of the assessment includes a wide range of respondents in and out of government, providing a mechanism for diverse constituencies to directly inform FAO's core planning and monitoring process, rather speaking through side channels. An effective, results-based monitoring system could highlight to FAO's management and members where the organization is succeeding and failing and thus generate wider agreement on which areas of work FAO should prioritize.

The final item in the reform plan was an independent review of FAO's governance reforms. The arrangements for the review were approved by the Council in December 2013, and it is now underway. While it is much smaller in scope and funding than the 2007 Independent External Evaluation, there is potential for a well-documented, bold report to continue the process of reforming FAO governance. FAO now has term limits for its director-general and has successfully streamlined some of its administrative procedures. But it is still not very transparent; its website is difficult to use and minutes of committee meetings as well as financial data are very hard to come by. FAO must also continue the process of administrative reform, to further streamline its rules and procedures.

Some reforms that had not been completed at the time of the CGD report are now much more clearly formulated and/or finalized. The long-awaited global resource management system for tracking FAO's resources has now been rolled out to the field offices. FAO anticipates having IPSAS-compliant financial statements for this year. The FAO Manual of Administrative Procedures was consolidated and simplified, and made available online in its entirety to all FAO staff. The new performance management system, tied to the push for a results focus, has been rolled out to all staff globally and is being further refined. A new mobility policy with demanding reassignment requirements for 538 posts has been put in place.

**Table 1: Report Recommendations and Progress So Far**

	Major improve- ments	Some progress	No clear progress yet	Cause to expect no progress
<b>For FAO Members</b>				
<b>Recommendation 1:</b> Place FAO's Core Activities on a Secure Financial Footing				
<i>A) Revenue neutral budget shift</i>			X	
<i>B) Transfer funding to less restricted formats</i>			X	
<i>C) Reward efficiency gains</i>				X
<i>D) Evaluation budget target</i>	X			
<i>E) Independent financing of existing international instruments</i>			X	
<b>Recommendation 2:</b> Instruct ministries such as Finance, Health and Trade to Engage with FAO			X	
<b>Recommendation 3:</b> Rationalize FAO Country Office Coverage			X	
<b>Recommendation 4:</b> Within Regions, Select Council Members Based on Qualifications Rather than Political Considerations				
<b>Recommendation 5:</b> Prioritize Civil Society and Private Sector Engagement		X		
<b>For DG and Management</b>				
<b>Recommendation 1:</b> Work with Both the Large Donors and the Major Developing-Country Members to Boost Spending on Global Public Goods, Including Statistics				
<i>A) Increase focus on global public goods</i>			X	
<i>B) Continue to strengthen statistics</i>		X		
<b>Recommendation 2:</b> Push for Full Final Implementation of the Reform Plan				
<i>A) Strengthen results framework and performance reporting system</i>	X			
<i>B) Improve administrative procedures</i>	X			
<b>Recommendation 3:</b> Develop Strong Working Relationships with Relevant Ministries, Regional Development Banks				
<b>Recommendation 4:</b> Embrace transparency				X
<b>Recommendation 5:</b> New Budgetary Procedures				
<i>A) Core voluntary channel for South-South Cooperation</i>			X	
<i>B) Tighten controls on TCP</i>		X		
<i>C) Work with donors to better analyze extra-budgetary offers</i>			X	

**Table 2: Examples of Outcome and Output Indicators**

1.3.A	Number of countries with improved evidence and high quality analytical products generated through functional information systems in support of food security and nutrition policy and programming processes, measured by: <ul style="list-style-type: none"> <li>• existence of a well-functioning and comprehensive national food security and nutrition information system</li> <li>• existence of well-functioning mapping system of food security and nutrition action</li> </ul>
Outcome	<ul style="list-style-type: none"> <li>• existence of well-functioning government structure for regular monitoring and evaluating of food security and nutrition policies/strategies and national programmes</li> <li>• uptake of relevant information and analysis for decision-making for designing/updating policies and programmes for food security and nutrition</li> </ul>
2.1.C	Number of countries where the human-edible protein balance in livestock production (output/input ratio) increased or remained stable, since the last reporting period.
Outcome	
4.1.1	New and revised international standards for food safety and quality and plant health are formulated and agreed by countries and serve as references for international harmonization.
Output	
5.2.1	Mechanisms are set up/improved to identify and monitor threats and assess risks to deliver integrated and timely early warning.
Output	

## Appendix 1: Documentation of Assessment

Official FAO documents are referred to by their full title and/or document code ([Body] [Session Number]/[Document number])

<u>Recommendation</u>	<u>Comment and documentation</u>
<b>For FAO Members:</b>	
<b>Recommendation 1:</b> Place FAO's Core Activities on a Secure Financial Footing	
<i>A) Revenue neutral budget shift</i>	The Verbatim Records of the most recent (June 2014) FAO Council Session do not give any indication of serious discussion or reappropriation responsibility for specific programs between the assessed and extra-budgetary funding channels. The "Annual Report on Budgetary Performance and Programme and Budgetary Transfers in the 2012-13 Biennium" (FC 154/8) describes transfer of \$9.8 million; however, these transfers refer either to reallocations of spending between organizational units that are all within the regular programme and to unplanned expenses in administrative functions.
<i>B) Transfer funding to less restricted formats</i>	FAO no longer reports realized contributions on its website at <a href="http://www.fao.org/partnerships/resource-partners/en/">http://www.fao.org/partnerships/resource-partners/en/</a> . The most recent governing body documents, such as "Annual Report on Budgetary Performance and Programme and Budgetary Transfers in the 2012-13 Biennium" (FC 154/8) and "Progress on the Medium Term Plan 2014-17: Results framework, regional priorities and budgetary adjustments from work planning and efficiencies" (PC 115/2-FC 154/9) do not report the share of core voluntary contributions and other flexible mechanisms in recent funding. The Financial Position of the Organization (FC 154/2) shows a decline in the level of voluntary contributions to FAO in 2012-2013 since the preceding biennium but does not distinguish between core voluntary and other extra-budgetary channels. The Programme of Work and Budget 2014-2015 makes no mention of the Multidonor Programme Support Mechanism, which thus appears to have failed to attract financial support.
<i>C) Reward efficiency gains</i>	Appropriated \$1.005 billion (as in the previous biennium), in spite of anticipated cost increases of \$44 million, requiring \$22.6 million of "identified further efficiency gains and savings"
<i>D) Evaluation budget target</i>	Target of 0.8% of budget met in Programme of Work and Budget 2014-15 (para. 173), with evaluation budget of \$1.1 million.
<i>E) Independent financing of existing international instruments</i>	There has been insufficient time to see if new formal treaty bodies will place demands on FAO's limited Regular Programme funds. Moreover, it is not clear if new formal treaty bodies will emerge in the foreseeable future. The 2014-15 Programme of Work and Budget (para 201) continues to include "funding commitments" for treaty bodies and conventions in the Regular Programme. These costs are better elaborated in the current PWB than previous ones.
<b>Recommendation 2:</b> Instruct ministries such as Finance, Health and Trade to Engage with FAO	At this stage, no indication of wider participation in FAO governance, except through the results assessment, as discussed elsewhere.
<b>Recommendation 3:</b> Rationalize FAO Country Office Coverage	Originally "parked" (suspended) as an IPA recommendation in the "Final Management Report on Immediate Plan of Action Implementation and the FAO Reform Process" (C 2013/26). At the May 2014 Joint Meeting of the Programme and Financial Committees, the Director-General referred this goal, calling for a review of country office coverage ( <a href="http://www.fao.org/members-gateway/news/detail/en/c/233052/">http://www.fao.org/members-gateway/news/detail/en/c/233052/</a> ).

<b>Recommendation 4:</b> Within Regions, Select Council Members Based on Qualifications Rather than Political Considerations	Difficult to assess on the basis of one FAO Council election.
<b>Recommendation 5:</b> Prioritize Civil Society and Private Sector Engagement	The Committee on World Food Security continues to attract widespread attention as a model multi-stakeholder forum (e.g., <a href="http://www.iddri.org/Publications/The-Committee-on-World-Food-Security-reform-impacts-on-global-governance-of-food-security">http://www.iddri.org/Publications/The-Committee-on-World-Food-Security-reform-impacts-on-global-governance-of-food-security</a> ) and FAO documents including the Programme of Work and Budget (paras. 348, 367, 421, etc.) refer widely to close integration with it. The results framework's Corporate Baseline Survey incorporates civil society input: "includ[ing] a selected number of experts representing the Government, UN agencies, international donors and International Financial Institutions, research institutions/academia, civil society and the private sector". There is little documentary evidence of significant improvements with respect to private sector collaboration.
<b>For DG and Management</b>	
<b>Recommendation 1:</b> Work with Both the Large Donors and the Major Developing-Country Members to Boost Spending on Global Public Goods, Including Statistics	
<i>A) Increase focus on global public goods</i>	This was a central theme in the Evaluation of FAO's Role in Support of Crop Production. Recommendation 1 of the Evaluation was "that FAO should give first priority in resource allocation to its work on global public goods and global and regional work on major issues," which was not accepted by management (PC 115/5 Sup.1). The Verbatim Records of the June 2014 FAO Council meeting include significant discussion of this balance with country representatives expressing strong and diverse positions about the appropriate balance. The Chair of the Programme Committee expressed an intention for further discussions on the appropriate balance in November 2014.
<i>B) Continue to strengthen statistics</i>	Extra-budgetary resources for statistics increased by \$2.3 million in the Programme of Work and Budget 2014-2015.
<b>Recommendation 2:</b> Push for Full Final Implementation of the Reform Plan	
<i>A) Strengthen results framework and performance reporting system</i>	The Results Framework continues to be the focus of rigorous revision and improvement (see for instance Annex 5 of Adjustments to the PWB 2014-15). See Table 2 for examples of output and outcome indicators. The Corporate Baseline Survey was conducted from February to April 2014 and fed into the Results Framework revisions (PC 115/2-FC 154/9). The Performance Evaluation Management System is now active and is being improved on the basis of experience and comparison with other organizations (FC 154/11)
<i>B) Improve administrative procedures</i>	Over 300 administrative procedural documents deleted and consolidated into the Manual, which is being simplified at the same time. (FC 154/11 )
<b>Recommendation 3:</b> Develop Strong Working Relationships with Relevant Ministries, Regional Development Banks	Limited documentary evidence.
<b>Recommendation 4:</b> Embrace transparency	No evidence that this is a priority and none of the relatively straightforward steps proposed have been taken (sharing FPMIS data, internal committees' proceedings, financial information, disclosure policy).
<b>Recommendation 5:</b> New Budgetary Procedures	
<i>A) Core voluntary channel for South-South Cooperation</i>	No indication in recent Finance Committee, Joint Meeting, or Council documents that this is under active consideration.
<i>B) Tighten controls on TCP</i>	Specific plans for improvement of the Technical Cooperation Program were adopted in November 2013 (JM 2013.2/2). These measures include additional procedures for alignment with country planning frameworks and FAO action plans, TCP performance indicators (featured in a new annual performance report, not yet released), and simplification of procedures. The effect of these procedures is not yet clear, particularly in the context of the 2010 decentralization of responsibility for managing TCP projects.
<i>C) Work with donors to better analyze extra-budgetary offers</i>	Limited documentary evidence.

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# Preface

Food security has arisen again on the development agenda. High and volatile food prices took a toll in 2007–08, and in many low-income countries agricultural yields have risen little, if at all, in the last decade. Moreover, food production in these poor countries is especially vulnerable to climate change. The combination of global population growth (by some 2 billion) and projected income growth in emerging market economies suggests a 60 percent rise in the demand for food between now and 2050. Meeting this demand is a global challenge.

The Food and Agriculture Organization of the United Nations (FAO) is expected to lead the way in meeting this challenge and, with the arrival in 2012 of the first new director-general in 18 years, it has an opening to restructure itself to do so.

At the Center for Global Development, we created a Working Group on Food Security, with the support of the Bill and Melinda Gates Foundation, to consider how the FAO might be reenergized and restructured for greater impact on the global challenge of boosting agricultural productivity.

The working group studied previous evaluations of the FAO, measured the influence of the FAO's many data products, and assessed the effects of an earlier reform process begun in 2007. The conclusion: there has been progress but not enough and not entirely in the right direction.

The FAO's global perspective and cross-border reach, the respect and trust it continues to enjoy in developing countries, and its network of agricultural and economics experts are its strongest assets. To make the most of these assets, the FAO should focus more of its resources on global public goods—activities that individual countries will not undertake on their own—and spend less time and money on a large number of relatively small single-country projects.

Important areas where the FAO should expand its work include collecting and disseminating data on global food production and consumption; developing early warning systems related to hunger, disease, and pests; and providing a neutral forum for international policy dialogues on food and agriculture. No other institution has the credibility, global vision, or mandate required to provide these crucial global public goods.

This report makes a compelling case that the world needs the FAO today as never before. It shows that the FAO can make a huge difference in the world, but only if it does the right things better—and stops doing things that can be done as well or better by national governments, NGOs, and bilateral and multilateral funders.

The report offers the evidence, analytical framework, and specific recommendations that can provide the basis for a lively, informed debate about how the FAO can help to improve food security in the face of the unprecedented challenges that lie ahead. Its main findings should be read by anybody who cares about food security in the 21st century, and that should include pretty much anybody who cares about development.

Of course, the report should be read with particular attention by those of you in a position to push the FAO to live up to its full potential—the FAO leadership and senior management, and relevant senior government officials in Rome and member-country capitals who are responsible for overseeing the FAO. You are the primary audience for this report. In it you have a guide to action for helping to reduce and prevent hunger and malnutrition for hundreds of millions of people. I hope you will find this report helpful as you seek to fulfill this weighty responsibility.

Nancy Birdsall  
President  
Center for Global Development

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# Acknowledgements

This report was possible only through the hard work and dedication of a host of individuals. First and foremost, we thank the members of the Working Group, who spent more than a year considering how the Food and Agriculture Organization can better position itself to meet its goals of improving food security, increasing agricultural productivity, and raising the standard of living in rural populations. The diverse experiences and expertise of Working Group members allowed discussion of a number of issues regarding the activities of the FAO.

We are also grateful to those who offered input to this report. In particular, we would like to thank members of the staff and management of FAO, the World Food Programme and the International Fund for Agricultural Development. In addition, we would like to thank audiences at two venues where earlier versions of the report were discussed. The first was at the Australian Centre for International Agricultural Research (ACIAR), in Canberra, on June 11, 2013. The second was at the Graduate Institute for International and Development Studies (GIIDS), Geneva, Switzerland, on June 17, 2013.

This report was discussed at the First International Conference on Global Food Security in the Netherlands, hosted by Elsevier and Wageningen University, on October 1, 2013. We thank the organizers of this event for hosting us.

Colleagues at the Center for Global Development provided valuable feedback throughout the research, consultation, and writing stages. In particular, we would like to thank Nancy Birdsall for detailed comments and suggestions. Lawrence MacDonald provided guidance on communicating the main messages of the report. Todd Moss, Enrique Rueda-Sabater and several CGD senior staff provided input on various drafts. John Osterman and Catherine An did a superb job during the final stages of publication and dissemination. Sneha Raghavan assisted with various aspects of the publication process. Laura Wallace edited the manuscript to make its key messages clear and concise.

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Any errors or omissions of fact remain the responsibility of the authors.



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# Executive Summary

In 2012, the Center for Global Development convened a Working Group on Food Security, bringing together 22 experts in food policy, nutrition, agriculture, and economic development from around the world. Its task was to review pressing challenges to agricultural development and food security and to take stock of the Rome-based UN food agencies charged with addressing them. The working group decided to focus on the largest of these agencies—the Food and Agriculture Organization (FAO)—and has issued a report with two core messages:

**(1) Shift focus to global public goods.** FAO member governments should reallocate budgetary outlays to spend about 50 percent of FAO resources—rather than 35 percent currently—on global public goods. These include assembling, publishing, and analyzing data on food production and consumption; developing early warning systems related to hunger, disease, and pests; and providing a neutral forum for policy dialogue on issues related to food security and agriculture. These global public goods are FAO’s most visible and influential contribution, and the reality is that there is no realistic alternative source of supply for them.

*In particular, strengthen statistical work.* Member governments should boost FAO’s statistical capacity, a move that will require additional resources and the continued involvement of influential bodies like CGIAR and the Bill and Melinda Gates Foundation. Despite recent progress, FAO’s statistical capacity remains inadequate.

**(2) Improve institutional governance.** Member governments (especially the larger donors) must ensure that financing for FAO is aligned with its priorities. Rather than funding earmarked, short-term programs, members should provide a reliable stream of funds for FAO’s core activities. Also, member governments should relinquish short-run, locally visible FAO projects in exchange for a greater role in policy formulation, advocacy, and development activities that offer more substantial but longer-term dividends.

## The Food and Agriculture Challenge

About 842 million people suffer from chronic hunger, most of them in the developing world. Between two and three times that number are affected by micronutrient deficiency, so-called hidden hunger. Since the Millennium Summit in 2000, there has been some progress in reducing chronic hunger, despite setbacks since 2007-2008. Nonetheless, the target of halving hunger from its 1990 level by 2015 remains a challenge.

The terrain is shifting quickly, complicating the battle against hunger. The agriculture sector’s capacity to provide reliable supplies of adequate food in coming decades may be affected by:

- *Climate change*—causing reduced productivity and net loss of cultivable land, with increased pressure on marginal farming systems.
- *Higher energy prices and fuel prices*—which in turn means higher fertilizer and transportation expenses, and greater use of food crops in biofuel production (converting grain to ethanol and vegetable oil to biodiesel).

- *Improving diets*—higher incomes for hundreds of millions of people escaping extreme poverty will translate into increased demand for food, especially grain-fed meat and fish.
- *Another two billion people*—global population, which reached seven billion in 2011, is expected to rise to 9.6 billion in 2050, with the fastest growth in Africa.

As a result of these factors, global food demand is projected to increase 60 percent by 2050.

Since 2007, when a doubling of commodity prices prompted public protests and even food riots, agriculture and food security has demanded global attention. This highlights the importance of an international architecture to monitor the performance of global food and agricultural systems, ensure that countries can provide food security for their populations, and promote cooperation among nations in solving problems related to food and agriculture systems.

## Why FAO?

The cornerstone of that architecture is FAO, a specialized United Nations agency whose activities are aimed at achieving food security—that is, ensuring all people’s access to safe, nutritious food, and enabling farmers, fishers, forest users, and herders to prosper (box 1). FAO offers legitimacy, convening authority, and the trust of developing-country governments. Moreover, it is the only entity that can provide many of the needed “global public goods” in the area of its mandate (such as basic research, global analysis, statistics, international standards, and advocacy). And historically, FAO has proven to be a valued repository of knowledge and capacity for national development efforts. (The other Rome-based agencies—the World Food Programme and the International Fund for Agricultural Development—are profiled in appendix B and appendix C.)

But FAO’s capacity to deliver on global public goods is constrained by excessive reliance on voluntary funds. New resources for FAO activities are often earmarked for short-term programs that reflect donor priorities rather than country needs. FAO has progressed in ensuring that voluntary contributions do not divert resources from the main program, and in providing new mechanisms for more flexible voluntary financial support. Nevertheless, FAO’s reliance on voluntary funds restricts its ability to make strategic budgetary choices.

There is also tension between core operational work and field office activities. High-income countries often argue that FAO should focus on statistics and policy guidelines, while developing countries call for more in-country technical cooperation assistance. Although FAO emphasizes that these activities complement each other—calling itself “a knowledge organization with its feet on the ground”—inadequate investment in such core operations as data collection amounts to a critical underprovision of a fundamental public good. In addition, recent evaluations note administrative inefficiencies, program fragmentation, and limited technical capacity.

To be fair, FAO is in the process of major institutional reform, prompted by a 2007 report by its Independent External Evaluation (IEE). However, the results are underwhelming, largely because reform has been a steep climb—which is not surprising given that the organization was allowed to deteriorate sharply in the 1990s and early 2000s under a shrinking budget and institutional rigidity.

The good news is that there is now a window of opportunity to shift reforms into a higher gear, presented in part by FAO’s first leadership change in 18 years. In June 2011, José Graziano da Silva was elected FAO director-general; he began his term of office in January 2012. As FAO members and management debate a new path forward, the CGD working group hopes to inform the debate by identifying practical steps that national governments, philanthropic organizations, and international civil servants can take to support the FAO’s vital work.

## Box 1. A snapshot of the Food and Agriculture Organization of the United Nations

The oldest of the Rome food agencies, the Food and Agriculture Organization of the United Nations (FAO) was born in 1945 in the post-World War II burst of international institution building. It is the only global intergovernmental organization today with a broad mandate in governing the world's food and agriculture system. FAO is charged with four goals: improving nutrition, increasing agricultural productivity, raising the standard of living in rural populations, and contributing to global economic growth.

Given this comprehensive mandate, FAO's work spans an array of activities, including gathering and analyzing statistics; providing policy assistance to countries; engaging in advocacy and capacity building; implementing field projects; contributing to international agreements and guidelines; and responding to emergencies. These activities fall into numerous areas—crops, livestock, fisheries, forestry, and water and land management.

FAO's notable historical achievements include:

- Adopting the International Plant Protection Convention (1951), the framework for rules to prevent the spread of plant pests through international trade.

- Establishing the Codex Alimentarius Commission with the World Health Organization (1961), regulating international food safety standards.
- Creating the Global Information and Early Warning System for detecting food crises and enabling timely response (1975).
- Pioneering integrated pest management, which reduces losses to pests without exposure or reliance on excessive pesticides, and the farmers' field schools approach used to disseminate integrated pest management through farmer participation (1980s).

More recently, FAO's achievements include:

- Leading successful campaigns to eradicate rinderpest (1998–2011) and to control avian flu (2004) and desert locust (2003–2005).
- Adopting the International Treaty on Plant Genetic Resources for Food and Agriculture.

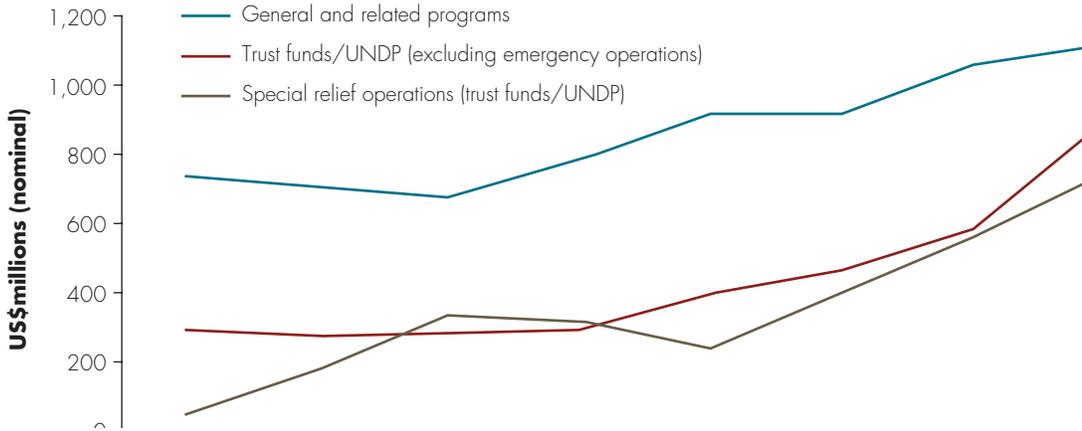
This report takes stock of the challenges FAO faces in realizing its mission, improvements in the organization's capabilities in recent years, and most important, the ways in which FAO's members and leadership can seize opportunities to boost the organization's impact. It begins by laying out a framework to understand why FAO is needed to improve food security. Next, it analyzes FAO's current strengths and weaknesses, with a special focus on governance. The report then articulates a vision for a revitalized FAO. It concludes with a set of actionable recommendations for member countries and FAO management.

### Core Messages

**Shift focus to global public goods.** FAO's resources should be reallocated from the current emphasis on local programs towards more global-level work. Table 1 (page 2) reflects the working group's recommendation that roughly 50 percent of FAO's nonemergency activities should take place at the global level (up from 35 percent), 25 percent at regional (or possibly subregional) level (up from 10 percent), 20 percent at the national level (about the same as now), and only 5 percent in local communities (much lower than the 35 percent now). This shift would require revised budgetary procedures to reverse the rise in the use of trust funds to support field projects rather than core activities (figure 1).

This reallocation is needed because there is no realistic alternative source for many of FAO's global public goods. International regulatory instruments under FAO auspices govern plant pest prevention, food safety, and the preservation of genetic materials. FAO currently provides

Figure 1: Trust Funds are Assuming a Much Greater Role



Source: Programme Implementation Reports.

much-needed early warnings on hunger, pests, and diseases. For example, it tracks emerging threats from locusts in North Africa, the Middle East, and India, and is developing a new Locust Watch program for the Caucasus and Central Asia. FAO also provides a neutral forum for food and agriculture policy issues. Its flagship publications influence discussions of hunger, agriculture, and related topics, while its technical publications are also influential.

FAO must strengthen its statistical work. This work includes compiling, estimating, and publishing data, and assisting national statistical offices to collect data. Reliable knowledge about agriculture and hunger throughout the world is clearly needed at the global level, but statistical capacity is needed just as acutely at the national level. The quality of FAO's statistical work has improved with support from committed donors, but despite this progress, statistical capacity remains inadequate. Boosting statistical capacity will require additional resources and the continued involvement of influential bodies like the CGIAR and the Bill and Melinda Gates Foundation.

FAO commands a reputation for neutrality that sets it apart even from global institutions like the World Bank and certainly from national aid agencies. FAO's legitimacy enables it to bring parties to the table and facilitate agreement, as well as ensure a receptive audience for its knowledge management and advocacy work. Producing global public goods often entails working on the ground and therefore locally, even though the benefit is widespread. One example is FAO's success in eradicating rinderpest. Activities that create or implement global public goods should be recognized as the organization's most visible and influential contributions, and they should receive more funding.

**Improve institutional governance.** Member states (especially the larger donors) must ensure that financing for FAO is aligned with its priorities. Rather than fund earmarked, short-term programs, members should provide a reliable stream of funds for FAO's core activities. FAO also faces pressures from developing-country agriculture ministries—the organization's main interface with member governments—to offer field programs that involve local- and even household-level interventions. However, these localized programs discourage high-income countries and other donors from offering FAO the financial resources it needs to once again become a world-class

institution. Member governments, especially in the poorest countries, should be willing to relinquish short-run, locally visible FAO projects in exchange for a greater role in policy formulation, advocacy, and capacity development activities that offer more substantial and long-term dividends.

## A Vision and Recommendations

The Report draws on these core messages to shape an aspirational but realistic vision of what FAO should become. In this vision, FAO pursues expanded and more varied partnerships with relevant actors (such as civil society and private companies), attracts additional funding and commitment to its mandate from rapidly developing countries, and facilitates South-South cooperation.

How will FAO realize this vision? Its current governance arrangements are not conducive to change and internal processes are complex, slow, and unpredictable. The Report provides recommendations for both members and management—keeping in mind that members are best placed to carry out budgetary change and alter governance, while management is best placed to initiate administrative change (box 2). Although FAO’s governance structure involves all 194 members in major decision-making, in practice a small group of members funds most FAO activities and thus determines the organization’s future. It is up to this group, working with the new director-general, to ensure that the organization reaches its full potential.

### Box 2. Key Recommendations for FAO Members and Management

#### ***For members, who are best positioned to carry out budgetary change and alter governance:***

1. Place FAO’s core activities on a secure financial footing by strongly supporting the regular program of activities, using core voluntary funding channels more effectively, and allowing FAO to keep efficiency savings.
2. Instruct ministries such as finance, health, and trade to engage with FAO (in addition to agriculture ministries, which are usually the interlocutors with FAO).
3. Rationalize FAO country offices according to the criteria discussed in this report.
4. Within regions, select FAO council members based on technical qualifications rather than political considerations.
5. Make it a priority to engage civil society and the private sector.

#### ***For the director-general, who is best placed to initiate administrative change:***

1. Work with both the large donors and the major developing-country members to increase the budget allocation for global public goods, including statistical work.
2. Push for full final implementation of the reform plan. This would include refining the results framework, establishing a performance reporting system for decentralized offices, and simplifying and clarifying administrative procedures.
3. On key issues, develop strong working relationships with relevant ministries, regional development banks, and other UN agencies.
4. Embrace transparency by giving the public access to information from the project database, financial information, and management committee minutes and procedures, according to a clear information disclosure policy.
5. Introduce new budgetary procedures. This would include establishing a core voluntary channel for South-South cooperation, tightening controls on nonemergency technical cooperation projects, and working with donors to better analyze extrabudgetary offers.



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# I. Why the World Needs FAO Today

The first step in creating a new vision for FAO should be pinpointing activities that are most relevant to its objectives and for which the organization has the greatest *comparative advantage*. Relevance covers the demand for an activity from potential beneficiaries and the activity's potential impact. Comparative advantage—static or dynamic—covers the cost-efficiency of service delivery and the availability of alternative sources of supply.

To this end, we identify, in broad terms, the needs for global institutions in the area of FAO's mandate at the global, regional, national, and local levels. Each level refers to the range of potential beneficiaries. Because the institutional environment may affect how easy or difficult it is to have impact, there are also institutional-level needs. This “levels of analysis” typology highlights needs that are common across thematic and geographic boundaries. It also aligns closely with existing fault lines within FAO.

## Global

There is a fairly strong consensus on the priorities for global action on food and agriculture issues. Conceptually, a global need emerges when the scope of a problem is itself global (a collective action problem) or when a challenge poses cross-border issues that exceed the capacity of national governments to address (a regulatory problem).

***Pandemic animal and plant diseases.*** Plant and animal diseases (such as Ug99 wheat stem rust and avian flu) can rapidly cross borders, menacing food security or human health across large swaths of the planet. Identifying serious threats and mitigating them requires technical knowledge across multiple disciplines.

***Genetic resources for food security.*** Conservation of (and access to) genetic material is vital for preserving biodiversity and advancing research. The use of hybrid and transgenic<sup>1</sup> varieties (as well as other modern, mechanized agricultural techniques) has improved productivity but reduced the genetic diversity of farmers' fields. At the same time, transgenic techniques enable ever-greater exploitation of genetic diversity to overcome longstanding and emerging obstacles.

***Natural resources.*** Some of the natural resources important to agriculture have the characteristic of global common goods: they are shared by all but can be depleted (rivalrous but non-excludable). These resources require coordinated, international management. Biodiversity and climate are the most important examples.

***Climate change.*** Climate change's chief effects on agriculture will include a net global loss of agricultural land, changing crop suitability, more frequent natural disasters, lower carrying capacity for rangelands, and interference with fisheries. However, its effects on different regions are expected to vary. Tropical and equatorial regions (home to the most vulnerable people) are expected to bear the heaviest burdens, while temperate regions are expected to realize some gains in yields and land availability. Agriculture also accounts for 14 percent of global greenhouse gas emissions—about

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1. A portion of the genetic material of transgenic organisms, also referred to as genetically-modified organisms (GMOs), originates in other species. In contrast to hybrid or other improved varieties, transgenic varieties cannot be obtained through breeding alone.

31 percent when deforestation and other land-use changes are included.<sup>2</sup> At the global level, the challenge is to continue pushing towards an overarching global climate deal, while contributing to other approaches (such as the REDD+ anti-deforestation initiative and climate-smart agricultural practices) that facilitate absorbing and reducing emissions at the country level.

**International standards.** Food safety complicates agricultural trade rules. Countries exhibit different preferences, and safety regulations can give cover to protectionism. Trade in plants and plant products also require international rules because of the risks of pest transmission. Trade in agricultural products will continue to grow, and international standards will continue to be important for developing countries with a stake in international agricultural markets. Exacting public and private safety standards in developed countries often prohibit small-scale, poor producers from accessing markets for high-value agricultural commodities.

**High and volatile food prices.** Higher and less stable food prices are most harmful to poor households and small-scale producers with limited ability to manage risk. Global action to mitigate the effects of price rises and fluctuations include information-sharing mechanisms, price stabilization schemes, new rules for international trade, and elimination of biofuels mandates and subsidies.

**Global agricultural research and development (R&D).** The degradation of natural resources and the adaptation of plant pests and diseases are reducing the total agricultural production possible with current technologies. One major challenge is developing plant varieties suited to farmers in hot, arid climates (particularly Africa) with little access to fertilizer and irrigation. Another challenge is enlisting private agricultural R&D—which now outweighs public research globally—and the new biotechnologies it focuses on to help smallholders.

**Land acquisition.** Rising commodity prices have fueled large-scale land acquisition, often by foreign investors. This trend may lead to environmental degradation and may displace or impoverish local people, especially where regulatory systems are weak and national frameworks do not recognize customary tenure and use rights. Only well-drafted contracts can ensure that investments respect ecosystems and livelihoods; legal rules are needed to ensure contracts and practices meet these criteria. The transnational character of much large-scale land acquisition suggests a role for international rules that extend beyond the existing voluntary Principles for Responsible Agricultural Investment.<sup>3</sup>

Currently, FAO spends only 35 percent of its (non-emergency) budget on global public goods (table 1). This number should increase to 50 percent given that there is no realistic alternative for many of these goods.

Table 1. FAO Needs to Sharply Boost Funds for Global Needs (Budget: actual vs. recommended)				
	Global	Regional	National	Local
Actual, 2014–15 budget	35%	10%	20%	35%
Recommended	50%	25%	20%	5%

Sources: FAO, “The Director-General’s Medium Term Plan 2014–17 and Programme of Work and Budget 2014–2015,” accessed January 13, 2013, <http://www.fao.org/docrep/meeting/027/mf490e.pdf>; FPMIS - Home (login); FAO Field Programme Management Information System, accessed August 27, 2013, <https://extranet.fao.org/fpmis/>.

2. World Bank, *World development report 2010: development and climate change*, Washington: World Bank, 2009.

3. A set of seven guiding principles for governments and companies to avoid harmful side effects of private investments in agriculture, developed by FAO, IFAD, the World Bank, and the United Nations Conference on Trade and Development (UNCTAD).

## Regional

At the regional level, two rationales favor regional over global cooperation. First, challenges may be specific to actors within a region. Second, countries within a region may face lower transaction costs to cooperation, rooted in convergent preferences and preexisting arrangements (such as regional or subregional trading regimes).

Most global needs have regional equivalents. Harmonizing regional standards is simpler than harmonizing global standards. Transboundary threats to crops and livestock (such as locusts) are frequently regional issues. Regional cooperation on R&D can take advantage of climatic commonalities, target regionally important crops, and reduce the harmful effect of fragmentation across small national research programs. There are also areas in which there is little need for global cooperation but potentially large benefits for regional cooperation—particularly in managing fish stocks, river basins, and shared aquifers.

FAO spends about 9 percent of its budget on regional cooperation; given the importance of these activities, it should increase this share to 25 percent.

## National

At the national level, governments are largely responsible for food policies and agricultural investments. Each country's needs are unique, but national policies typically aim at ensuring access to safe and nutritious food and providing both means and incentives for farmers, particularly smallholders, to sustainably expand production. These means and incentives include technologies, inputs, extension, financial services, value chains, policy improvement, demand generation, and risk mitigation.

Some natural resources—such as land—require national oversight. National governments with legal authority over land use and title are best positioned to effectively respond to land degradation, deforestation, and desertification. To maintain food security and agricultural productivity, countries must adapt to climate change, making adaptation activities critical national and local needs.

FAO allocates about 19 percent of its budget to national-level activities; this seems about the right number given the various activities in this category.

## Local

At the local or household level, FAO's activities involve the direct provision of goods or services. These activities can reach considerable scale, particularly when emergencies put large numbers of people at risk. In developing countries, markets for credit, insurance, inputs, and farm output are often underdeveloped, and extension networks fail to reach isolated poor farmers. Thus, there is often a need for public investment to improve market access, make land or capital improvements, establish extension networks, and mitigate risk to vulnerable farmers. These investments require varying mixes of local knowledge, financial resources, and implementing capacity.

FAO currently allocates 37 percent of its budget to local activities. Given FAO's comparative advantage, it should drastically reduce this share to 5 percent, leaving most local activities to national, state, or local governments.

## Institutional

For the international architecture on food and agriculture to be most effective, actors require incentives to perform at a high level and to concentrate their resources in areas where they have a comparative advantage. The proliferation of actors in the field of food and agriculture, and greater recognition of the private sector and civil society's roles, raise a coordination challenge. Indeed, the complexity of coordination between multiple agents increases exponentially rather than arithmetically as their numbers increase.

In the foreseeable future, effective collaboration will require an organization like FAO to play a leading role. It is now well understood that rigid, vertical hierarchies do not facilitate effective coordination among numerous agents, but neither do completely horizontal consultations. Effective coordination requires a well-connected and knowledgeable agent capable of guiding and supporting other agents. It requires internal networks capable of coordination across issue areas and organizational units—that is, program coherence. It also requires accountability, which is often related to transparency. When national governments better understand an organization's performance, they perform a more informed guiding role. Furthermore, extending transparency to the general public enables other stakeholders, particularly civil society groups, to exert well-informed influence.

## II. FAO'S Current Strengths and Weaknesses

Since the mid-2000s, a great deal of effort—inside and outside of FAO—has gone into evaluating the organization, partly in response to widespread agreement that it had experienced an institutional decline from at least the 1990s.<sup>4</sup> There was a general perception that financial pressure and inflexible governance had undermined the quality of FAO's formerly world-class technical expertise in many areas. Donors and other stakeholders wanted to pinpoint actions that could reinvigorate the institution.

In late 2004, the FAO Council adopted a proposal by the United States and Canada to launch an Independent External Evaluation (IEE) of FAO's entire program. When the IEE came out in 2007, it prompted a vast set of reforms—known as the Immediate Plan of Action for FAO Reform (IPA)—of which only a handful of system-wide, complex actions remain in progress. In addition, donors have conducted their own evaluations. These include the 2011 British Multilateral Aid Review, the 2012 Australian Multilateral Assessment, and periodic perception-based evaluations by the Multilateral Organization Performance Assessment Network of 16 donor countries. FAO itself has a well-established independent evaluation capacity. It regularly evaluates FAO projects, FAO's portfolio in a given country, and broad areas of the FAO program. Audit reports and commissioned assessments by the Office of the Inspector-General offer further insight into the strength of FAO's internal processes.

### Evaluations and Key Findings

The IEE and the large comparative evaluations find serious limitations on FAO's effectiveness. Caution should be exercised in interpreting these evaluations for several reasons, including heterogeneity among the evaluated multilaterals, evolving changes within FAO, and limitations on the scope of the comparative evaluations. But taken together, the evaluations suggest that FAO's internal processes are weak.

Underlying FAO's shortcomings, in part, is disagreement among members on the proper balance between operational and field work, and between headquarters and decentralized activities. For most of FAO's history, the organization's leadership has pushed for a more active field presence. This is understandable given that FAO's activities require a clear understanding of local conditions and strong ties to governments and producer associations. But country and regional offices have struggled to produce research and guidance that national governments find useful for policymaking, and the primary axis of country-FAO cooperation has remained between national capitals and headquarters. Furthermore, as in much of the United Nations, the developed-country members who bear most of the financial burden of FAO's program are sometimes critical of perceived inefficiency and waste by FAO management. Developing countries do not want to see FAO's resources spent frivolously (on redundant employees, for example), but neither do they want accusations of managerial inefficiencies to provide cover for donors to withdraw funding.

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4. This conclusion is supported by the Independent External Evaluation and corroborated by many members of the working group.

The good news is that the evaluations emphasize FAO's reputation for neutrality and as an honest broker. For example, agriculture ministers from developing countries give FAO high marks for providing neutral guidance. This reputation is often presented as crucial to FAO's influence with governments and helps it provide a trusted forum for negotiating wide-ranging international agreements.

## **Complexity, Fragmentation, and Inadequate Coordination**

Nearly all evaluations of FAO above the individual project level point to institutional fragmentation and difficulties coordinating related activities throughout the organization. These are critical shortcomings given that there are no other actors capable of a broad coordination role in food and agriculture. One feature of this fragmentation is inward-looking silos. Staff working on cross-cutting issues (such as land and resource tenure) are distributed across divisions and departments, which impairs the coherence of FAO's technical, political, and material ability to address the issue. Corporate-level evaluations frequently attribute fragmentation to the absence of a coherent strategy among senior management.

Many evaluations also emphasize fragmentation in the field program, where small-scale, short-term projects are the most common arrangement. In technical assistance programs, short-term involvement by FAO technical teams with small budgets limits the organization's capacity to influence government policy. Similarly, short time frames and isolation from national programs were found to prevent nutrition projects from attaining sustainability and following monitoring procedures capable of generating useful knowledge. In addition, evaluations frequently cite "opportunism" in pursuing projects for which funding is available, even when these are not closely aligned with strategic priorities.

## **Governance Failures**

The IEE found that FAO's governing bodies and senior leadership failed to manage the dramatic decline in real resources during the 1990s and the transition from a world in which FAO was the only major player in the area of its mandate, to one in which it had many competitors and collaborators. The IEE found that as of 2007, FAO had largely failed to strategically decide what it could accomplish and where it should trim programs and coordinate with other actors. Members, divided into mistrustful rich- and poor-country blocs, could not reach a common understanding of where increasingly limited resources should be concentrated. As a result, FAO's expertise in many technical areas was severely eroded.

## **Administrative Shortfalls**

On top of the governance failure, evidence from the evaluations with the widest scope suggests that some of the key sources of institutional weaknesses are administrative procedures and structures. Some evaluations (including the IEE) strongly emphasized the role of organizational culture in generating administrative inefficiencies and unhealthy risk-aversion. The 2010 emergency operations evaluation, for instance, found that FAO procedures and rules were not substantially different from those of other UN agencies, but the "intangible factor of organizational culture" hampered flexibility and readiness.

The IEE described a trade-off between strict compliance enforcement and flexibility in the face of varying circumstances, emphasizing that FAO's strict management systems entailed benefits as well as costs. For instance, strict controls prevented FAO malfeasance in connection with the Oil-for-Food program in Iraq, where unethical practices damaged the United Nation's reputation. Nonetheless, the opinion of the IEE—as well as the British Multilateral Aid Review—was that FAO's controls were excessively strict and process-oriented.

What has been the impact of the reforms spurred by the IEE report and other evaluations—plus initiatives by the new director-general? The consensus is that they have altered, but not fundamentally overhauled, FAO. It is not yet fully clear how profound the benefits of those changes will be, although there are some clear positives:<sup>5</sup>

- A delayering initiative removed an unnecessary and costly hierarchical layer by abolishing 40 director-level posts.
- The former staff appraisal system, which was disjointed and incomplete, has been replaced by a carefully thought-out and comprehensive performance evaluation and management system.
- FAO articulated a new strategic framework, took advantage of a scheduled review to make further improvements, and has continued to refine a results framework to boost institutional accountability.
- The evaluation function was put on a more independent institutional footing.

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5. A background paper produced for the Working Group contains an extensive discussion of the reform programs' accomplishments, shortcomings, and future risks, including an assessment of the extent to which the purposes of the IEE recommendations were fulfilled in the subsequent reform process. These subjects are covered in-depth in section III and appendix 5 of the background paper, which is available on request.



## III. Major Constraints

The impact of many reform items—particularly the numerous new strategy documents—has yet to be practically demonstrated. Continuing obstacles fall largely into the budgetary and governance areas.

### Insufficient Resources and Unhelpful Budgetary Procedures

The IEE called for “reform with growth”—that is, adequate resources to strategically manage organization overhaul. However, in FAO’s regular budget, funded from binding assessments on member states, real (rather than nominal) growth has not materialized. Real net appropriations have consistently declined since the mid-1990s (table 2). True, FAO received millions of dollars of extra-budgetary funding to carry out the IPA, but it was not given the means to direct additional funds to emerging areas of high priority.

Complicating the budgetary picture is the rise of trust funds and procedures for voluntary contributions. Members finance FAO’s activities through two main channels: mandatory assessed contributions and voluntary contributions with varying levels of restrictions. The voluntary category breaks down into core voluntary contributions and other extra-budgetary contributions. Core voluntary contributions are unrestricted or “lightly earmarked” funds that are part of the regular budget—a very small category. Other extra-budgetary contributions are split between field programs or country assistance, and emergency relief.

Historically, FAO’s resources have consisted mainly of assessed contributions. However, the importance of voluntary funds has risen dramatically in recent years (table 3). In recent years, extra-budgetary support for FAO has increased at a faster rate than the regular budget. Non-core spending, including on emergency response, increased by almost 400 percent from 1996–97 to 2010–11, while core spending rose by only about 50 percent. Moreover, this trend occurred among all of the top-10 donors, who now make about 40 percent of their contributions voluntary (figure 2).

**Table 2. Diminishing Real FAO Resources: Net Appropriation (US\$ millions)**

	1994–95	1996–97	1998–99	2000–01	2002–03	2004–05	2006–07	2008–09	2010–11	2012–13
NA, nominal	673	650	650	650	652	749	766	930	1,001	1,006
NA, constant	673	616	591	586	586	549	527	528	533	516
<b>Staffing</b>										
Professional staff and directors			1,419	1,415	1,449	1,422	1,400	1,421	1,434	1,450
General service staff			2,180	2,093	1,845	1,772	1,672	1,644	1,635	1,661
<b>Total staff</b>			<b>3,599</b>	<b>3,508</b>	<b>3,294</b>	<b>3,194</b>	<b>3,072</b>	<b>3,065</b>	<b>3,069</b>	<b>3,111</b>

*Note:* This table adjusts for cost inflation by taking into account the increase in costs foreseen in the Programme of Work and Budget and the change in costs imposed by currency movements. See the Background Paper—and its Appendix 2—for further detail.

Table 3. The Rise of Trust Funds: FAO's Evolving Funding Structure (US\$millions)								
	1996–7	1998–9	2000–1	2002–3	2004–5	2006–7	2008–9	2010–11
General and related programs	729.0	695.4	669.8	779.9	908.3	925.6	1,053.8	1,104.4
Trust funds/UNDP (excluding emergency operations)	289.8	271.8	275.2	285.8	395.3	464.5	576.6	887.6
Special relief operations (trust funds/UNDP)	50.6	175.0	325.3	309.0	239.5	384.5	558.7	744.5
Total	1,069.4	1,142.2	1,270.3	1,374.7	1,543.1	1,774.6	2,189.1	2,736.5

Source: FAO Programme Implementation Reports.

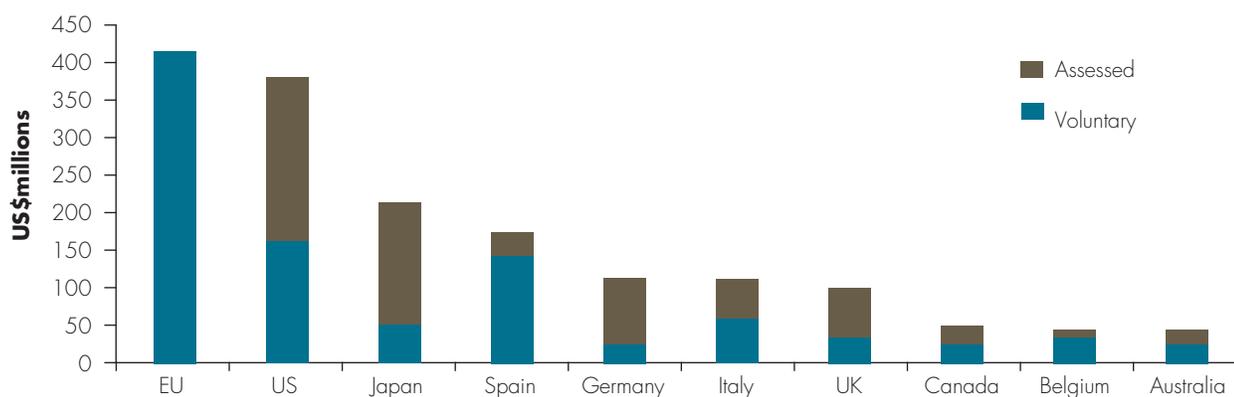
The availability of new resources for FAO activities is welcome, but these resources are often earmarked for short-term programs that signal donor priority more than country needs. While FAO has progressed in ensuring that voluntary contributions do not divert resources from the main program, and in providing new mechanisms for more flexible voluntary financial support, increased reliance on voluntary funds restricts FAO's ability to make strategic budgetary choices.

## Unresolved Governance and Administrative Challenges

Another major constraint on reforms has been a failure to tackle the deep-rooted governance issues. This is not surprising given that governance failures beget further governance failures (box 3). FAO relies heavily on consensus decision making. But on politically charged issues, disagreement among members has stalled several substantial reform items relating to the organization's governance arrangements and distribution of resources among the field network.

Other constraints stem from the challenges of building internal support for a reform program. A driving force for reform was concern among major donors, including the United States, about FAO's performance. In general, externally driven reforms risk subversion by managers who want to

Figure 2: Top 10 FAO Donors of Voluntary Contributions



Note: The assessed contributions above refer to the legal obligations of each member to FAO, not the realized assessed contributions. Realized contributions under assessment may differ for countries not fulfilling their obligations or repaying past arrears. Of the countries featured here, only the United States is in arrears to FAO and is currently in the process of repaying those arrears. Voluntary contributions, here and below, are realized, not projected. The European Union is the member of FAO that is not a country. There are two associate members, Faroe Islands and Tokelau.

### Box 3. Current Governance is a Major Constraint on Effective Programming

High-level decision making in FAO is a formidable challenge in light of the organization's vast range of activities, limited resources, and rival internal constituencies.

**One country, one vote.** “One country, one vote” decision making, common to most autonomous UN agencies, is the defining characteristic of FAO governance. This system accounts for FAO's strong reputation for neutrality and its positive relationships with developing-country governments, which give FAO valuable levers in its policy and regulatory work. At the same time, the decisive voting power of the G77 stands in a constant state of tension with the reality that developed countries hold FAO's purse strings for both the regular budget and voluntary contributions. This tension has given rise to a tacit requirement of consensus, which has further weakened the ability of FAO's members to agree on strategic reallocations of resources in light of changing circumstances and loss of technical resources. Voting power does nonetheless confer the ability to select a director-general, who has been from a developing country since 1976.

**Agriculture ministers and capture.** A leader deeply attuned to the needs and challenges of developing countries should be a crucial FAO asset. But the fact that candidates can depend exclusively for support on a group of developing-country agriculture ministers means that the director-general's political incentives are determined by those ministers' interests, which do not always align with the national or global rural development agendas, for two reasons. First, agriculture ministers often

strongly favor in-country programs and technical cooperation projects over other FAO activities; field activities bring in FAO funds, projects, and jobs, which enhance a minister's position and offer concrete evidence of progress. Second, some key areas of FAO's work—such as livestock and trade—are outside the typical agriculture minister's remit or background, resulting in insufficient support for these areas.

**Voluntary funding.** FAO's trust funds—which now constitute a major source of FAO resources—try to attract additional funding by accepting earmarked contributions that serve donor priorities. It is difficult for FAO to decline such resources, which undercuts efforts to enforce its support-cost recovery policy and impairs strategic planning.

**Divergent interests.** Many of FAO's core areas—plant protection, livestock, and fisheries—correspond to economic sectors of varying importance across countries, necessitating a political decision on where resources will be allocated. High-income countries (which account for 60 percent of all agricultural trade and a much higher share of “value-added trade”), transition economies, and major food exporters benefit more from FAO's standard-setting role, exercised through the Codex Alimentarius Commission and the International Plant Protection Convention, than low-income countries. Furthermore, enforcing standards and holding other countries to task when they violate agreements requires resources and capacities that the poorest countries usually lack.

ensure a continuing flow of money but avoid politically difficult choices, or do not perceive a need for change. Likewise, staff have questioned management's approach to promoting culture change; poor communication and top-down direction likely undermined the reforms' support base.

Furthermore, new policies may not be implemented precisely as they are written. The policy evaluation, for instance, found that when the regional offices were granted increased autonomy as part of the IPA, regional office managers began to use staff resources for purposes other than those foreseen in official plans. In other cases, managers may continue to impose informal strict controls, even as more flexible administrative procedures are formally put into effect.

The bottom line is that post-IEE reforms have strengthened FAO's internal systems and prompted reflection on many elements of FAO's strategy. But opportunities remain to address the underlying difficulties of divided constituencies, a broad mandate with ample room for political conflict over priorities, and costly internal controls.



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## IV. Vision for a Renewed FAO

Our vision for FAO identifies how the organization should effectively meet global, regional, national, and local needs. It accounts for the capacities that FAO can maintain or develop by making realistic course corrections—notably, tackling the weaknesses in governance and internal processes. Our vision is not an alternative to FAO’s Reviewed Strategic Framework and upcoming Medium-Term Plan, which are highly detailed and based on a sound, thorough analysis of global trends and challenges. Rather, it complements them with guidance on how FAO can refocus the overarching direction of its activities over the long term. Our vision has two elements: core competencies and well-structured partnerships.

### Core Competencies

Technical capacity is FAO’s main resource. Having the *right* mix of capacities is thus of paramount importance for FAO to effectively support its member countries and fulfill its global role. In contrast to financial resources, capacity is not perfectly transferrable; network effects and institutional memory matter. As a result, investments in capacity and adjustments in the capacity mix take time to pay off, although they can be erased instantaneously. In some areas that should form the core of FAO’s activities—such as early warning and standard setting—FAO is performing fairly well. In others, particularly statistics and provision of technical expertise, FAO will have to substantially improve the quality of its work.

### House a Knowledge Network of Experts

Developing countries typically lack technical capacity in key agricultural areas, and FAO’s mission is to ensure that they have access to it. But FAO’s ability to maintain a roster of experts in its permanent staff was eroded considerably in the 20 years leading up to the IEE. This means that today and for the foreseeable future, it cannot provide the needed support in the traditional way. What it can do, however, is become a locus in a global network. In some cases, analysis by FAO’s technical departments is the best way to identify priorities and modes of action for policymakers. In other cases, FAO should make experts available to members for help on specific problems of country interest (although FAO has struggled to do this from an administrative and logistical standpoint).

### Provide Early Warnings on Hunger, Pests, and Diseases

FAO, in collaboration with the United Nations World Food Programme, monitors emerging food emergencies via satellite mapping, on-the-ground assessments, price data collection, and an open channel for dialogue with nongovernmental organizations, governments, and other actors. It uses a similar approach to track emerging threats from locusts in North Africa, the Middle East, and India (with a new Locust Watch program on the way for the Caucasus and Central Asia). It also has early warning and rapid response programs for animal health, plant protection, and food safety. These

monitoring systems dramatically reduce the risk of catastrophic losses, and they should remain a key feature of the international architecture under any imaginable scenario.

## **Gather Global Data on Food and Agriculture**

FAO is the standard repository for general data on many aspects of food and agriculture (including production, trade, irrigation, inputs, land and soil, forestry, fisheries, and investment). It generates food balance sheets, a basic tool for policy analysis, for all member countries. Like some other international organizations, FAO has legal authority to request national data, although in many cases the capacity of countries to gather and report this data has declined. Policymakers and analysts need this kind of basic information, and FAO must maintain a revitalized technical capacity in this area. FAO is also responsible for ensuring that governments have the capacity to perform the requisite statistical work, which has fortunately become a priority area.

## **Provide a Neutral Forum on Food and Agricultural Policy Issues**

FAO is frequently lauded for its neutrality and objectivity, in spite of the polarized and politicized state of its governing bodies. Its global policy work has a general reputation for being even-handed and nuanced. This is a crucial asset that FAO must preserve, but doing so hinges on the ability of its technical departments to identify needs for collaboration and guide participants in such forums. FAO can invest in preserving this reputation by continuing to produce flagship publications of world-class quality—notably *State of Food and Agriculture* and *State of Food Insecurity*—and strengthening the rest of its global research program.

## **Oversee Standard-Setting Agencies**

FAO's most substantial direct contribution to global governance is its role as host and participant to international standard-setting bodies. These bodies—the Codex Alimentarius Commission and the International Plant Protection Convention Secretariat—play an official role in the World Trade Organization framework. These bodies have withstood the test of time, and in their most recent institutionalized form, their importance is widely acknowledged.

## **Strengthened Partnerships<sup>6</sup>**

It is usually easy to identify high-priority areas for an organization, but much harder to identify low-priority areas, and harder still to bring stakeholders to accept them as low priorities. The IEE foresaw a process of strategic prioritization through an expanding budget—“reform with growth”—but those expansions have not materialized. To ensure the maintenance of its capacity in core areas and be most effective in a volatile global environment, FAO will have to carry out its nonpriority work on a more flexible footing, relying heavily on collaborative relationships and differentiated, time-bound programs. FAO members and management have already accepted this principle. The challenge is to realize that commitment.

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6. The Background Paper, Appendix 1, includes a brief overview of FAO's institutional landscape.

## **Expand the Set of Stakeholders in Country Programs and Technical Assistance**

Instead of struggling to maintain a base level of capacity in every area—an impossible task—FAO must fulfill its promise to become a facilitator that responds to countries' needs for technical assistance in diverse areas. It can accomplish this goal by developing partnerships. South-South cooperation arrangements, already emphasized by the current leadership, are a useful mechanism for providing technical support affordably and flexibly.

FAO's projects are often the means by which it seeks to secure influence and maintain close relationships with governments. Country offices should have wider linkages among ministries within governments and with international organizations that are providing policy guidance—including knowledge organizations like the International Food Policy Research Institute and financially backed guidance from multilateral development banks. Relationships such as these will enhance FAO's influence, strengthen the quality of its policy contributions, and provide expanded opportunities for developing real capacity at the national level.

The emerging economies offer FAO unique partnership opportunities. These countries, which have mostly weathered the global downturn well, can now afford to make larger financial contributions to global objectives. Already, emerging economies are increasing their contributions through South-South exchanges of technical expertise and larger UN assessments. FAO, in turn, should offer these countries programs that are more attuned to their needs. Emerging economies have succeeded in making extensive and productive investments in the agricultural sector. But they now need to include vulnerable people who have thus far been excluded from the benefits of growth. Often, social exclusion threatens social stability, and the emerging economies are rightly preoccupied with reducing inequality. FAO activities in these countries should focus on monitoring progress and assisting countries in promoting inclusion.

## **Coordinate and Cooperate with Regional Development Banks**

When new challenges or agendas for international cooperation emerge—as land tenure and responsible investment have in the past few years—FAO must acknowledge that regional settings offer greater potential for rulemaking than global negotiations where the diversity of stakeholders can lead to gridlock and limit agreement to empty pieties. For instance, global trade negotiations have stalled, with the locus of trade talks shifting to regions. As a second-best solution to repairing the inequities of the Agreement on Agriculture, these trade agreements should be sensitive to the needs of vulnerable populations and poor countries, and FAO has a role to play in making sure that they are. Its trade research division must continue to provide capacity support and high-quality analysis of the costs and benefits of trends and agreements, while regional Codex commissions and Regional Plant Protection Organizations (in the International Plant Protection Convention framework) must continue to facilitate coordination among national regulatory bodies.

The empowerment of FAO regional conferences as governing bodies has enhanced prospects for greater regional cooperation within the FAO framework. Strengthening the organization's ties to regional development banks will allow FAO to mobilize greater financial resources to support regional cooperation projects. The Investment Centre is not the only channel through which FAO should interact with the banks. It should also advocate for a greater emphasis on agriculture and rural development, and help design programs that meet the banks' regional priorities, not just country-level needs.

As a knowledge organization, FAO plays a complementary role to financing institutions. Multilateral development banks are organized around their contractual obligations to borrowing-member countries, requiring them to adopt a more or less country-centered approach. Although FAO's regional and subregional offices have historically been afflicted by limited capacity, strengthening them has been a major focus of the IPA process and “transformational change” under Director-General José Graziano da Silva. FAO's regional and subregional offices not subject to the same contractual requirements as the banks and can therefore assist the World Bank and regional development banks by articulating strategies at supranational levels.

## **Provide Informed Guidance on Household-Level Issues, but No Direct Activities**

At the local level, FAO should remain active in emergency response and rehabilitation, especially by playing a coordinating role for UN and non-UN humanitarian partners as the Inter-Agency Standing Committee cluster lead for agriculture. It should enhance the capacity of national governments, aid agencies, and nongovernmental organizations to reach the household level for emergency and nonemergency purposes. It should conduct joint research that determines the best interventions to reach the poorest households. It should also seek opportunities to act as a partner and adviser to institutions (official and nongovernmental) that provide important services directly to rural people. But given that FAO is not currently a leader in impact assessment, governments will probably have to look to others. Even so, FAO must strengthen its ability to rigorously assess impact in its (larger-scale) policy and technical assistance—a measure it is now undertaking in response to a recent evaluation.

As a rule, FAO should not engage in “technical assistance” that provides services to a small community but does not develop local or national capacity. Such projects make poor use of FAO's technical expertise and drain its already limited financial resources. Localized technical assistance projects also require different types of management structures than are appropriate for larger-scale technical assistance and guidance. Nonetheless, this type of project—installing treadle pumps in a parched village, for example—appeals to private donors. TeleFood and the Special Programme for Food Security offered particularly egregious examples of local projects with little strategic value, but they were appropriately overhauled during the post-IEE reforms.

## **Include Civil Society and the Private Sector**

FAO collaboration with private firms and civil society is rooted in the acknowledgment that these sectors are motivated and equipped to contribute to food security, sustainability, and rural development. In addition, one of the obstacles that developing countries face is the lack of agricultural expertise in public institutions, and the private sector provides a valuable source of expertise that FAO is already beginning to tap.

Successful private companies, by definition, are good at devising solutions, and often their objectives coincide with rural development needs. Coca-Cola's much-feted water conservation initiative is only one example. Moreover, in many cases—notably market access—the material interests of smallholder farmers, fishers, or pastoralists align with those of private companies.

FAO should facilitate cooperation between its primary beneficiaries and private firms, and engage companies as a constituency for those shared interests. However, the private sector must not drive public policy, and FAO must always be able to discern and pursue what is in the best interest of the public good. The FAO should also cultivate formal and informal relationships with

academic institutions. Furthermore, universities' organizational arrangements—including strong informal networks and high rates of mobility—offer a useful model for how FAO can provide technical support through partnerships.

Likewise, civil society (such as farmers' organizations, academic institutions, and social movements) can contribute a wide range of assets. Civil society should be called upon to assist in FAO functions like knowledge production, advocacy, and project implementation, and to contribute to FAO decision making as stakeholders at all levels. The revitalized Committee on World Food Security exemplifies how diverse partners can be recruited to perform a global agenda-setting and deliberative function.

The ideal for FAO's collaboration with such a diverse group of actors is above all one of flexibility, as FAO acknowledges in its draft strategies. It is also important to have clear criteria and systems for initiating collaborations in light of a nearly infinite universe of possible partnerships and real transaction costs.



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## V. Recommendations

As the results agenda takes hold throughout the development community, a gradual reallocation of resources will take place from organizations and activities that do not rigorously demonstrate their contribution to global objectives, to those that do. FAO is embracing that agenda, but because of the complexity of its program and past reluctance to adapt, it faces a long learning curve. Uncertainty over FAO's value to developing and developed countries alike fuels pervasive mistrust.

Moreover, even with rigorous accountability systems in place, FAO may simply not deliver as well or as affordably as the world needs. FAO must make further efforts to improve its internal and operating systems to be effective and relevant, but governance structures must provide appropriate incentives and space for innovation.

FAO's member governments and its administration each have a role to play in ensuring that FAO has the capacity to demonstrate that it is contributing to global objectives. Recommendations for both groups are listed in rough order of importance below, with the potentially highest-impact recommendations first.

### For Members

Members are better placed to carry out budgetary change and alter governance.

#### ***Recommendation 1: Place FAO's Core Activities on a Secure Financial Footing.***

Member states (especially the larger donors) must ensure that FAO's financing is aligned with its priorities. Rather than funding earmarked, short-term programs, members should provide a reliable stream of funds for FAO's core activities. Also, member governments should relinquish short-run, locally visible FAO projects in exchange for a greater role in policy formulation, advocacy, and capacity development activities that offer more substantial but longer-run dividends.

**Rationale:** FAO faces pressures from developing-country agriculture ministries—the organization's main interface with member governments—to offer field programs that involve local and even household-level interventions. But these programs discourage high-income countries and other donors from offering FAO the financial resources it needs to once again become a world-class institution.

To plan effectively to meet long-run challenges and reduce the risk of harmful, system-wide cuts, FAO members should ensure that the organization receives a reliable stream of revenue for regular program activities. This can be achieved in a number of ways:

**(A) Negotiate a revenue-neutral budgetary shift.** This shift should move core competencies like the Emergency Prevention System (EMPRES) warning system into the regular program and secure extra-budgetary funding for current priorities (such as value chain development).

**Rationale:** Some of FAO's core services are funded through extra-budgetary channels rather than the regular program. A firm commitment to revenue neutrality may open the space for budget negotiations that will strengthen FAO's ability to commit to fulfilling certain basic needs over the long term.

**(B) Redirect funding.** Funds should be channeled away from extra-budgetary projects to "lightly earmarked" (or unrestricted) "core voluntary" funding channels like the FAO Multidonor Mechanism.

**Rationale:** Core voluntary funding channels come with fewer restrictions, allowing them to be directed toward internationally agreed priorities. As emerging economies begin to use these channels and otherwise expand their financial contributions, they will be motivated to also play an expanded governance and oversight role in FAO.

**(C) Explicitly reward FAO leadership for efficiency gains.** FAO should be allowed to retain its savings in each budget period, without members correspondingly reducing its appropriations.

**Rationale:** Management, under both the current and past leadership, has been dedicated and successful in its pursuit of efficiency savings. Members should provide incentives to continue in this vein, as it will help secure a stronger working relationship with management and promote further improvement in the cost-efficiency of FAO's delivery.

**(D) Strive quickly to meet the 0.8-1 percent target for the evaluation budget.** When negotiating formal international instruments in the FAO framework, particularly those with costly dispute settlement mechanisms or oversight bodies, members must provide sufficient funding so that they do not draw further resources from FAO's regular program.

**Rationale:** Evaluation is a core element of FAO's results agenda, and the FAO evaluation unit is comparatively quite strong. It is essential for informing members and governance bodies, providing feedback on decisions, and assessing FAO's performance. Meeting this spending target will improve program design and management, along with enhancing greater agreement and trust among (better informed) national representatives in the governing bodies.

**(E) Provide for the independent financing of existing international instruments.** This would entail revising the Basic Texts to prohibit financing new treaty bodies (under the FAO Constitution's Article XIV) out of the FAO regular budget.

**Rationale:** FAO's formal international instruments are the part of its program that offers the greatest direct benefit to developed country members, although many instruments are of interest primarily to developing countries as well. Members negotiating such instruments have typically failed to provide sufficiently for funding support and implementation activities, burdening FAO's regular program.<sup>7</sup> Members have primary responsibility for limiting that burden now and in the future.

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7. See International Instruments Evaluation and follow-up reports.

***Recommendation 2:  
Instruct Ministries such as Finance, Health, and Trade to  
Engage with FAO (in addition to agriculture, which is usually  
the interlocutor with FAO).***

Traditionally, these ministries have not been well represented at FAO. Members should encourage them to reach out to the organization by participating in its governing bodies and looking to FAO for technical support when needed.

**Rationale:** Each of these ministries has an interest in the areas under FAO’s mandate. Malnutrition of one type or another is among the most severe public health challenges for almost all developing countries. Decisions to tax or subsidize agriculture have major budgetary implications. In many of the poorest countries, agricultural products constitute the bulk of exports, and, globally, the debate over the rules for trade in agricultural products is one of the most difficult areas for trade negotiations. The flip side is that FAO can only address its broad mandate by responding to the interests and benefiting from the knowledge of all interested parties. But FAO’s management is not solely responsible for reaching out and facilitating greater exchange.

***Recommendation 3:  
Rationalize FAO Country Offices According to Clear Criteria.***

Country office coverage should be rationalized subject to agreed and measurable criteria, as proposed in the IEE and adopted in the IPA—notwithstanding the decision to close the corresponding IPA item. Members must commit to try again, even though past efforts were not successful. The issue is too political for management to decide.<sup>8</sup>

**Rationale:** With FAO’s limited resources, it is not possible to provide every service to every country. Indeed, it would not be desirable under any circumstance. As a result of overreach, FAO country offices lack the requisite capacity to fulfill their core responsibilities. By focusing national-level support on those countries with both the greatest need and greatest interest in receiving FAO support, members can free up financial resources for other activities and enable remaining country offices to attain the critical size necessary to produce useful outputs.

***Recommendation 4:  
Within Regions, Select Council Members Based on Qualifications  
Rather than Political Considerations.***

This may require members to occasionally relinquish council seats in favor of more highly qualified candidates.

**Rationale:** Council members have sometimes been elected on a political rather than meritocratic basis, limiting their ability to provide strong leadership and vision independent of the director-general. Selecting council representatives primarily based on knowledge and ability of individual representatives would enable members to provide clearer and more appropriate guidance to management.

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8. This recommendation is related to the recommendation in the Policy Evaluation to set clear priorities for country-level policy assistance.

**Recommendation 5:**  
**Make it a Priority to Engage Civil Society and the Private Sector.**

FAO governing bodies should continue to monitor the Committee on World Food Security (CFS). If the CFS continues to generate valuable outputs and retains the support of external constituents, the technical committees of the council and the regional conferences should consider establishing structures similar to the CFS advisory board to encourage outside participation.

**Rationale:** The experience of the CFS so far strongly suggests that civil society representatives value opportunities for participation, and their participation will enhance FAO's accountability to and communication with its most direct beneficiaries.

**For the Director-General:**

Management is better placed to initiate change than member governments. However, it has very little room to maneuver in proposing budgetary reallocations, except to the extent that it can find greater-than-expected efficiency savings and secure approval for their use (as in the current process of transformational change).

**Recommendation 1:**  
**Work with Both the Large Donors and the Major Developing-Country Members to Increase the Budget Allocation for Global Public Goods, Including Statistical Work.**

**(A) Increase focus on global public goods.** Currently, the emphasis of FAO's non-emergency activities is skewed towards local activities (now 37 percent) rather than global activities (now only 35 percent). Budget allocations should be rethought to place the greatest emphasis on global public goods (50 percent, up from 35 percent); followed by regional activities (25 percent, up from 9 percent); national (keep at about 20 percent); and local (reduce to 5 percent).

**Rationale:** There is no realistic alternative source for many of FAO's global public goods, which represent its most visible and influential contributions. These goods include data on food production and consumption; early warning systems related to hunger, disease, and pests; and a neutral forum for policy dialogue on issues related to food security and agriculture. Almost all of FAO's local work can be carried out by national, regional, or local governments.

**(B) Continue to strengthen statistical work.** FAO's statistical capacity should be further increased. Doing so will require additional resources and the continued involvement of influential bodies like the CGIAR and the Gates foundation.

**Rationale:** FAO's statistical work should be recognized for the progress that has been made with the support of committed donors. This work covers compiling, estimating, and publishing data; and assisting national statistical offices to collect data. As a global public good, reliable knowledge of the state of agriculture and hunger throughout the world is clearly needed, but statistical capacity is needed just as acutely at the national level. Despite recent progress, statistical capacity remains inadequate following more than a decade during which agriculture received little attention within the development field.

**Recommendation 2:  
Push for Full Final Implementation of the Reform Plan.**

Some of the agreed reforms have proved hard to implement. But the reforms should not be condemned even if a few items falter on political or legal difficulties. However, as FAO members recognized at the April 2013 council session, it is important to strive to complete the agreed reforms, even where unexpected obstacles have arisen. The top priorities are:

**(A) Strengthen results framework and performance reporting system.** Continue to refine the results framework, seeking guidance from oversight units as necessary (a process that might take several iterations). At the same time, continue efforts to establish a performance reporting system for decentralized offices and strengthen accountability in decentralized offices.

**Rationale:** FAO's Office of the Inspector General has found that the new results framework incorporated into FAO's Medium-Term Plan has not yet lived up to its potential to measure outcomes. A continuous commitment to refinement and improvement will enable further autonomy for organizational units, more clearly demonstrate program successes, attract donor funding, and identify priority areas for evaluation and reform.

**(B) Improve administrative procedures.** Proceed with revising and simplifying the FAO Manual (of administrative procedures), as recently requested by the Council and Program and Finance Committees. If a separate, simplified rulebook would expose the organization to legal risks, FAO should concentrate on simplifying the authoritative text itself, as well as clearly identifying the most pertinent and frequently used sections in order to facilitate staff understanding. As members have pointed out, the "regulatory guillotine" approach employed by the Mexican government will be useful for eliminating unproductive rules.

**Rationale:** So far, the reform process has not involved a comprehensive overhaul and simplification of administrative procedures, as recommended by the IEE. Such reform will emphasize a break with the past and ensure that unproductive controls do not remain on the books. Simplification will limit the extent to which "legacy controls" continue to be applied. A successful revision should improve staff morale and productivity, generate efficiency savings, and reduce the turn-around time on FAO activities.

**Recommendation 3:  
On Key Issues, Develop Strong Working Relationships with Relevant Ministries, Regional Development Banks, and Other UN Agencies.**

In policy areas like nutrition, statistics, trade, and capital flows, FAO should encourage ministries such as finance, health, and trade to participate in its activities. The Investment Centre and its development bank partners should be involved in these outreach efforts; the availability of additional financing will make FAO a more attractive partner.

**Rationale:** FAO's relationships with national governments are one of its core strengths, but these relationships are primarily through ministers of agriculture, often neglecting other relevant ministries. Representation of a wider range of national interests in FAO governing bodies will help the organization look beyond its traditional activities to address emerging and neglected needs. By engaging with a broader array of government partners, FAO can enhance its policy influence in subject areas like trade, foreign investment, statistics, and social protection.

#### **Recommendation 4: Embrace Transparency.**

Currently, there is an unprecedented level of trust among FAO members thanks to close cooperation on the IPA. To preserve and further improve this high level of trust, FAO can improve access to information on its inner workings. The availability of information will also encourage engagement by various stakeholders to promote a smoothly functioning and productive FAO. Top priorities would include:

- Make data on field projects contained in the Field Program Management Information System accessible and comprehensible to the public.
- Publish online internal directives and the proceedings of management committees, except in special cases where there are legal obstacles.
- Make more detailed financial information available to the public, especially on individual program budgets. This should occur as the new Global Resource Management System—including International Public Sector Accounting Standards (IPSAS)-compliant financial records—becomes fully operational.
- Develop an official and comprehensive information disclosure policy directed at making the most useful internal information available while acknowledging that transparency and reporting do involve real costs. This should be done in consultation with national representatives, farmers' organizations, academics, and nongovernmental organizations.

**Rationale:** FAO is perceived as a maze of bureaucracy, and donor-driven evaluations have given FAO mixed marks on its transparency, sometimes with contradictory findings.<sup>9</sup> By making more information about its activities and internal decision making publicly available, FAO can promote accountability and facilitate consensus building on its role in the international effort to achieve its goals. Transparency in financial records will facilitate a better global understanding of the balance of FAO's activities, as well as generating pressure from diverse stakeholders to expand programs that are essential to promoting sustainable rural development and food security but that are underfunded.

#### **Recommendation 5: Introduce New Budgetary Procedures.**

Emerging economies have a vital interest in the areas of FAO's mandate, but conventional budgetary support for international organizations may not be a priority in these countries. Innovative funding channels present an opportunity to mobilize interest in service of FAO's financial stability. At the same time, the evolution toward voluntary contributions in FAO's resource mix poses significant planning challenges. Top priorities would include:

**(A) Establish a core voluntary channel for South-South cooperation.** This should be done in a way that contributing countries can commit technical expertise to the FAO for use in accordance with its institutional priorities. These contributions could be counted with financial contributions in the Programme Implementation Report. At the same time, management should extend the support cost recovery policy to South-South cooperation for countries providing large amounts of South-South cooperation or that meet "ability to pay" requirements.

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9. One evaluation reports that an information disclosure policy is available on the website, while another penalizes FAO for lacking such a policy. We could not find any evidence of a current policy, except with regards to internal audit reports.

**Rationale:** Advanced economies are no longer the only countries with high levels of national technical expertise and commitments to development assistance. The rising importance of non-traditional donors and recent recognition of the value of South-South cooperation has already led to a greater role for South-South cooperation in FAO's field program. In fact, this is already a priority area for FAO, including the director-general; South-South cooperation is now enshrined in the organizational and budget structure under the newly renamed South-South and Resource Mobilization Division. If contributing countries use the core voluntary channel for South-South cooperation, it will enable FAO to make use of South-South cooperation in accordance with organizational priorities, enhancing program coherence and impact. It will also encourage contributing countries to play a greater oversight role.

**(B) Tighten controls on nonemergency Technical Cooperation Program projects.** This should be done in countries where Technical Cooperation Program resources are spent on projects without strong capacity development and knowledge transfer components. FAO should develop and observe set rules to determine the appropriate level of controls in each country for all technical cooperation projects.

**Rationale:** FAO's comparative advantage is at the global, regional, and national—rather than local—levels. Technical Cooperation Program projects are intended to promote capacity development and knowledge transfer and there are official restrictions on the use of Technical Cooperation Program funds to this end. However, evaluations have found that these restrictions are not always respected, meaning that scarce regular program funds are spent on household-level projects. Stronger controls will free up funding for other core programs and ensure that the Technical Cooperation Program is focused on developing national capacity.

**(C) Work with donors to better analyze extrabudgetary offers.** When donors propose and offer funding for activities that are outside FAO's areas of comparative advantage or are likely to impose substantial costs on the regular program, management should work with them to find alternative uses for the funds, including through non-FAO channels, instead of maximizing its own revenues. FAO should consider establishing a database or tool that relates project aims and methods to the best qualified implementing partner working in that region.

**Rationale:** FAO pursues extrabudgetary contributions doggedly, because the projects these resources support are highly visible to members. At the same time, they are driven by donor priorities, which can lead to FAO involvement in areas that other actors can address more effectively (or for which there is little need, in extreme cases). Despite support-cost recovery policies, projects can also sometimes consume limited support resources intended for the regular program. Because donors typically have fixed budgets that they are responsible for committing, FAO would not reduce the amount of funding available for agricultural development and food security by saying no to some proposed contributions. Instead, it should expect greater program cohesion, as well as more available funding for the core program.



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# Appendix A: Biographies

## *Jenny Aker*

Jenny Aker is a nonresident fellow at the Center for Global Development and an assistant professor of economics at Tufts University. Her research approach uses field experiments to better understand real-world development problems and to link research with policy and implementation. Her current research focuses on the impact of information (and information technology) on development outcomes, namely agricultural markets and literacy; the impact of information and education on civic education; and markets and food crisis. Between 1997 and 2003, prior to joining Tufts, Aker worked extensively in Central, North, and West Africa for Catholic Relief Services. She also worked as a postdoctoral fellow at the Center for Global Development in 2008–09. Aker holds a PhD and MSc in agricultural economics from the University of California-Berkeley, and an MA in law and diplomacy from the Fletcher School of Law and Diplomacy at Tufts University.

## *Jock Anderson*

Jock Anderson consults for various international organizations, including the International Food Policy Research Institute and the World Bank, and recently led an evaluation of policy work at FAO. He started his education in agricultural science at the University of Queensland, after which he worked as an extensionist/agronomist in the fertilizer industry. He has served as a professor of agricultural economics, and dean of the Faculty of Economic Studies at the University of New England, Armidale, Australia. He also served as director of the Impact Study of the CGIAR, which was carried out in the mid-1980s. He joined the World Bank in 1989, where he served, inter alia, as adviser on strategy and policy in the Agriculture and Rural Development Department. Anderson holds a PhD in agricultural economics from the University of New England, Armidale, Australia.

## *Regina Birner*

Regina Birner holds the Chair of Social and Institutional Change in Agricultural Development at the University of Hohenheim, Germany. Prior to joining the university in 2010, she was a senior research fellow at the International Food Policy Research Institute, where she led the Research Program on Governance for Agriculture and Rural Development. Her research interests focus on the political economy of agricultural policy processes and on governance and institutions in agricultural development. Gender is a cross-cutting concern in her research. Birner has extensive empirical research experience in Africa and in South and Southeast Asia. In 2011, she was a member of the team that conducted the evaluation of FAO's role and work in food and agriculture policy, where she focused on governance and corporate issues. She holds a PhD in socioeconomics of agricultural development from the University of Göttingen, and an MSc in agricultural sciences from the Technische Universität München, Germany.

### ***James Butler***

James Butler is the former deputy director-general of FAO. Previously he served as the deputy director-general of the Inter-American Institute for Cooperation in Agriculture. From November 2002 to December 2005, he served as deputy undersecretary of the Farm and Foreign Agriculture Service of the US Department of Agriculture. Butler holds a PhD in animal physiology from the University of Arizona, an MS in animal science from New Mexico University, and a BS in animal science from Texas A&M University.

### ***Kimberly Elliott***

Kimberly Elliott is a senior fellow at the Center for Global Development and the author or co-author of numerous books and articles on trade policy and globalization, with a focus on the political economy of trade and the uses of economic leverage in international negotiations. Elliott was with the Peterson Institute for many years before joining CGD full time and remains a visiting fellow. From 2002 to 2003, she served on the National Academies Committee on Monitoring International Labor Standards, and in 2009 she was appointed to the USDA Consultative Group on the Elimination of Child Labor in US Agricultural Imports. Elliott received her MA, with distinction, in security studies and international economics from the Johns Hopkins University School of Advanced International Studies (1984) and a BA with honors in political science from Austin College (1982). In 2004, Austin College named her a distinguished alumna.

### ***Casey Friedman***

Casey Friedman is a consultant specializing in international institutions, development, and food policy issues. Currently, he works with Center for Global Development as well as with the New England Complex Systems Institute, where he is involved with projects on violent crime, financial systems, and agricultural risk. He received his BA in Economics and International Relations from Marlboro College in May 2012 after completing an extended thesis on the international governance of food and agriculture.

### ***Alan Gelb***

Alan Gelb is a senior fellow at the Center for Global Development. He was previously director of development policy at the World Bank, chief economist for the Africa Region, and staff director for the World Development Report 1996: From Plan to Market. Recently, his main areas of work have included the special development challenges of resource-rich countries, aid and development outcomes, the transition from planned to market economies, and Africa, including directing a major study, *Can Africa Claim the 21st Century*. Gelb holds a DPhil and a BPhil from Oxford University, and a BSc (Hons) from the University of Natal.

### ***Giorgia Giovannetti***

Giorgia Giovannetti is professor of economics at the University of Florence, director of the Development research strand, and member of the board of directors of the Global Governance Programme at the European University Institute. She acted as scientific director of the European Report on Development in 2009 and 2010. She has held positions at the universities of Cambridge (Trinity College), Rome, and Cassino, and has been a visiting professor at Universitat Pompeu Fabra (Barcelona). Giovannetti specializes in international and development economics and has been working extensively on the link between trade and foreign direct investments, international economic policy, and firms' dynamics. Her publications include papers published in academic journals (European Economic Review, Review of Economic Dynamics, Applied Economics), as well as in collected books and international series of working papers. She has directed the Research Centre of the Italian Trade Institute and collaborated extensively with the Italian Treasury and the Ministry of Foreign Trade. Giovannetti holds a PhD in economics from the University of Cambridge and is a fellow of FERDI and Luca D'Agliano.

### ***Jikun Huang***

Jikun Huang is the director of the Center for Chinese Agricultural Policy of the Chinese Academy of Sciences, a professor at the Institute of Geographical Sciences and Natural Resources Research, vice president of the Chinese Association of Agricultural Economics, and a board member of the International Food and Agricultural Trade Policy Council and the African Agricultural Technology Foundation. His research covers a wide range of issues on China's agricultural and rural development. He received an award for China's top-10 outstanding young scientists in 2002, the Outstanding Contribution Award on Management Science in 2008, and the International Rice Research Institute's Outstanding Alumni Award in 2010. Huang holds a PhD in agricultural economics from the University of the Philippines at Los Banos, as well as a BS in agricultural economics from the Nanjing Agricultural University, China.

### ***Calestous Juma***

Calestous Juma is a professor of the practice of international development and director of the Science, Technology, and Globalization Project at the Harvard University Kennedy School of Governance. He directs the Agricultural Innovation in Africa Project funded by the Bill and Melinda Gates Foundation and serves as the faculty chair of Innovation for Economic Development executive program. Juma is a former executive secretary of the UN Convention on Biological Diversity and founding director of the African Centre for Technology Studies in Nairobi. He was chancellor of the University of Guyana and has been elected to several scientific academies including the Royal Society of London, the US National Academy of Sciences, the Academy of Sciences for the Developing World, the UK Royal Academy of Engineering, and the African Academy of Sciences. He has won several international awards for his work on sustainable development. He holds a PhD in science and technology policy studies and has written widely on science, technology, and the environment.

### ***David Lambert***

David Lambert is a principal at Lambert Associates, a Washington DC-based public affairs firm providing strategic policy advice to the US private sector, land-grant universities, and UN agencies, on issues related to global food security, child nutrition, food safety, and agricultural biotechnology. Lambert also is a nationally recognized advocate to end hunger, speaking and teaching on food security issues. In 1999, with US Senate confirmation, President Clinton appointed Lambert to Rome as FAS counselor to the US Mission to the UN Agencies. Prior to his diplomatic appointment, Lambert was senior vice president of the New York Stock Exchange, directing all public affairs programs, both US and international, with responsibility for the executive branch and Washington diplomatic corps. He earlier served as legislative assistant to US Senator J. William Fulbright. Lambert has a law degree from the George Washington University, a BA from the University of Arkansas, and an award from Harvard's JFK School's Senior Managers in Government.

### ***Uma Lele***

Uma Lele is a policy analyst with extensive research, operational, and evaluation experience. Her areas of work include food, agriculture, health, environment, global public goods, science and technology, external assistance, and partnerships. Lele currently serves on the Technical Advisory Committee of the Global Water Partnership, and the board of the Institute of Development Studies. She left the World Bank in 2005 after an association of well over three decades, starting as economist in the Development Economics Department and serving as research and operational manager and senior policy advisor. Since leaving the World Bank, she has served on the high-level advisory panels of the Global Environment Facility and UNICEF global evaluations, as a member of the External Independent Evaluation Panel of the FAO in 2006, and led the first comprehensive evaluation of the M.S. Swaminathan Research Foundation in 2008. She is the first woman to be awarded a PhD from Cornell University's Agricultural Economics Department and is a fellow of the American Applied and Agricultural Economics Association.

### ***Ben Leo***

Ben Leo is a senior fellow at the Center for Global Development. Previously, he served as the global policy director at ONE. He has also worked for Cisco Systems as a business development manager for emerging markets, and served in the White House as the director for African affairs for the National Security Council. In this role, he advised the President and the National Security Advisor on Central and Southern African nations and regional economic issues. He has also worked in the US Treasury Department as deputy director of the Office of Development Policy, where he helped drive several large development initiatives at the World Bank, African Development Bank, and the International Monetary Fund, such as multilateral debt relief for the world's poorest countries. In 2005, Leo was named Economist of the Year by the US Treasury Department, International Affairs Division. He holds an MA in economics and international relations from Syracuse University's Maxwell School of Citizenship and Public Affairs.

### ***Ruth Oniang'o***

Ruth Khasaya Oniang'o is the founder and leader of the Rural Outreach Programme, a Kenya-based nongovernmental organization that supports resource-poor farmer groups. She has taught at the University of Nairobi, Kenyatta University, and Jomo Kenyatta University of Agriculture and Technology. She is also adjunct professor at Tufts University. Oniang'o served as a member of the Kenyan parliament for five years, advocating to minimize poverty and hunger, and has previously worked with the UN system including UNICEF and FAO, and with the centers of CGIAR. She is the founder and editor-in-chief of the African Journal of Food, Agriculture, Nutrition and Development. She holds a PhD in food science and nutrition.

### ***Kei Otsuka***

Kei Otsuka is a professor of development economics at the National Graduate Institute for Policy Studies in Tokyo. He joined the World Bank Development Economics Group in April 2011, where he worked as a core team member for the World Development Report 2013. Otsuka is an expert in the field of industrial development and has also published extensively in the area of agricultural development in both Asia and sub-Saharan Africa. Otsuka was previously a post-doctoral fellow at the Economic Growth Center at Yale, visiting scientist at the International Rice Research Institute, and visiting research fellow at the International Food Policy Research Institute. He has served on the editorial boards of various international journals, including Economic Development and Cultural Change. He was formerly chairman of the board of trustees of the International Rice Research Institute and is currently president of the International Association of Agricultural Economists. He received his PhD in economics at the University of Chicago.

### ***Sushil Pandey***

Sushil Pandey is currently an independent consultant on agricultural development and food security. He worked at the International Rice Research Institute (IRRI) from 1993 to 2011 and was senior agricultural economist and leader of the research program "Rice Policy and Impact" from 2007 to 2010. He led several research studies across Asia focused on analysis of food security and poverty, farmers' livelihood systems and risk-coping mechanisms, technology adoption and impact, and commercialization and diversification of agricultural systems. Prior to joining IRRI, Pandey served as a lecturer at the University of New England in Australia. He maintains academic affiliations as a visiting professor at several academic and research institutes in China. He holds a PhD in agricultural economics from the University of New England.

### ***Vijaya Ramachandran***

Vijaya Ramachandran is a senior fellow at the Center for Global Development. She works on several issues including donor accountability, private sector development, and development interventions in fragile states. Ramachandran is the author of the CGD book, *Africa's Private Sector: What's Wrong with the Business Environment and What To Do About It*, as well as numerous articles and book chapters. Most recently, she contributed an essay on Africa's private sector to the first edition of the *Oxford Companion to the Economics of Africa*, and coauthored a CGD report on supporting business growth in fragile states. She is currently working on book on donor and NGO accountability in Haiti. Prior to joining CGD, Ramachandran taught at Georgetown University and also worked at the World Bank and in the Executive Office of the Secretary-General of the United Nations. Her work has appeared in several media outlets including the *Financial Times*, *Guardian*, *Washington Post*, *Voice of America*, and *Huffington Post*. Vijaya earned her BA magna cum laude, MA, and PhD in business economics from Harvard University.

### ***Emmy Simmons***

Emmy Simmons is currently an independent consultant on international development issues, with a focus on food, agriculture, and Africa. She completed a career of nearly 30 years with the US Agency for International Development (USAID) in 2005. Beginning in 2002, she served as the assistant administrator for economic growth, agriculture, and trade—a presidentially appointed, Senate-confirmed position. Prior to joining USAID, she worked in the Ministry of Planning and Economic Affairs in Monrovia, Liberia and taught and conducted research at Ahmadu Bello University in Zaria, Nigeria. Simmons began her international career as a Peace Corps volunteer in the Philippines from 1962–64. She holds an MS in agricultural economics from Cornell University and a BA from the University of Wisconsin-Milwaukee.

### ***Peter Timmer***

Peter Timmer is a nonresident fellow at the Center for Global Development. He currently serves as an advisor to the Bill and Melinda Gates Foundation on agricultural development and food security issues. Now retired from teaching, he is the Thomas D. Cabot Professor of Development Studies, emeritus, at Harvard University. Prior to joining CGD, Timmer was dean of the Graduate School of International Relations and Pacific Studies at UC–San Diego. In addition to his faculty positions in three schools at Harvard, Timmer has also held professorships at Cornell and Stanford. In 1992, he received the Bintang Jasa Utama (Highest Merit Star) from the Republic of Indonesia for his contributions to food security. He served as the chief outside advisor to USAID for developing their strategy on growth and agriculture for the Natsios Report (Foreign Assistance in the National Interest), and he was one of the key advisors for the World Development Report 2008: *Agriculture for Development*. In 2012, he was awarded the Leontief Prize for Advancing the Frontiers of Economic Thought by the Center for Global Development and Environment at Tufts University. Timmer received his PhD, MA, and AB from Harvard University.

### ***Maximo Torero***

Maximo Torero is the division director of the Markets, Trade, and Institutions Division; leader of the Global Research Program on Institutions and Infrastructure for Market Development; and Director for Latin America at the International Food Policy Research Institute (IFPRI). He has 15 years of experience in applied research and in operational activities. In his capacity as director and research program leader, he directs the activities of an IFPRI unit that conducts research, with special emphasis on monitoring and evolution of infrastructure and rural development interventions in urban and peri-urban areas through the use of randomized experimental design. Prior to joining IFPRI, he was a senior researcher and member of the executive committee at the Group for the Analysis for Development. He received his PhD from the University of California at Los Angeles, Department of Economics.

### ***Yan Wang***

Yan Wang is visiting professor at the George Washington University School of Business; senior fellow at the National School of Development, Peking University; and senior consultant to the United Nations Development Programme and the Asian Development Bank. Prior to joining George Washington University, she worked as a senior economist and team leader at the World Bank for 20 years, responsible for a range of research and training programs in the areas of trade, capital flows, and private sector development. She served as research coordinator of OECD-DAC and China Study Group for two years (2009-2011), worked on China-Africa development cooperation, and wrote the final report on Economic Transformation, Volume II. She has published extensively and received several awards including the SUN Yefang Award in Economics (the highest award in economics in China), a McNamara Fellowship, and a Fulbright Scholarship. She holds a PhD from Cornell University, and taught economics as a tenure-track assistant professor before joining the World Bank.

### ***Haisen Zhang***

Haisen Zhang is the director of the Center for International Agricultural Cooperation and Development, division director of the Institute of International Economy, and an associate professor at University of International Business and Economics in Beijing. His research includes international trade of agriculture, and international development. Zhang is a senior member of International Agricultural Cooperation Council, Ministry of Agriculture of China, and a consultant to the China Development Bank. He is an executive member of the Council of Chinese Foreign Agricultural Economic Research and a member of the China Africa Research Institute. Zhang was a visiting professor at American University's School of International Service and a visiting research fellow at the International Food Policy Research Institute from 2010 to 2011. In 2010, he was a senior international consultant for Africa-British-China trilateral cooperation employed by the United Kingdom's Department for International Development. Zhang holds a PhD in agricultural economics and management from China Agricultural University.



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## Appendix B: World Food Programme

The World Food Programme (WFP), the United Nations body responsible for food assistance, is the world's largest humanitarian organization. WFP has five objectives: (i) to save lives and protect livelihoods in emergencies, (ii) to prepare for emergencies, (iii) to restore and rebuild lives after emergencies, (iv) to reduce chronic hunger and under-nutrition, and (v) to strengthen the capacity of countries to reduce hunger. WFP delivers the majority of multilateral food aid today.

After its founding 1963, resource and capacity constraints led WFP to focus on mobilizing food aid for development interventions. Beginning in the 1980s, however, WFP began to pay greater attention to emergency relief operations, steered in part by a rise in man-made disasters and a 1994 agreement between WFP and the UN High Commissioner for Refugees to share resources and expertise. Currently, roughly 90 percent of WFP activities focus on emergency relief.

Unlike FAO and other specialized UN agencies, WFP is funded solely by voluntary contributions, operates largely on a project-oriented basis, and makes substantial use of both in-kind and cash contributions. Administrative costs account for only 7 percent of the organization's total costs—among the lowest overhead of all UN agencies. Cash resources are a key financial constraint for WFP because donor states have historically preferred to contribute food, simultaneously aiding their domestic producers. Today, WFP's main donors mostly contribute cash. The exception is the United States, which is also WFP's largest donor, accounting for 45 percent of total contributions in 2012.

WFP is headed by an executive director who is appointed by both the UN secretary-general and the director-general of FAO for fixed five-year terms. Ertharin Cousin, the current executive director, was appointed in 2012 and previously represented the United States at the Rome-based agencies.

WFP is governed by an executive board that consists of 36 regionally grouped states appointed by the FAO Council and the UN Economic and Social Council. The WFP Executive Board meets four times a year to approve and review assistance programs. WFP employs approximately 12,000 staff, 90 percent of which works in the field delivering food and monitoring its use. WFP has more than 80 country offices around the world and provides food to an average of 90 million people a year, including 58 million children. It works with approximately 3,000 nongovernmental organizations to distribute its food, relying on their grassroots and technical knowledge for more efficient implementation.



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# Appendix C: International Fund for Agricultural Development

The International Fund for Agricultural Development (IFAD), established in 1977 as a specialized agency of the United Nations, is the only international financing institution dedicated to agriculture and rural development. IFAD aims to help poor rural people overcome poverty by “building farm and non-farm enterprises that are viable, sustainable and integrated into national and global markets and value chains.”<sup>10</sup> It seeks to boost productivity and to generate economic growth in rural areas, and to increase incomes and employment opportunities. IFAD fulfills this mission by making concessional, low-interest loans and grants to support agricultural and rural development projects. Since 1977, IFAD has granted or lent approximately US\$12.9 billion for around 970 projects.

IFAD is headed by a president who can serve up to two four-year terms. The president is elected by IFAD’s plenary body—the Governing Council—which establishes the organization’s rules and policies. Member states are allocated varying shares of the total votes, partially in proportion to the volume of their contributions. At its inception, IFAD enabled members of the Organization of Petroleum Exporting Countries (OPEC) to simultaneously enhance their prestige and benefit the rural poor, and helped mobilize roughly matching contributions from developed countries. As a result, IFAD member states are divided into three “lists.” The first is composed primarily of Organisation for Economic Co-operation and Development countries, the second of OPEC countries, and the third of other developing countries. In parallel to the Governing Council, the IFAD Executive Board meets three times a year to make strategic program and financial decisions, and to approve projects and programs for IFAD financing. Of the 18 seats on the IFAD Governing Council, a fixed number is allocated to each of the three lists of countries.

IFAD is funded mainly by member states through a periodic replenishment process, with additional funding from other multilaterals. IFAD does not have the authority to assess contributions on members. Upon joining, members make initial contributions. When the Governing Council initiates a replenishment process, members negotiate the amount of additional contributions for which each will be responsible.

IFAD primarily uses a performance-based allocation system to allocate loans to member states. Financing is based on rural population, per capita gross national income, and country performance, which includes the broad policy framework, rural development policy, and the performance of IFAD’s portfolio in that country. The aim is to balance need-based allocations with a results-based system.

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10. “Frequently Asked Questions About IFAD,” accessed August 27, 2013, <http://www.ifad.org/governance/faq/index.htm>. 2013, <http://www.ifad.org/governance/faq/index.htm>.”plainCitation”:”Frequently Asked Questions About IFAD,” accessed August 27, 2013, <http://www.ifad.org/governance/faq/index.htm>.”,citationItems":[{"id":103,"uris":["http://zotero.org/users/1408858/items/XRE7HZXD"],"uri":["http://zotero.org/users/1408858/items/XRE7HZXD"],"itemData":{"id":103,"type":"webpage","title":"Frequently asked questions about IFAD","URL":"http://www.ifad.org/governance/faq/index.htm","accessed":{"date-parts":[[2013,8,27]]}}]},"schema":"https://github.com/citation-style-language/schema/raw/master/csl-citation.json"}]

At its origin, IFAD's responsibilities were limited to financing, with national governments and multilaterals taking over later stages of the project cycle. This led to the relatively small organization that exists today; IFAD employs fewer than 600 people worldwide. IFAD is now moving away from this limited model. It has rapidly expanded its country offices, aiming for 40 by the end of 2013 (compared to just one office in 2006). IFAD currently finances 135 projects in states with country offices; these projects account for 60 percent of IFAD funds for programs and projects.