

166th Session of the Council

The Medium Term Plan 2022-25 and Programme of Work and Budget 2022-23

The Medium-Term Plan (MTP) 2022-25 covers a period of four years and provides the programmatic framework for results and monitoring to support the achievement of objectives by Members and the international community with support from FAO, in accordance with the Strategic Framework 2022-31.

The Programme of Work and Budget (PWB) 2022-23 builds on the key foundational elements presented in the Strategic Framework 2022-31 and the Medium Term Plan 2022-25 and presents a quantification of costs under all sources of funds (net appropriation and extrabudgetary resources) across the budgetary chapters and organizational structure. It also includes a calculation of cost increases, an overview of long-term liabilities and reserve funds, and a draft Conference resolution for approval of the biennial programme of work and the budgetary appropriations.

Medium Term Plan 2022-25

The MTP further develops the strategic narrative of supporting the 2030 Agenda through the transformation to MORE efficient, inclusive, resilient and sustainable agri-food systems for *better production, better nutrition, a better environment, and a better life*, leaving no one behind.

In line with the transformative nature of the Agenda 2030, the results framework uses a systems approach, considering social, economic and environmental development dimensions simultaneously and addressing the relevant trade-offs in achieving the Sustainable Development Goals (SDGs).

FAO's contributions are guided by the lens of SDG 1 *No poverty*, SDG 2 *Zero hunger*, and SDG 10 *Reduced inequalities*, while acknowledging the interconnectivity of the SDGs and thus the importance of all other SDGs in achieving FAO's overall vision.

FAO's move to an SDG-based framework provides a common language and facilitates dialogue and integration of results agreed at country level through UN Sustainable Development Cooperation Frameworks (UNSDCFs) into the Strategic Framework results hierarchy, in alignment with the 2018 UN development system repositioning.

The basic elements of the results architecture are described in Figures 1, 2 and 3 and the seamless hierarchy from country to corporate level is detailed in *Annex 4* (Figure 8).

The 20 Programme Priority Areas (PPAs) guide the programmes that FAO will implement under the *four betters* in order to fill critical gaps and put in place the conditions needed to drive the changes that will ultimately contribute to the achievement of the selected SDG targets. The Programme Priority Areas respond directly to the issues and challenges emanating from the Corporate Strategic Foresight Exercise, the Regional Conferences, the Technical Committees, and other formal and informal consultation processes. They represent FAO's comparative advantage as a UN specialized agency in contributing to the 2030 Agenda, bringing together FAO's breadth and depth of technical expertise and knowledge.

Annex 1 provides a more detailed presentation of the PPAs and their results frameworks, including the main gaps being addressed, how these relate to SDG targets and indicators, how FAO will leverage the accelerators to fast-track progress, principal thematic components, including normative aspects and those relating to FAO's core functions, and key risks and trade-offs.

The SDGs are central in FAO's overall theory of change. Overall, the 20 Programme Priority Areas of the results framework make primary contributions to 15 of the 17 Sustainable Development Goals, encompassing a total of 59 distinct targets and 75 associated indicators. All 26 indicators under 21 targets for which the Organization has custodianship or contributing agency responsibility for measurement, are included.

Annex 3 further describes FAO's contribution to the SDGs through the Programme Priority Areas under the *four betters*. The *Annex* provides an overview of both primary or "anchor" PPA contributions as well as additional SDG contributions, recognizing the interconnected nature of the SDGs and the interconnected nature of the *four betters*.

A more explicit articulation of FAO's business model together with the strategic narrative, the accelerators and SDG-based results framework are key foundational elements in the Strategic Framework and the theory of change. FAO's aim is to create an inclusive and agile Organization that is transparent, open, innovative, responsible, effective and impactful, and that serves its Members to achieve the *four betters*.

Programme of Work and Budget 2022-23

The Programme of Work and Budget 2022-23 builds on the key foundational elements presented in the Strategic Framework 2022-31 and the Medium Term Plan 2022-25, including the vision around the *four betters* and the results framework with its 20 Programme Priority Areas anchored in the SDGs.

The PWB 2022-23 presents a quantification of costs under all sources of funds (net appropriation and extrabudgetary resources) across the budgetary chapters and organizational structure. It also includes a calculation of cost increases, an overview of long-term liabilities and reserve funds, and a draft Conference Resolution for approval of the biennial programme of work and the budgetary appropriations.

The PWB 2022-23 has been developed around the following principles:

- a) maintain a flat nominal budget, with no change in the level of assessed contributions and net budgetary appropriation compared with 2020-21;
- b) ensure that all increased costs are covered without negatively impacting the technical work of the Organization;
- c) maintain the organizational structure currently in place to accelerate the delivery of effective and demonstrable results;
- d) adjust the budgetary Chapter structure to reflect the strategic narrative, with the first four Chapters representing the *four betters*; and
- e) identify areas of programmatic de-emphasis and realignment, based on developments and guidance received.

As mentioned above, the proposed net appropriation budget for 2022-23 has been maintained at USD 1 005.6 million, the same nominal level as the approved budget for 2020-21.

Extrabudgetary contributions are estimated at USD 2.25 billion. Further detail on the extrabudgetary contributions is provided in the Information Note.

Within the flat nominal level of the net appropriation budget, USD 30.6 million has been re-allocated to fund cost increases and high-priority areas. The strengthening in high priority areas of USD 13.1 million is described in paragraph 59.

The increase of USD 1 million each provided in the *Adjustments to the PWB 2020-21* in December 2019 for the Joint FAO/WHO food safety scientific advice programme and the International Plant Protection Convention has been maintained.

The resources for the Technical Cooperation Programme (Chapter 7) have been maintained at USD 140.8 million, or 14 percent of the net budgetary appropriation.

The budgetary Chapter structure has been adjusted to align to the results framework, with the first four Chapters of the budget reflecting the *four betters*.

As set out in the Basic Texts¹, the Programme of Work and Budget is also required to include a provision for long-term liabilities and reserve funds. In this regard, two items to improve FAO's financial health, liquidity and reserves are proposed: i) USD 14.1 million assessment for the After-service Medical Coverage past liability; and ii) USD 19.2 million assessment to bring the Working Capital Fund to the level of at least one month Regular Programme cash flow.

Conclusion

The Medium Term Plan 2022-25 and the Programme of Work and Budget 2022-23 are submitted for Council's consideration and recommendation to the Conference, including on the budget level of USD 1,005.6 million.

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¹ Volume IIF, paragraph 1(c) iv.