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ADMINISTRATIVE AND BUDGETARY CO-ORDINATION BETWEEN THE
UNITED NATIONS AND THE FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS, WITH PARTICULAR REFERENCE TO THE
WORKING OF THE EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

Third report of the Advisory Committee on Administrative
and Budgetary Questions to the twelfth session of the
General Assembly

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I. INTRODUCTION

(1) Nature of the inquiry and terms of reference of the Advisory Committee

1. The Advisory Committee on Administrative and Budgetary Questions continued, at the headquarters of the Food and Agriculture Organization, its series of special studies concerning administrative and budgetary co-ordination between the United Nations and the specialized agencies.^{1/} These special studies are based on resolution 884 (IX) of 14 December 1954, by which the General Assembly invited the attention of the specialized agencies to the recommendations and suggestions contained in the report of the Advisory Committee on the administrative budgets of the agencies for 1955 (A/2835^{2/}), and to the views expressed on this subject in the Fifth Committee during the ninth session of the Assembly.^{3/} The relevant report of the Fifth Committee (A/2861, para. 10^{4/}) included an authorization to the Advisory Committee to respond favourably to any invitation received from a specialized agency to continue at the headquarters of such agency the study of administrative and budgetary co-ordination between the United Nations and the agencies, including questions related to the administration of the Expanded Programme of Technical Assistance. This authorization was reiterated by the Fifth Committee at the tenth session of the General Assembly (A/3098, para. 8^{5/}).
2. The Advisory Committee received in 1955 an invitation, in accordance with the foregoing authorization, from the Acting Director-General of the Food and Agriculture Organization, Sir Herbert Broadley. The invitation was renewed by Mr. B.R. Sen after he took office as Director-General in November 1956. As the programme of work of the Committee for 1956 did not permit the study to be made during that year, the Committee decided to undertake the study in April 1957.

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- 1/ For the sake of clarity, the same lay-out has been adopted for the present report as for the reports already submitted in respect of the International Labour Organisation (A/3142), the United Nations Educational, Scientific and Cultural Organization (A/3166) and the World Health Organization (A/3596).
- 2/ Official Records of the General Assembly, Ninth Session, Annexes, agenda item 43.
- 3/ Ibid., Fifth Committee, 481st meeting.
- 4/ Ibid., Annexes, agenda item 43.
- 5/ Ibid., Tenth Session, Annexes, agenda item 45.

3. Accordingly, the Advisory Committee held a session of ten meetings at the headquarters of FAO at Rome from 23 April to 7 May 1957, in the course of which there was full consultation with the Director-General and his representatives, in particular the Deputy Director-General, on the matters under study. The Committee acknowledges with gratitude the assistance and co-operation extended to it by the Director-General, who was personally present at many of the meetings in spite of his other important engagements during this period, and by his representatives. The Committee also wishes to record its appreciation of the excellent services and facilities which were put at its disposal.

(2) Background to the inquiry

4. The Charter of the United Nations, in Article 17, paragraph 3, emphasizes the importance of administrative and budgetary co-ordination as an essential element in the over-all co-ordination of the activities of the United Nations and the specialized agencies. The General Assembly, which bears special responsibility for such co-ordination, has entrusted to the Advisory Committee the general task of tendering advice on administrative and budgetary matters and, on occasions, has called for special studies and reports.

5. The continuing process of co-ordination which is the subject of annual review by the Advisory Committee when it examines the budgets of the specialized agencies, has acquired an even greater importance with the development since 1949 of the Expanded Programme of Technical Assistance. New problems have arisen in this regard which relate not only to administrative and budgetary co-ordination among the several members of the United Nations family but, equally, to the co-ordination and integration of the Expanded Programme within the normal work programmes of the organizations. These matters were the subject of a special study (A/2661) which the Advisory Committee undertook in 1954 at the request of the General Assembly (resolution 722 (VIII) of 23 October 1953). The further studies which the Committee has now undertaken at the headquarters of the specialized agencies, including FAO, represent a more detailed review of the matters in question.

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(3) Nature of the present report

6. The Advisory Committee interpreted the mandate which it received from the General Assembly and its Fifth Committee (see para.1 above) as calling for a broad, over-all review of the general problems of administrative and budgetary co-ordination, with particular reference to the working of the Expanded Programme of Technical Assistance. The Committee's consultations with the Director-General of FAO were, therefore, full and comprehensive and covered the whole range of the general and financial administration of the organization.

7. The present report itself is confined largely to matters relating to the utilization of Expanded Programme funds within an integrated programme of activities, although it necessarily takes account of considerations of an over-all administrative and budgetary character. The Advisory Committee intends, on completion of its present series of special studies, to make a further report in which it will formulate its general conclusions and recommendations on administrative and budgetary co-ordination between the United Nations and the specialized agencies. The present report is, to that extent, of a fact-finding and preliminary character. In it, the Committee has tried to identify and summarize those basic factors which largely influence and determine what is practicable by way of co-operation and co-ordination in the administrative and budgetary fields. Those factors relate to the structure of the organization, the scope of its programmes and the procedures as regards programming and budgeting.

8. As regards the regular budget of FAO for the years 1958-1959 and questions related thereto, the Advisory Committee has obtained useful background information for its customary annual review during the autumn, when it will submit to the General Assembly a separate report on the 1958 budgets of the specialized agencies.

II. NATURE AND STRUCTURE OF THE FOOD AND AGRICULTURE ORGANIZATION

(1) Establishment, composition and purposes of FAO

9. The Food and Agriculture Organization of the United Nations (FAO) was the first of the permanent United Nations organizations to be launched after the war. Indeed, the Hot Springs, Virginia, Conference of May 1943 laid the foundation for the organization, although it officially came into being with the signing of its Constitution on 16 October 1945.^{6/} The organization, which is now composed of seventy-four members,^{7/} was formally brought into relationship with the United Nations as a specialized agency, in accordance with Articles 57 and 63 of the Charter, by means of an agreement approved by the FAO Conference at its second session in September 1946 and by the General Assembly on 14 December 1946.^{8/}

10. The objective of FAO, as stated in the preamble to its Constitution, is to promote the common welfare by furthering separate and collective action for the purposes of raising levels of nutrition and standards of living, securing improvements in the efficiency of the production and distribution of all food and agricultural products, bettering the condition of rural populations, and thus contributing toward an expanding world economy.

^{6/} The United Nations itself officially came into being only on 24 October 1945.

^{7/} Although the FAO Conference, at its eighth (1955) session, adopted an amendment to the Constitution which would permit the admission as an associate member, subject to certain conditions, of a territory or group of territories which is not responsible for the conduct of its international relations, no admissions have yet taken place. Associate members will be entitled to participate in the deliberations of the Conference but not to hold office or to vote.

^{8/} Article XIV, paragraph 2, of this agreement reads in part: "The United Nations and the Food and Agriculture Organization of the United Nations... in particular, shall consult together concerning appropriate arrangements for the inclusion of the budget of the organization within a general budget of the United Nations. Such arrangements shall be defined in a supplementary agreement between the two organizations." Provision was thus made for the closest degree of budgetary co-ordination.

(2) Structure of the organization^{9/}

11. FAO consists of three main organs, namely the Conference, the Council and the Director-General.

12. The Conference, in which each member is represented with one vote, determines the policy and approves the programme and budget of the organization. Regular sessions are held every two years^{10/}; a special session may be called at the request of at least one-third of the members or at the direction of the FAO Council.^{11/} At its regular session, which generally lasts about three weeks, the Conference works through three main Commissions, on each of which all members are represented. The first of these is concerned with a general, over-all review of the world food and agriculture situation and problems related thereto, while the second deals with technical aspects of the organization's work, including matters connected with fisheries, forestry, nutrition, economics and statistics in the fields of activity of FAO. The second commission also discusses the reports and recommendations of the various technical committees appointed to meet during the Conference for the purpose of reviewing the work and the programme of the main segments of the organization. The third commission covers all non-technical matters such as administrative, financial, constitutional and legal questions.

13. The Council,^{12/} which is at present composed of twenty-four member nations^{13/} elected by the Conference, acts as a legislative governing body between sessions of the Conference and discharges responsibilities delegated to it by the Conference. The Council has, in addition to the twenty-four members represented on it, an independent Chairman appointed by the Conference and serving in his personal capacity without vote. The Chairman receives a personal allowance.

^{9/} See annex I for a chart showing the over-all structure of FAO.

^{10/} Prior to 1949, the Conference met annually in regular session.

^{11/} The last of the three special sessions so far held was called in 1956 for the purpose of electing a new Director-General.

^{12/} The Council was established in 1947, through an amendment to the Constitution, replacing the Executive Committee, which consisted of fifteen members serving in their personal capacity and which shared with the Director-General certain executive responsibilities.

^{13/} The number of member nations in the Council was increased from eighteen to twenty-four in 1953.

14. The Council relies, in the discharge of its responsibilities, on four committees:

(a) The Co-ordinating Committee, established in terms of a constitutional provision (article V, para. 5), is composed of seven members, each from a different member nation, selected by the Council in a personal capacity on the basis of their wide practical experience of the work and responsibilities of the organization. The Co-ordinating Committee reviews the progress of the organization, considers the broad fields of activity of the organization's programme of work and future undertakings, and generally tenders advice to the Council and to the Director-General on various programme matters. The reports of the Committee, which normally meets once a year, must be circulated to all member nations.

(b) The Committee on Financial Control, established in terms of article XVI of the financial regulations adopted by the Conference, is composed of a Chairman selected from among the persons indicated to represent their Governments on the Council, and four other members and a first and second alternate in the government service of member nations, all selected for their special competence in finance and administration. The Committee, which normally meets twice a year, assists the Council on all financial and administrative matters, and its reports must be transmitted by the Council to all member nations and to the Conference, if so requested by the Committee.

(c) The Committee on Relationships with Other International Organizations, comprising nine member nations selected by the Council, has been established in pursuance of a recommendation of the second session of the Conference. The Committee normally meets once every year.

(d) The Committee on Commodity Problems, comprising twenty-four member nations selected by the Council, was established by resolution of the Conference to study problems related to agricultural commodities, their production, distribution and consumption. The Committee has been in existence since 1949 and usually meets twice a year.

15. The Director-General of FAO who is appointed by the Conference, has, subject to the general supervision of the Conference and the Council, full power and authority to direct the work of the organization. He also appoints the staff in accordance with rules made by the Conference, except that an appointment to the post of Deputy Director-General is subject to confirmation by the Council.

(3) Review of organizational structure

16. The eighth session of the Conference (1955) appointed an ad hoc committee, composed of six member States with an independent Chairman, to review the structure, functions and procedures of the Council and of certain committees, and their inter-relationships among themselves and with other closely related conferences and meetings. The report of the ad hoc committee is to be submitted to the forthcoming ninth session of the Conference to be held in November 1957. It may be mentioned in this regard that the Constitution of FAO, which primarily governs the structure of the organization, has been subject to a large number of amendments since its initial adoption in 1945.

(4) Other elements in FAO machinery

17. Apart from the main organizational structure described above, the FAO machinery covers also regional conferences, national FAO committees and a number of regional, technical, inter-governmental or inter-agency commissions, panels and study groups.

18. Regular regional conferences, which are attended by representatives of member Governments in the regions concerned, deal with special regional problems in FAO's fields of activity and make general or specific recommendations relating to the organization's work in the respective regions. While a regional conference cannot determine the organization's programme of work in that region, its recommendations carry considerable weight.^{14/}

^{14/} Two regional conferences were held in 1956, one at Bandung (Far East) and the other at Santiago (Latin America).

19. Fifty-two National FAO committees have been established in member countries by the Governments concerned, and serve as the focal points for national demonstration of interest and co-operation in the work of FAO. They also provide an important medium for conveying the ideals, objectives and achievements of the organization. They have assumed wider responsibilities than the national nutrition committees recommended by the League of Nations and envisaged at the time of the creation of FAO. In certain cases, there are national nutrition committees separate from FAO national committees. In some countries, the composition of national FAO committees is confined to the governmental level and is of an inter-departmental character; in others, the committees have a broader basis and include representatives of non-governmental groups interested in FAO's work. The organization is not itself responsible for the national FAO committees, nor does it bear any financial liability in respect of them. It encourages member Governments to create such bodies and it utilizes them as a basis of consultation and a channel for dissemination of information regarding FAO.
20. Commissions, panels and study groups cover specified subjects either on a regional or on a world-wide basis.^{15/} In some cases, they comprise representatives of Governments, while in others they are composed of individual experts serving in their personal capacity. Several of these commissions are permanent in character, such as the Regional Forestry Commissions, the Regional Fisheries Councils and the European Agriculture Commission; others are merely ad hoc committees intended to study particular questions that arise from time to time. The Director-General also obtains advice and information from expert panels, although the Advisory Committee has received the impression that this procedure is availed of much less frequently in FAO than in WHO (see Advisory Committee's report on the WHO study, (A/3596, para. 23).

^{15/} Some thirty-nine meetings of such bodies were held in 1956.

(5) Structure of the secretariat^{16/}

21. The secretariat of the organization being the main instrument for the implementation of FAO's policy and programme, its structure is primarily governed by the needs of the programme and must be adapted to the requirement of effective and economical fulfilment of the organization's plans of work. The present structure takes account of the findings of the management survey conducted during 1954-1955 by the Organization and Methods Division of the Treasury of the United Kingdom Government, on the authority of the seventh session of the FAO Conference. Although the technical work of FAO continues to be handled by the same technical divisions as before, a significant change resulting from the survey is the transfer of the budget function from the Administrative Division which, as the housekeeping segment of the secretariat, is along with other divisions itself a major spending division, to the Office of the Director-General, thereby emphasizing the budget function as an integral part of the over-all programming process.

22. The development of the organization's activities under the Expanded Programme has also had an impact on the structure of the secretariat. At the earlier stages, in addition to a central technical assistance unit in the Office of the Director-General for over-all supervision of technical assistance activities, a separate unit was attached to each technical division to supervise the technical assistance work of the division, while the necessary technical support services connected with the operation of the Expanded Programme were provided by the division concerned with some augmentation of its technical staff. With the increasing integration of the Expanded Programme activities with the regular work of the organization, two important changes were introduced. First, the direct relationship between the regular continuing work of a technical division and its technical assistance activities was recognized through the abolition of the separate technical assistance unit which had been attached to the division; as a result, each technical division is now responsible for an integrated programme of work covering both technical assistance and regular world-wide functions. Second, the

^{16/} See annex II for a chart showing the structure of the secretariat of FAO.

central technical assistance unit attached to the Office of the Director-General was abolished in 1956, and the over-all responsibilities of programming under the Expanded Programme were transferred to the Office of the Director-General following the recommendation of the management survey group and ultimately incorporated into the new Programme and Budgetary Service. This Service now deals with the planning, co-ordination and review of the programmes and budgets of the organization both under its regular budget and under the Expanded Programme.

23. The function of liaison between headquarters and the field with respect to all activities of FAO is now the responsibility of the Field Liaison Service in the Office of the Director-General. With only a small staff (four authorized professional posts, of which only three are filled), this Service in addition to taking all measures to facilitate communication and consultation between headquarters and FAO's regional and country representatives, is also responsible for all the work connected with fellowships under both the regular and the expanded programmes.

24. The Advisory Committee understands that the Director-General has under consideration the possibility of further improvements in the organizational structure at headquarters. These improvements will be aimed towards a better distribution of load among the several divisions and will also reflect a re-evaluation of the changing emphasis in the fields of activity of FAO.

(6) Regional and country offices

25. As may be seen from the chart in annex II to the present report, FAO has at present the following Regional Offices, in addition to the Liaison Office with the United Nations at New York.

<u>Region covered</u>		<u>Office at</u>
Asia and the Far East	-	Bangkok
Information Centre ^{17/}	-	New Delhi
Near East	-	Cairo
Latin America		
Western zone	-	Santiago (main office, with special responsibility for Western zone)
Eastern zone	-	Rio de Janeiro (sub-office)
Northern zone	-	Mexico City (sub-office)
North America	-	Washington, D.C.

26. In addition, the Director-General plans to establish liaison desks at headquarters for Europe and for Africa South of the Sahara. The Advisory Committee understands that the organization and functions of the Regional Offices are also engaging the attention of the Director-General with a view to bringing them more into line with the requirements of FAO's programmes.

27. Under the existing arrangements, the Regional Offices are responsible for following the development of FAO activities and relationships in the areas assigned to them, informing and advising the Director-General on the conditions and needs of their areas, co-ordinating appropriate action, keeping the FAO national committees currently informed of FAO activities, providing secretariats for

^{17/} This office, which is independent of the United Nations Information Centre at New Delhi, is a sub-office, for information purposes, of the FAO Regional Office at Bangkok, but responsible directly to headquarters.

regional FAO meetings, and conducting whatever negotiations may be entrusted to them. Regional Offices also play a considerable part in Expanded Programme activities and assist in the servicing and general supervision of these activities. The Regional Office for North America at Washington, however, is concerned with maintaining close relations with the Governments of the United States and Canada, and in particular with the recruitment of experts for the Expanded Programme and the arrangement of study plans for holders of fellowships.

28. The staff of a Regional Office consists of a Regional Representative and his immediate assistants, together with a number of technicians in the several fields who are outposted to the region from the respective technical divisions at headquarters.

29. Apart from the Regional Offices, FAO has country representatives in thirty-one countries. These representatives who, prior to 1956, were chiefs of technical assistance missions, reporting directly to headquarters, now act under the authority of the Regional Representative, as the channel of communication to the Governments of the respective countries on all FAO activities both under the regular programme and the Expanded Technical Assistance Programme. While the representatives are themselves experts working on specific projects, they devote time also to the general supervision of FAO projects in the country.

(7) Proposed strengthening of Regional Offices

30. In his programme of work and budget for 1958-1959,^{18/} the Director-General has made certain proposals for the strengthening of the Regional Offices of FAO. These proposals are based on the Director-General's conclusion that, while the basic technical work of FAO can best be performed at a world centre, much of the direct advice and assistance to Governments can be provided most effectively and expeditiously on the basis of close local associations with member countries, through FAO's regional and country organization. To this end, the proposals envisage the closer association of the Regional Representative with member

^{18/} FAO Document C 57/5.

countries, together with a closer association of Country Representatives with Regional Representatives; the preparation by the Regional Representative, for consideration at headquarters, of forward regional programmes of work and increased participation of Regional Representatives in the negotiation of country programmes and in the review and evaluation of FAO projects in the region; the strengthening of the technical staff outposted from headquarters to the regional office; the gradual transfer to the regions from headquarters of certain activities which are essentially conditioned by the local circumstances. The Director-General has expressed the view that in time some savings in headquarters costs should be possible as a result of the proposed shift of emphasis to the regions.

31. A comprehensive statement of the re-oriented functions and responsibilities of Regional and Country Representatives was conveyed to them in a letter from the Director-General; the essential substance of this statement has since been included in the Director-General's programme of work and budget for 1958-1959.

32. The Director-General's proposals mark significant departures, not only in the organizational structure of the FAO secretariat, but in the concept of the future programmes of FAO and the manner in which they can be most effectively implemented. The fact that FAO, like the other specialized agencies, is basically a technical organization, with a positive programme of action designed to advise and assist member countries, is a major consideration in this regard. With the development of programmes of direct assistance, there has been in all international organizations including, on the economic and social side, the United Nations, a strengthening of permanent organizational arrangements in the field. It is essential in this regard to ensure a proper balance between the need for flexibility at the regional level to deal effectively with regional and country problems and the importance of the organization's having a unified policy and programme properly developed and directed from its headquarters, and examined and approved in relation to the total activities of the organization.

III. SCOPE OF FAO PROGRAMMES OF WORK

(1) General comments

33. As outlined in article I of the FAO Constitution, the organization collects analyses, interprets and disseminates information relating to nutrition, food and agriculture. The organization also promotes and, where appropriate, recommends national action with respect to research relating to nutrition, food and agriculture; education and administration relating to these fields and the spread of public knowledge of nutritional and agricultural science and practice; the conservation of natural resources and the improvement of methods of production, processing, marketing and distribution of food and agricultural products; provision of adequate agricultural credit; and the adoption of international policies with regard to agricultural commodity arrangements. The Constitution further provides, as a function of the organization, the furnishing of such technical assistance as Governments may request.

34. The organization's activities in pursuance of these functions are financed through its regular budget which, however, has not recently included any provision for the furnishing of technical assistance to Governments. In the earlier years of FAO's existence, technical assistance was provided to member countries, and at present some help and advice is given in special cases, but there is no separate programme of technical assistance provided within FAO's regular budget, as is the case with some other specialized agencies. All the technical assistance activities of FAO are thus carried out with funds received from the Special Account of the Expanded Programme of Technical Assistance. It is interesting to note that these latter funds have, since 1952 (with the exception of 1954), exceeded the regular budget of FAO, and for 1957 represent about 126 per cent of the regular budget for that year.

(2) Scope of FAO regular programme and budget

35. For the first several years after its founding (until 1952) FAO operated within a budgetary ceiling of \$5 million each year. The regular budget has since

increased to \$6.8 million in 1957, an increase of some 35 per cent over 1947.^{19/} In discussing this increase, the Director-General pointed out that FAO still had the smallest budget among the four larger specialized agencies, that since 1947 its membership had risen from fifty-one to seventy-four and that the increase in the populations to be served had been, excluding China, over 500 million. The Director-General also indicated that FAO expenditure per head of the population of its membership had declined from 0.40 cents (US) in 1947 to 0.31 cents (US) in 1955. 36. Expenditures under the regular budget of FAO for the years 1950 to 1957 are given in column (2) of table 1 below:

Table 1

FAO: Expenditures under regular budget and under the
Expanded Programme of Technical Assistance: 1950-1957

Expenditure under

<u>Year</u>	<u>Regular budget</u>	<u>Expanded Programme of Technical Assistance</u>	<u>Col. (3)</u>
			<u>Col. (2)</u>
(1)	(2) (US dollars)	(3) (US dollars)	(4) (Per cent)
1950	4,504,653	46,354	10.29
1951	4,581,456	2,013,347	43.95
1952	4,830,334	6,179,329	127.93
1953	5,064,399	5,898,274	116.47
1954	5,500,269	4,662,216	84.76
1955	5,974,193	7,157,182	119.80
1956	6,397,562	8,019,937	125.36
1957 (estimated)	6,800,000	8,599,640	126.47

^{19/} If actual expenditure, as distinct from budgetary provision, is considered, the increase is of the order of 42 per cent between 1947 and 1956.

(3) FAO participation in the Expanded Programme of Technical Assistance

37. As may be seen from table 1 above, a very significant part of the over-all activities of FAO is financed from the Special Account of the Expanded Programme of Technical Assistance. Prior to 1955 FAO received, under the automatic allocation formula in force at that time, 28 per cent of the contributions to the Special Account automatically available for distribution among the participating organizations. Since 1 January 1955, and in relation to the programme for 1956 and subsequent years, funds are allocated to FAO, as to other participating organizations, on the basis of country programmes drawn up by the recipient Governments (Economic and Social Council resolution 542 B II (XVIII) of 29 July 1954). The amounts available to FAO under these new procedures have remained fairly stable, and at present amount to about 27 per cent of total contributions.

38. The proportions which the expenditures of FAO under the Expanded Programme of Technical Assistance bear to total expenditures chargeable to that programme are shown in table 2 below:

Table 2

FAO expenditure as compared to total expenditure under the Expanded Programme of Technical Assistance: 1951 to 1957

	Expanded Programme of Technical Assistance		
	FAO expenditure	Total expenditure	Col. (1)
	(1)	(2)	Col. (2)
	(US dollars)	(US dollars)	(Per cent)
1951 ^{a/}	2,059,701	6,256,771	32.92
1952	6,179,329	23,905,388	25.84
1953	5,898,274	23,157,842	25.47
1954	4,662,216	19,911,426	23.41
1955	7,157,182	25,877,409	27.66
1956	8,019,937	30,477,365	26.31
1957 (estimated)	8,599,640	31,952,700	26.91

^{a/} First financial period: 1 July 1950 - 31 December 1951.

(4) Total expenditure from all sources

39. In addition to the regular budget and the funds received under the Expanded Programme of Technical Assistance, FAO has special funds of a relatively small size made available to the organization for special purposes. The total picture as regards estimated expenditures during 1957 from all sources is shown in table 3 below, together with a breakdown by major fields of expenditure.

Table 3

FAO: Breakdown of amounts provided under the regular budget, Expanded Programme of Technical Assistance and other extra-budgetary funds for 1957

	1 9 5 7		
	<u>Regular budget (US dollars)</u>	<u>EPTA funds (US dollars)</u>	<u>Other extra- budgetary funds (US dollars)</u>
General policy	258,200	-	-
General administration and services	1,374,800	505,800 ^{b/}	10,000
Programme operations: ^{a/}			
Technical divisions:			
Agriculture	1,212,900	5,030,710	554,558
Economics	1,248,100	848,827	32,950
Fisheries	558,300	689,589	-
Forestry	549,200	871,174	5,100
Nutrition	411,250	428,100	9,250
Fellowships	55,000	- ^{c/}	-
Regional Offices	502,850	74,540 ^{d/}	91,409
Sub-total programme operations:	(4,537,600)	(7,942,940)	(693,267)
Undistributed common costs	612,400	140,800	-
Reserve and contingencies	17,000	10,000	-
	<u>6,800,000</u>	<u>8,599,640</u>	<u>703,267</u>

^{a/} Amounts shown under regular budget do not contain any element of expenditure for activities of a technical assistance nature since no such activities are financed from the regular budget. Amounts shown under EPTA include direct project costs and some operational services costs.

^{b/} Administrative costs.

^{c/} Expenditure under EPTA on fellowships is included in the amounts shown against the various technical divisions.

^{d/} Part of operational services costs.

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(5) Fields of activity covered by FAO under the Expanded Programme of Technical Assistance

40. The distribution (in amounts and in percentages) of the 1956 expenditure and 1957 estimated expenditure on field projects under the Expanded Programme among specific fields of activity of FAO is shown in table 4.

Table 4

FAO: Expenditure on field projects under the Expanded Programme of Technical Assistance by specific fields of activity: 1956 and 1957

	<u>1956 expenditure</u>		<u>1957 estimated expenditure</u>	
	<u>Amount</u> <u>(US dollars)</u>	<u>Per cent</u>	<u>Amount</u> <u>(US dollars)</u>	<u>Per cent</u>
Agriculture				
Land and water use	1,534,624	22.01	1,597,800	21.58
Plant production and protection	973,193	13.96	1,184,974	16.00
Animal production and disease control	1,211,902	17.38	1,294,036	17.48
Agricultural institutions and services	355,170	5.10	383,551	5.18
Rural welfare	282,252	4.05	330,549	4.46
Sub-total	4,357,141	62.50	4,790,910	64.70
Economics	661,457	9.49	786,027	10.61
Fisheries	692,275	9.93	626,089	8.46
Forestry	897,668	12.88	807,274	10.90
Nutrition	363,190	5.20	394,700	5.33
	6,971,731	100.00	7,405,000	100.00

41. While nearly two-thirds of the expenditure on field projects relates to technical assistance in agriculture, the list of projects under the Expanded Programme covers a wide range of subjects in the major fields of activity shown in table 4. Under the procedures of the Expanded Programme, projects of assistance are based on requests from the recipient Governments, which are responsible for drawing up a country programme covering requests for assistance in the fields of competence of all the participating organizations. Nevertheless, project requests

are generally the subject of close consultation between the recipient Government and the participating organization concerned which, in addition, satisfies itself with regard to the technical soundness, integrity and usefulness of each project that is requested in its fields of activity. The Advisory Committee understands that such consultations at the personal level between representatives of FAO and of recipient countries, even before a project request is formulated, have proved extremely useful in achieving these results. The increased responsibilities that the Director-General intends to vest in his Regional and Country Representatives should further this process of consultation, and thereby ensure to a greater degree the effectiveness of individual projects under the Programme. This appears to the Advisory Committee to be a step in the right direction.

42. On a related point, namely the proportion of continuing projects under the Expanded Programme, the Advisory Committee understands that while about 85 per cent of the projects in operation in 1956 were continued into 1957, only some 60 per cent could rightly be considered as continuing projects, with a further 25 per cent representing merely projects that were uncompleted on 1 January 1957 but were otherwise clearly restricted to relatively short durations. The Advisory Committee has previously emphasized that all bodies connected with the programmes of the several organizations must be concerned with the long-term implications of these programmes.

43. The regular budget of FAO also covers a wide variety of activities even though few of these have the character of technical assistance to individual member nations. As in the case of the United Nations and other specialized agencies, there should be a continuing attempt, through the application of clearly defined priorities which should be reviewed periodically, to concentrate the resources of the organization on the most important and urgent tasks. This is recognized in various resolutions of the FAO Conference, but requires continuing vigilance and discipline.

(6) Distribution of technical assistance activities by geographical region

44. The distribution, by geographical region, of FAO's expenditure on field projects under the Expanded Programme of Technical Assistance is shown in table 5 below.

Table 5

FAO: Distribution of expenditure on field projects
under the Expanded Programme of Technical Assistance
by geographical regions.. 1956 and 1957

	1956 expenditure		1957 estimated expenditure	
	Amount (US dollars)	Per cent	Amount (US dollars)	Per cent
Africa	674,218	9.67	984,225	13.29
Asia and the Far East	1,794,457	25.74	1,894,770	25.59
Europe	548,133	7.86	493,850	6.67
Latin America	2,097,368	30.08	2,257,775	30.49
Middle East	1,399,010	20.07	1,516,580	20.48
Inter-regional projects	458,545	6.58	257,800	3.48
	<u>6,971,731</u>	<u>100.00</u>	<u>7,405,000</u>	<u>100.00</u>

IV. DEVELOPMENT AND INTEGRATION OF FAO PROGRAMMES

(1) General comments

45. Although the regular budget programme of FAO and the organization's activities under the Expanded Programme are mutually complementary, they show some differences in scope and content. Their development and integration therefore calls for a composite programme of study and action in which the regular budget part provides the essential background and support for the implementation of projects of technical assistance, with the latter, in turn, contributing to the experience, information, and contacts on which the organization can draw in fulfilling its regular functions.

(2) Regular budgetary programme

46. The regular budget programme of FAO is formulated on a biennial basis within the general provisions of the Constitution and the decisions and directives of the Conference. During the early years the Director-General made a broad distribution of anticipated resources among the several major fields of work and the programme of work of each division was formulated within the framework of the amounts so distributed. The procedures for the planning, review and approval of the programme have since been adapted to the growth and experience of the organization.

47. These procedures which, in respect of the 1958-1959 programme and budget, were set in motion towards the end of 1956, are briefly as follows:

(a) The Director-General first discusses with the various division directors the general lines of the organization's work for the two-year period. The Programme Advisory Committee, which consists of the programme officers of the divisions, meeting under the chairmanship of the Director of the Programme and Budgetary Service of the Office of the Director-General, is utilized for the consideration of programmes and projects which exceed divisional limits. Most questions of detail in respect of programme planning are thrashed out at this stage, while major policy matters at the secretariat level are discussed and decided by the Programme and Policy Board, which consists of the Director-General or the Deputy Director-General as Chairman and all division directors, and

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the Regional Representatives when available at headquarters. The association of the Budgetary Service with all stages of programme planning ensures that programme proposals are considered in conjunction with the related estimates of expenditure.

(b) The Budgetary Service then prepares the detailed costing and financial estimates of the programme as it emerges from the procedures in (a) above.

(c) After review by the Director-General, the programme and budget document is put together, with the addition of the various information annexes. While the document includes estimates, for the first of the two years of the biennial period in question, of the administrative and operational services costs chargeable to the Expanded Programme, information on the projects to be financed under that Programme is given in respect only of the year preceding the budget period (1957, in the case of the 1958-1959 document) inasmuch as information concerning the technical assistance programme for the two years would not as yet be available.

(d) The programme and budget document is submitted to the Co-ordinating Committee (see para. 14 above) for a review of the programme and to the Committee on Financial Control (see para. 14 above) for examination from an administrative and budgetary point of view.^{20/}

(e) The reports of these two Committees are submitted to the Council, which meets briefly^{21/} for an over-all review of the programme and budget, and are subsequently placed before the Conference, together with the report of the Council.

(f) At the biennial session of the Conference,^{22/} the various technical aspects of the programme are considered by Commission II (see para. 12 above)

^{20/} These two Committees met in May 1957 to consider the programme and budget for 1958-1959.

^{21/} The Council met in June 1957 for two weeks to consider the programme and budget for 1958-1959.

^{22/} The 1958-1959 programme and budget will be considered at the session of the Conference to be held in November 1957.

while questions relating to the budget and related financial matters are discussed by Commission III. The Conference then adopts a programme for the next two years and separate budgets for the two years following the year of the session.

(g) During the non-Conference year, the Council reviews the appropriations voted by the Conference for the second of the two financial years, in the light of all relevant circumstances and makes appropriate adjustments in the budgetary provisions without, of course, exceeding them in total.

48. It will be seen from the foregoing that the planning and development of the regular programme has not called for any significant participation by expert groups or Regional or Country Representatives, although it comprises proposals made by inter-governmental committees such as the Committee on Commodity Problems and its subordinate bodies.

(3) Expanded Programme of Technical Assistance

49. The procedures for the formulation of a comprehensive country programme were briefly described in the Advisory Committee's first report to the ninth session of the General Assembly (A/2661, para. 11). Following the establishment by the Technical Assistance Board in April 1957 of country target totals and agency sub-totals (for each country) in respect of the 1958 programme, Country and Regional Representatives of FAO and, as appropriate, officials from FAO headquarters, will consult with the technical officials of the recipient Government regarding the FAO projects to be included in the 1958 programme. The total programme in the fields of activity of all the participating organizations will then be co-ordinated by the Resident Representative, who will also assist the Government in the preparation and submission of the over-all country programme. This will be followed by FAO scrutiny of its portions of the programme, by TAB review of the total programme to bring it within pledged resources, by approval of the programme by the Technical Assistance Committee and by the allocation, subject to confirmation by the General Assembly, of funds to participating organizations.

(4) Role of TAB Resident Representatives in the development of the FAO programme

50. As regards the FAO technical assistance programme, the role of TAB Resident Representatives, except in three countries,^{23/} where the Resident Representatives act also as the country representatives of FAO, is, apart from the provision of certain administrative services, confined to the function of assisting in the co-ordination of the country programme. The increasing importance of the FAO Regional and Country Representatives would probably tend to reduce the call of the organization on the services of TAB Resident Representatives.

(5) Integration of the regular budget programme and the Expanded Programme^{24/}

51. The need for the integration of the work undertaken by participating organizations under the Expanded Programme with their normal work was emphasized by the Economic and Social Council when in resolution 222 A (IX) it laid down the principles which should govern the operation of the Expanded Programme. The technical assistance activities of FAO have accordingly been conceived as a logical counterpart to, and a practical extension of, the organization's basic functions. The situation in FAO in this regard is more comparable to that in the International Labour Organisation rather than to that in the World Health Organization, where the regular basic programme itself is by and large a programme of technical assistance or other advisory services to member countries.

52. At the secretariat and operational levels, as indicated earlier in paragraphs 21 to 23 above, certain recent organizational changes have resulted in increased co-ordination and integration of the various activities of FAO in its technical divisions as well as in the Programme and Budgetary Service. These organizational changes have been, in the Advisory Committee's view, steps in the right direction.

53. Nevertheless, it must not be assumed that complete integration has been achieved, especially at the planning and programming stages. The differing

^{23/} Pakistan, the Philippines and Yugoslavia.

^{24/} The integration of the two programmes as regards administrative services is discussed in paras. 72-77 below.

time-tables which are involved in the planning and approval of the programmes under the regular budget and the Expanded Programme undoubtedly complicate the situation; also, the determination of the projects under the Expanded Programme rests with the recipient countries in accordance with present country programming procedures. Nevertheless, some degree of simultaneous planning and consideration of the programmes, even on a tentative basis, appears desirable. It is equally important that the review of the regular programme by the legislative bodies of FAO (Conference, Council, Co-ordinating Committee, Committee on Financial Control) should be more closely related to that of associated projects under the Expanded Programme. While the Advisory Committee realizes the difficulties in this regard under existing procedures, it desires to highlight the point as deserving further study, in view of the frequent reference to the separateness of the regular programme and the activities under the Expanded Programme.

54. The Advisory Committee's attention has also been drawn to the view expressed by FAO's Committee on Financial Control^{25/} that the changed conditions resulting from the integration of the two programmes make it difficult to determine the specific charges to be made against the programmes as regards headquarters costs and that this emphasizes the need for an alternative method of charging headquarters costs to the Expanded Programme. There is considerable merit in this observation; the problem which is here posed is primarily administrative in character and is dealt with later in this report.

(6) The working of the country programming procedures under the Expanded Programme of Technical Assistance

55. The Advisory Committee understands that, from the standpoint of FAO, the new procedures of country programming have worked well even though they are somewhat complex and involve much labour. The view was expressed on behalf of the Director-General that, while the initiative for programme requests should be left to the recipient countries, any possible simplifications at the TAB and TAC levels should be welcomed. The Advisory Committee concurs as to the desirability of some simplification of the procedures in question.

^{25/} See FAO document C 57/5, page xii, para. 6.

V. CO-ORDINATION AND LIAISON WITH THE UNITED
NATIONS AND SPECIALIZED AGENCIES

(1) General comments

56. While the internal co-ordination and integration of programmes within FAO is important, it is equally necessary that the activities of the organization are as a whole properly related to those of the United Nations, other specialized agencies and various other organizations which are active in associated fields. The need for such co-ordination rests not merely on the fact that food and agriculture play a part in almost all programmes of economic and social development, but also on the essentially limited nature of the resources available for international action at any one time.

(2) Co-ordination with the United Nations and the specialized agencies

57. The basic responsibility for the co-ordination of the programmes of the United Nations and the specialized agencies is vested in the Economic and Social Council, which is assisted in this task, at the inter-secretariat level, by the Administrative Committee on Co-ordination, comprising the Secretary-General of the United Nations and the executive heads of the agencies. While FAO's relations with the United Nations are formally governed by the provisions of the Agreement by which FAO became a specialized agency of the United Nations, co-ordination between FAO and the United Nations and the other specialized agencies is achieved in practice, from the point of view of FAO, largely through informal liaison and consultations. The Advisory Committee heard several examples of such informal co-ordination which seemed to indicate FAO's strong interest in this regard. The Committee also understood that FAO had not been in a position, in any significant measure, to extend its activities to territories under United Nations trusteeship.

(3) Relations with the United Nations Children's Fund

58. FAO, like WHO, has a direct interest in certain aspects of the work of UNICEF and participates in joint projects with the Fund. The present procedures for financing such joint projects are similar to those obtaining in respect of jointly assisted WHO/UNICEF projects and provide for the furnishing of supplies and

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equipment by UNICEF and of the necessary technical personnel by FAO. These arrangements have worked satisfactorily from the point of view of FAO, and the Advisory Committee has no special observations regarding them at this time.

(4) Co-ordination with other United Nations programmes

59. FAO maintains close liaison and co-ordination on a working level with the United Nations in various other fields of mutual interest. In one such area, namely community development, which is very closely associated with agricultural extension and rural welfare work, FAO's participation has perhaps not been commensurate with its interest, and the Advisory Committee understands that such participation will increase with renewed emphasis, within FAO's own programmes, on rural welfare.

(5) Co-ordination under the Expanded Programme of Technical Assistance

60. As regards the Expanded Programme, the Advisory Committee understands that, apart from FAO's active participation in TAB and TAC meetings, informal consultations are frequently held with other participating organizations. The positions FAO representatives have taken at these meetings, along policy lines laid down by FAO's legislative bodies, have frequently differed from those assumed by representatives of other participating organizations, who also receive their policy guidance from their respective legislative bodies.^{26/} This situation emphasizes the importance, which the Advisory Committee has stressed in several previous reports, of seeking co-ordination at the national governmental level with a view to ensuring that the representatives of member Governments take mutually consistent and co-ordinated positions in the several organizations.

(6) Other aspects of co-ordination

61. The growing field machinery of the several organizations lends increasing importance to the need for co-ordination at that level. While major decisions of policy might be taken at the respective headquarters, mere co-ordination of policies would not produce effective results unless there is day-to-day co-operation and co-ordination at all levels both of the planning and of the implementation of programmes.

^{26/} An example of this in connexion with the charging of headquarters costs to the Expanded Programme is dealt with below.

62. The Advisory Committee has discussed with representatives of FAO several other matters relating to administrative co-ordination between the United Nations and the specialized agencies such as common services, and salaries and allowances. These questions are periodically reviewed by the Committee in connexion with its annual examination, on behalf of the General Assembly, of the administrative budgets of the specialized agencies.

63. As regards common services at Rome, the Advisory Committee understands that, in the current negotiations with the Italian Government for the construction of a new wing at FAO headquarters, FAO has taken account of the possible needs of any new United Nations or agency office at Rome. The Committee trusts that other members of the United Nations family will bear this in mind in planning any extension of activities to Rome.

VI. ADMINISTRATIVE ASPECTS OF FAO'S TECHNICAL ASSISTANCE PROGRAMME

(1) General considerations

64. The Advisory Committee's study of the administrative aspects of FAO's technical assistance activities was governed by three specific considerations: first, the Economic and Social Council, in resolution 222 A (IX), called not only for the integration of the technical assistance programme with the regular activities of the participating organizations, but also for the fullest use of all existing facilities in the development and administration of the programme. Second, the Advisory Committee had previously commented (A/2661, para. 22) on the apparent high proportion of administrative costs and stressed the importance of keeping these costs as low as possible. Third, in a report on technical assistance issued during 1955 (A/2994, paras. 8-11^{27/}), the Committee referred to the revised definitions of costs chargeable to the Expanded Programme Special Account which had been adopted following certain comments by the Committee (A/2661, para. 21), and reserved its judgement pending a study of the application of these definitions in the several participating organizations.

(2) Identification and allocation of costs chargeable to the Expanded Programme

65. Apart from the three specific considerations mentioned above, the Advisory Committee has also discussed with the representatives of FAO the broader question of the identification and allocation of the administrative and operational services costs that are chargeable to the Expanded Programme. While the definitions of these costs, as developed by TAB and approved by TAC, are followed by the participating organizations, it is becoming increasingly difficult to identify the extent to which the posts in the established offices of an organization are attributable to the needs arising from its Expanded Programme activities. The problem is rendered even more difficult by the growing integration of operations under the regular and Expanded Programme activities.

^{27/} Official Records of the General Assembly, Tenth Session, Annexes, agenda item 24 (c).

66. The legislative bodies of FAO, the only organization whose Expanded Programme activities are larger in volume than the regular programme, have held the view that each programme must pay its own way. Further, in their belief, the organization may have been absorbing, with staff and resources charged to the regular programme, an unduly large proportion of technical supervisory and administrative expenditure which would be more correctly attributable to the Expanded Programme. The Advisory Committee had, in its very first report on these questions (A/2661, para. 19), expressed some concern over this approach, and the Committee still maintains the view that "acceptance of the theory of Expanded Programme activities 'paying their way' would ... undermine the very basis of the Programme, namely, that the largest possible proportion of available funds should be devoted to operational, as distinct from administrative costs." Furthermore, as mentioned earlier, activities under the Expanded Programme are complementary to the regular programmes in every case and provide valuable by-products to those programmes; they should, therefore not be viewed as a separate entity.

67. At the request of the FAO Council, the Director-General has completed a survey of the problem of allocation of headquarters costs^{28/} as between the organization's regular and technical assistance programmes, and has submitted his findings in a report to the twenty-sixth session of the Council (FAO document CL 26/5).^{29/} Earlier, the Council had suggested that a solution to the problem would be sought along the lines of either: (a) the determination of a percentage figure based upon the total allocation of technical assistance funds to FAO; or (b) a lump sum payment to cover technical assistance headquarters costs. The Director-General's report represents a contribution towards the re-examination of administrative and technical supervision costs of the Expanded Programme, following the trend towards closer integration of each agency's activities, regardless of the source of funds.

68. The Director-General has, in this report, advanced several considerations which, in his opinion, "appear to give strong support to the idea of considering headquarters expenditure as an integrated whole, to which the Expanded Programme

^{28/} This term has been used by FAO synonymously with administrative and operational services costs.

^{29/} The Director-General has also raised the matter in TAB which expressed its interest in the FAO survey.

Special Account contributes an established lump sum".^{30/} As to the manner of determining the amount of this lump sum for each participating organization, the Director-General has suggested a formula designed to take account primarily of the relative size of the Expanded Programme of the organization and of the extent to which the supervision and administration of the Expanded Programme can be absorbed by existing resources, particularly in the light of the magnitude of the Expanded Programme budget as against the regular budget.

69. The Advisory Committee recognizes that, apart from variations in the relative sizes of the Expanded Programme activities of the several organizations as compared with their regular budgetary programmes, the organizations possess, to varying degrees, organizational machinery and facilities, under their regular budgets, which can be adapted and utilized for supervisory and administrative services to the Expanded Programme. The resultant question is whether the basic machinery and tools for the administration of a technical assistance programme should not be provided under the organization's regular budget.

70. In effect, therefore, several alternative approaches to this problem are possible:

(a) A fixed amount, the same for all participating organizations, should be provided from the Expanded Programme Special Account for headquarters costs. This, of course, would appear unrealistic under present circumstances.

(b) A fixed percentage, the same for all participating organizations, of the total Expanded Programme project costs of an organization should be made available as a lump sum payment to meet headquarters costs. Such a procedure would accord with the principle of a percentage ceiling on these costs, but would not take account either of the relative size of the Programme as compared with the regular budget of the organization or of the differing degree to which headquarters costs are absorbed in the regular budgets of the several organizations.

(c) A sliding scale percentage formula, such as the one proposed by the Director-General of FAO, related to the size of the Expanded Programme as compared with the regular budget.

(d) The same amounts as those provided in 1957 should be provided in respect of later years, any additional requirements for headquarters costs to be met from the regular budgets.

^{30/} FAO document CL 26/5, para. 35.

(e) All headquarters costs should be borne on the regular budget, which would thereby provide the administrative and supervisory instrument for all activities of the organization, and would more clearly place responsibility for review and approval of headquarters costs on the organization's legislative bodies.

71. Admittedly, the problem is a complex one and should be studied further at the inter-agency level in the Technical Assistance Board. The Advisory Committee would not like to prejudge the considerations which should weigh in this regard from the point of view both of the central administration of the Programme and of the several participating organizations. In the Committee's view, however, the primary consideration should be the maximum simplification of procedures consistent with the efficient conduct of the Programme, rather than the devising of a formula for allocation of costs. The Committee intends to revert to this question in the light of such technical studies as may be made at the TAB level.

(3) Utilization of existing facilities and integration of administration

72. The extent to which existing facilities are utilized is closely related to the degree of integration of the two programmes and, in its bearing on programme aspects, has been covered in section IV above. After an individual project involving the services of an expert is approved as part of a country programme, the administration of the project calls for a succession of steps which, as they are undertaken in FAO, are briefly outlined below.

73. The analysis of the requirements of the project and the related job descriptions are the responsibility of the technical division within whose competence the project falls. The division also assists in the location and selection of the necessary experts who are then recruited by the Personnel Office of FAO. National technical assistance committees, national FAO committees and FAO regional and country offices also play a part, as occasion demands, in the selection and recruitment of experts. The expert is then briefed at headquarters as regards his technical responsibilities and his administrative servicing. During the operation of the project, the expert receives technical guidance and direction from the appropriate technical division at headquarters, while administrative servicing in the field is normally provided through the office of the Resident Representative. The expert makes periodical progress reports to headquarters and must consult and clear with headquarters any major recommendations which he wishes to make to the recipient Government. His final report on the project is similarly

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the subject of discussion with headquarters and, when it is presented finally to the Government, the organization takes responsibility for its contents.

74. The Advisory Committee has obtained the impression that an FAO expert is subject to a relatively greater degree of supervision and control from headquarters than experts of most other agencies; by the same token, FAO headquarters puts in a greater effort by way of technical support and direction as well as administrative control. The Committee trusts that these arrangements do not detract from the scope and initiative which must be left to the individual expert who is in immediate touch with local conditions.

(4) Established posts for administrative and operational services in respect of the Expanded Programme

75. While the whole of the experience and competence of the headquarters of the organization is used in the operation of the Expanded Programme, additional technical and administrative staff have been found necessary to meet the requirements of the Programme without unduly curtailing the regular programme of work of the organization. For reasons already explained, the identification of these staff is becoming increasingly difficult, so that the present allocation of staff as between the regular budget and the Expanded Programme has more historical significance than a definite or complete relationship to the programme concerned.

76. The following table shows the posts in FAO charged to Expanded Programme funds for administrative and operational services costs for 1957, with an indication of their functions.

Table 6

FAO: Established posts for EPTA administrative costs and
operational services: 1957

<u>Functions</u>	<u>Number of posts</u>		
	<u>Profes- sional</u>	<u>General Service</u>	<u>Total</u>
<u>I. Administrative posts</u>			
1. Central direction, co-ordination, reporting and similar functions	6	22	28
2. Public information	5	7	12
3. Library services	-	3	3
4. Recruitment and administration of staff and experts for the programme and for administration management and analysis	7	15	22
5. Central budgetary, accounting and auditing functions: generally includes those activities necessary to present details of the programme to the governing body, and to receive, record, report, disburse, inspect and audit the financial resources of the Organization provided from the Special Account	7	17	24
6. Registry	-	7	7
7. Documents, translation, reproduction and distribution. Stenographic pool	3	7	10
	<u>28</u>	<u>78</u>	<u>106</u>
1957 costs of administrative posts - \$316,270			
<u>II. Operational services posts</u>			
1. Planning and supervision of a specified field of activity such as fellowships, fisheries development, etc. Advising and assisting Governments in planning and carrying out projects in the field. Technical officers and clerical staff directly servicing projects	37	60	97
2. Additional staff for procurement of equipment and supplies used in field activities	<u>1</u> 38	<u>5</u> 65	<u>6</u> 103
1957 costs of operational services posts - \$420,500			

Table 6 (continued)

<u>Functions</u>	<u>Number of posts</u>		
	<u>Profes-</u> <u>sional</u>	<u>General</u> <u>Service</u>	<u>Total</u>
III. <u>Total staff paid from EPTA funds</u>			
Number in Professional grades	- 66		
Number in General Service grades	- 143		
	209		
1957 costs	-\$736,770		

77. The distribution, by organizational segment, of all established posts for 1957 in FAO, whether financed from the regular budget or from Expanded Programme funds, is shown in annex III to the present report.

(5) Administrative and operational services costs in relation to total programme expenditures

78. The total administrative and operational services costs charged to the Expanded Programme for 1956 and 1957 are as follows:

Table 7

FAO: Administrative and operational services costs: 1956 and 1957

	<u>1956</u> <u>Actual</u> <u>expenditure</u> <u>(US dollars)</u>	<u>1957</u> <u>Estimated</u> <u>expenditure</u> <u>(US dollars)</u>
Level of FAO share of Expanded Programme (1)	8,019,937	8,599,640
Administrative and operational services costs (a)	1,048,206	1,194,640
Proportion of (2) to (1)	13.07%	13.89%

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79. A breakdown of the administrative and operational services costs for 1956 and 1957 by main objects of expenditure is given in the following table.

Table 8

FAO: Breakdown of administrative and operational services costs: 1956 and 1957

	1956		1957	
	<u>Actual expenditure</u>		<u>Estimated expenditure</u>	
	<u>Administrative costs</u>	<u>Operational services</u>	<u>Administrative costs</u>	<u>Operational services</u>
	<u>(US dollars)</u>	<u>(US dollars)</u>	<u>(US dollars)</u>	<u>(US dollars)</u>
Personal services	387,129	453,951	403,830	507,340
Supplies and materials	17,026	-	22,500	-
Property and equipment	9,944	-	11,500	-
Travel and transportation	23,385	38,844	38,540	73,060
Contractual and other services	83,582	28,044	90,170	33,200
Other expenditure	6,301	-	9,500	5,000
	<u>527,367</u>	<u>520,839</u>	<u>576,040</u>	<u>618,600</u>

80. The Advisory Committee recognizes that the level of the administrative and operational services costs charged to the Expanded Programme is part of the more basic problem, dealt with in paragraphs 65 to 71 above, of the allocation of headquarters costs between the regular budget and the Expanded Programme. Nevertheless, a continuing effort must be made to keep overhead and supervisory costs to a minimum, regardless of to what extent they are provided from the regular budget.

(6) Definitions of administrative costs and operational services costs

81. In a report submitted during 1955 the Advisory Committee expressed the view (A/2994, para. 9^{31/}) that the revised definitions of "administrative" and "operational services" costs adopted by TAB had failed to remove the somewhat

^{31/} Official Records of the General Assembly, Tenth Session, Annexes, agenda item 24 (c).

artificial distinction between what had previously been known as "central administrative" costs and "indirect operational" costs. Under the revised definitions, the "indirect operational" costs were re-defined as "operational services" costs to form, together with direct project costs, the "operating costs" of the programme. For purposes, however, of review and control, the "operational services" costs remain in the same category as "administrative" costs.

82. The Advisory Committee understands that the definitions themselves have not created any difficulties in FAO, although the identification of these costs, even in the aggregate of the two types of costs, has become increasingly difficult. The view was expressed on behalf of the Director-General that a better and truer picture of the operation of the Programme would be available if the term "administrative" costs were understood as meaning overhead expenditure and the term "operational services" as indicating technical servicing of projects. In this connexion, the comments in paragraph 71 above are relevant.

(7) The "local costs" account

83. The expenditures chargeable to the local costs account include installation allowance, project service allowance, and travel per diem for travel within the country of assignment payable to project staff. They are therefore considered direct project costs. However, these costs are partially met within the contributions of the Governments under the local costs plan, the balance being a charge against the allocations to the participating organization.

84. The total expenditures of this nature incurred by FAO in 1956 was \$995,100, of which \$550,000 was recovered from Government advances for local costs, the balance of \$445,100 being charged to the funds allocated to FAO from the Special Account. For 1957, the total is expected to amount to \$1,125,000, of which about \$650,000 would be recovered from contributions to the local costs account by the recipient Governments.

85. The Advisory Committee understands that, following the changes in the conditions of service of experts resulting from the recommendations of the Salary Review Committee, the basis for the assessment of the "local costs" contributions of recipient Governments requires re-evaluation and will be reviewed by TAB and TAC.

(8) Costs to recipient Governments of their participation in FAO-assisted projects

86. FAO has taken a relatively strict view of the provision in Economic and Social Council resolution 222 A (IX) to the effect that "the requesting Governments should be expected to agree normally to assume responsibility for a substantial part of the costs of technical services with which they are provided, at least that part which can be paid in their own currencies." As a result, most Governments bear a considerable part of the cost of such items as office space, equipment, communications, internal travel and local transport. While it is difficult to evaluate in monetary terms the volume of these costs and services, FAO is undertaking a general survey of the contributions made by the recipient Governments, with a view to ascertaining the ways and means of adequately servicing FAO projects.

VII. FINANCIAL AND BUDGETARY CONTROL AND PROCEDURES
OF THE EXPANDED PROGRAMME IN FAO

(1) Scope of financial and budgetary control

87. The responsibility of FAO for the financial control of its share of the Expanded Programme extends from the initial costing of the projects, before these are approved or the necessary funds allocated, to their financial administration, including controls to ensure that obligations are only incurred in accordance with regulations and within actual earmarkings. The organization has also to maintain appropriate financial records and prepare the submission of the necessary information and reports to TAB and other central bodies of the Programme, as well as to its own Council and Committee on Financial Control. In addition to these functions, which are directly connected with the administration of individual projects, FAO, in common with other participating organizations, has the responsibility for the preparation and submission, for approval by TAB, TAC and by FAO's legislative organs, of the budget for administrative and operational services costs. The administration of the budget so approved is also a responsibility of the organization.

(2) Administrative and operational services budget

88. The procedures for the preparation, review and approval (by FAO legislative organs) of estimates of administrative and operational services costs of FAO's Expanded Programme activities are similar to those in respect of regular budgetary estimates. The Director-General's programme and budget for 1958-1959 contains also estimates of administrative and operational services costs for 1958 based generally on a continuation of Expanded Programme activities at their current level. These estimates will be reviewed successively by the Committee on Financial Control and the Council and will be considered by the Conference, when it meets in November 1957, before the level of the Expanded Programme is finally known even for the year 1958. Should the level of the Programme be sufficiently different from that on which the estimates were based to necessitate a modification of the administrative and operational services budget already approved, the matter would be referred to the next following session of the Committee on Financial Control.

(3) Procedures for financial control

89. The principal controls applied in the administration of Expanded Programme funds in FAO are the same as those applicable to expenditures under the regular budget of the organization. Such controls cover the issue of allotments which form the authority to incur obligations, issue of manning tables, approval of official travel, etc. Separate allotments and manning tables are issued in respect of the Expanded Programme in order to keep the financial records separate. The Advisory Committee is informed that these procedures have worked satisfactorily even though their detailed application to the Expanded Programme involves considerable work of accounting.

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GENERAL COMMENTS

90. The Advisory Committee also discussed with representatives of FAO various other matters which, though not directly affecting the Expanded Programme, have an important bearing on the system of administrative and budgetary co-ordination in general. These matters included the administrative and financial procedures and practices in general in FAO, the extent of administrative co-ordination with other organizations, and a number of questions arising out of a preliminary and informal consideration of the budget estimates of FAO for 1958-1959. The comments of the Advisory Committee on these questions will be included, during the autumn of 1957, in its customary annual report on administrative and budgetary co-ordination between the United Nations and the specialized agencies.

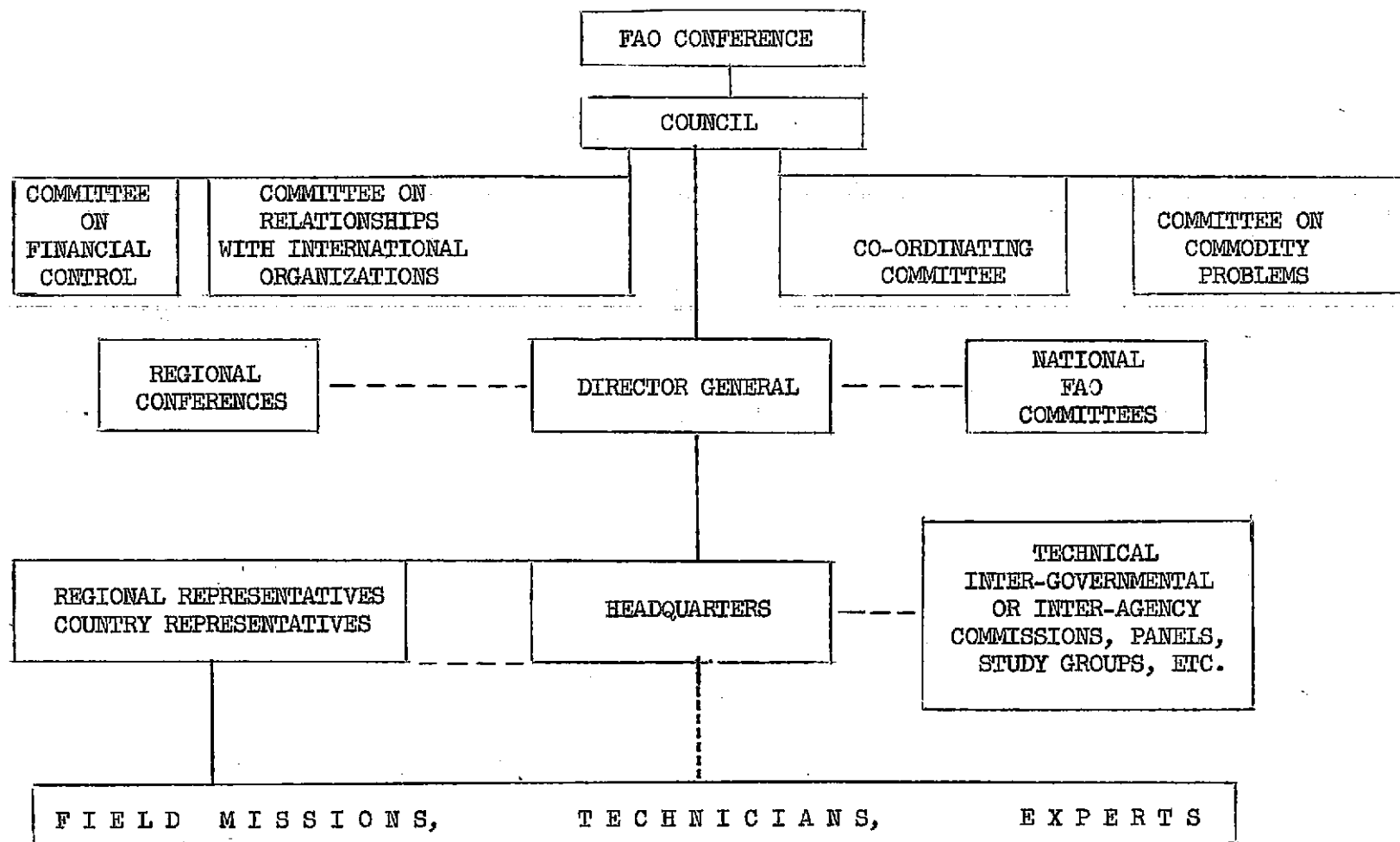
91. The Committee wishes to draw attention at this stage to two general points. First, the question of changes which will give more of the character of a biennial budget to the present two annual budgets is being studied in FAO with a view to proposals being made to the forthcoming session of the Conference. Secondly, although the 1958-1959 budget has been prepared in the same form as in previous budgets, the Advisory Committee is glad to note that the Director-General intends to give consideration to possible modifications in the present form of the budget, which is based on the organizational structure of FAO, with a view to facilitating a more flexible and efficient use of total available resources.

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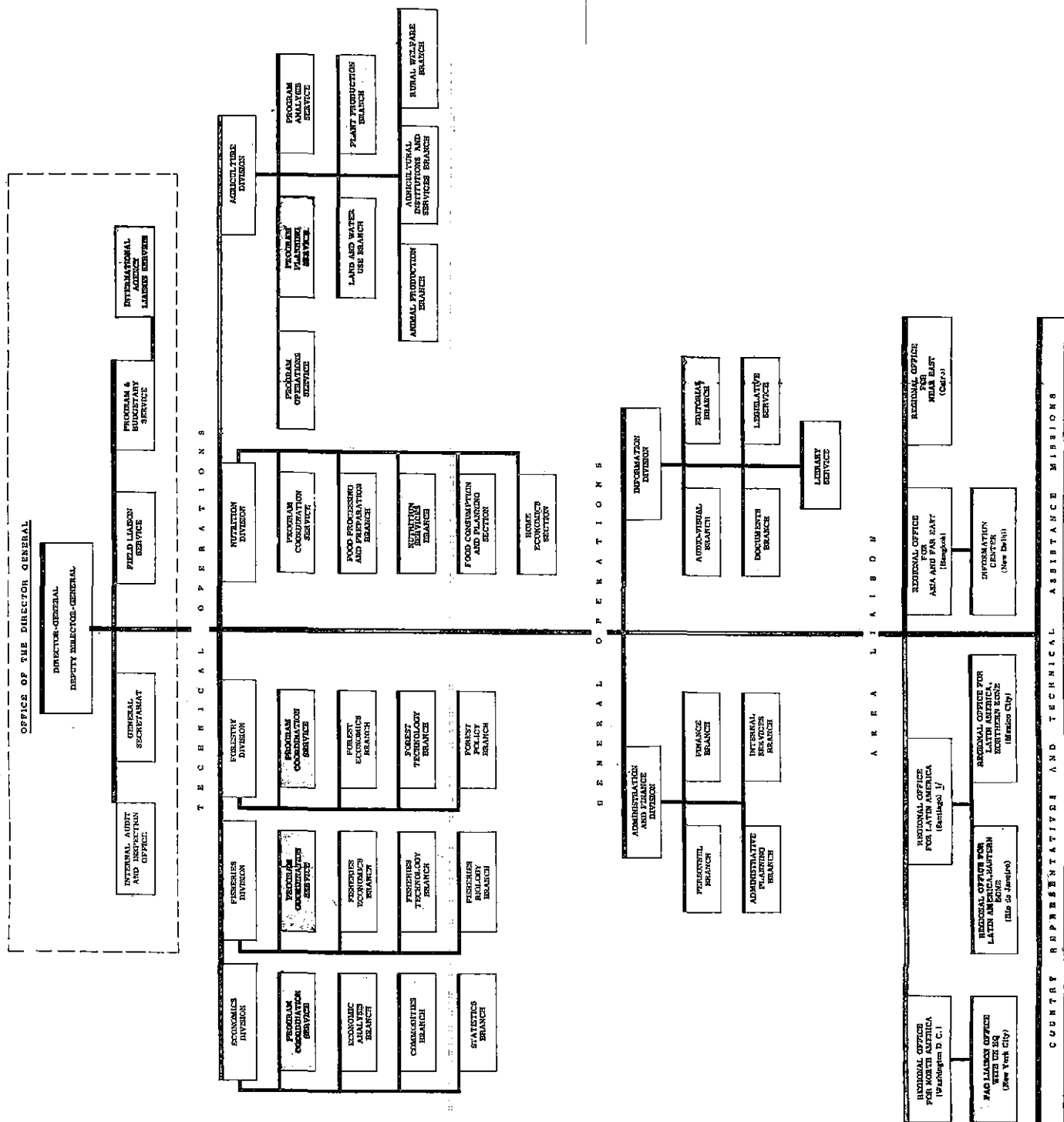
ANNEX I

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

STRUCTURE



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ORGANIZATION CHART AS OF 1 JANUARY 1987



ANNEX III

Distribution of established posts in FAO by organizational segments:

1957 - Regular budget and Expanded Programme of Technical Assistance

Number of posts

	<u>Regular budget</u>	<u>EPTA administrative and operational services budget</u>
Office of the Director-General	38	41
Information	86	15
Documents	106	10
Administration and Finance Division	92	46
Common (Internal) Services	111	4
Agriculture Division	132	42
Economics Division	156	7
Fisheries Division	71	7
Forestry Division	60	13
Nutrition Division	41	5
Regional Offices:		
Asia and Far East 40	5	
Latin America 25	4	
North America 23	9	
Near East 15	1	
	103	19
TOTAL - ALL OFFICES	996	209
