

# Time for FAO to Shift to a Higher Gear

Vijaya Ramachandran

In 2012, the Center for Global Development (CGD) convened the Working Group on Food Security, bringing together 22 experts in food policy, nutrition, agriculture, and economic development from around the world. The group's task was to review pressing challenges to agricultural development and food security and take stock of the Rome-based United Nations food agencies charged with addressing them. The working group decided to focus on the largest of those agencies—the Food and Agriculture Organization (FAO)—and has two key recommendations.

## ***First, shift the 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*. Those 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. Such global public goods are the FAO's most visible and

influential contribution, and, in truth, there is no realistic alternative source for them.

In particular, the FAO should strengthen its statistical work. Member governments should boost the 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, the FAO's statistical capacity remains inadequate.

## ***Second, improve institutional governance***

Member governments (especially the larger donors) should ensure that financing for the FAO is aligned with its priorities. Rather than funding earmarked, short-term programs that could be delivered by other organizations, members should provide a reliable stream of funds for FAO core activities that make the most of its comparative advantage as an organization with global reach and responsibilities. Similarly, 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, longer-term dividends.

## **Summary**

The FAO is the cornerstone of the international food security architecture with a broad mandate to help govern the world's food and agricultural system. That mandate is facing new challenges as food security is threatened by climate change, higher energy and fuel prices, a global population expected to reach 9.6 billion by 2050, and greater worldwide demand for resource-intensive meat. To meet these challenges, the FAO should refocus on its core operational work, favoring the provision of global public goods such as sound statistical analysis and early-warning systems for famine over short-term earmarked projects that reflect donor priorities instead of country needs. Such a refocus will require improvements in the FAO's governance.

**Vijaya Ramachandran**

is a senior fellow at  
the Center for Global  
Development.

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## The Food and Agriculture Challenge

About 870 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, also called hidden hunger. Since the Millennium Summit in 2000, the world has made some progress in reducing chronic hunger, despite setbacks since 2007–2008. Nonetheless, the target of halving hunger from its 1990s level by 2015 remains a challenge.

The context is shifting quickly, complicating the battle against hunger. Several factors may affect the agriculture sector's capacity to provide reliable supplies of adequate food in coming decades:

- **Climate change**—changes in weather and climate may cause reduced productivity and a net loss of cultivable land, with increased pressure on marginal farming systems.
- **Higher energy prices and fuel prices**—rising energy and fuel costs mean higher fertilizer and transportation expenses, and greater use of food crops in biofuel production (converting grain to ethanol and vegetable oil to biodiesel).
- **Shifting demand from improving diets**—higher incomes for hundreds of millions of people escaping extreme poverty will translate into increased demand for food, especially fish and grain-fed meat.

- **Another 2 billion people**—global population, which reached 7 billion in 2011, is expected to rise to 9.6 billion in 2050, with the fastest growth in Africa.

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

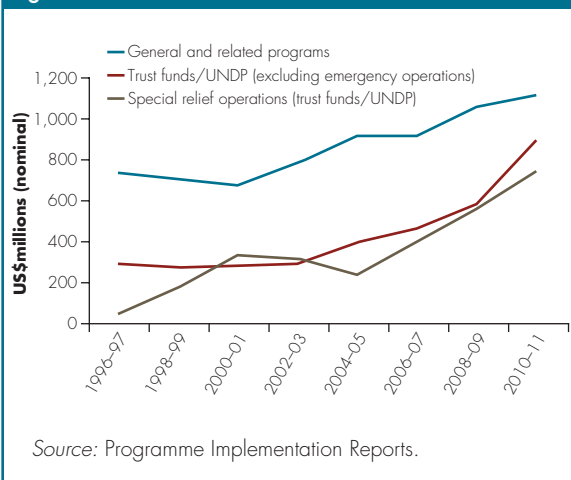
Since 2007, when a doubling of commodity prices prompted public protests and food riots, agriculture and food security has demanded global attention. This highlights the importance of an international architecture to monitor the performance of global food and agriculture systems, ensure that countries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

## Why the FAO?

The cornerstone of the international food security architecture is the FAO, a specialized agency of the United Nations 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 (see box 1). The 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, the FAO has proven to be a valued repository of knowledge and capacity for national development efforts.

But the agency's capacity to deliver on global public goods is constrained by excessive reliance on voluntary donations—the so-called “trust funds” that are often earmarked for specific activities selected by the donor. Too often these funds are devoted to short-term programs that reflect donor priorities rather than country needs. The FAO has progressed in ensuring that trust funds do not divert resources from the main program, and in providing new mechanisms for more flexible voluntary financial support. Nevertheless, its reliance on voluntary funds restricts its ability to make strategic budgetary choices.

Figure 1. Trust funds are assuming a much greater role



In addition, tension exists between core operational work and field office activities. High-income countries often argue that the FAO should focus on statistics and policy guidelines, while developing countries call for more in-country technical cooperation assistance. The FAO emphasizes that both sorts of activities complement each other, calling itself “a knowledge organization with its feet on the ground,” but 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, the FAO is in the process of major institutional reform, prompted by the 2007 report of its Independent External Evaluation. So far, however, the results have been underwhelming,

largely because reform has been a steep climb. That result is not surprising since the organization was allowed to deteriorate sharply in the 1990s and early 2000s because of institutional rigidity and a shrinking budget.

The good news is that the FAO now has a window of opportunity to shift reforms into a higher gear, presented in part the agency’s first leadership change in 15 years. In June 2011, José Graziano da Silva was elected 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 FAO’s vital work.

### Box 1. A Snapshot of the Food and Agricultural Organization

The oldest of the Rome-based food agencies, the 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. It is charged with four goals: (1) improve nutrition; (2) increase agricultural productivity; (3) raise the standard of living in rural populations; and (4) contribute to global economic growth.

Given this comprehensive mandate, FAO’s work spans a huge array of activities—including advocacy, field projects, emergency response, capacity building, policy assistance to countries, statistics gathering and analysis, and international agreements and guidelines. These activities fall into numerous areas—crops, livestock, fisheries, forestry, and water and land management.

The FAO’s notable historical achievements include

- adopting the International Plant Protection Convention (1951), the framework for rules to prevent the spread of plant pests by 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); and
- pioneering integrated pest management—which reduces losses to pests without exposure or reliance on excessive pesticides—and the farmer field school approach used to disseminate it through farmer participation (1980s).

Much more recently, the FAO’s achievements include

- leading successful campaigns to eradicate rinderpest, an infectious viral disease which affects cattle (1998–2011) and to control avian flu (2004) and desert locust (2003–2005); and
- adopting the International Treaty on Plant Genetic Resources for Food and Agriculture.



## Vijaya Ramachandran

is a senior fellow at the Center for Global Development.



2055 L Street NW  
Fifth Floor  
Washington, DC 20036  
202-416-4000

[www.cgdev.org](http://www.cgdev.org)

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## A Vision and Recommendations

The CGD working group report offers an aspirational but realistic vision of what the FAO can become. In this vision, the 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 increased cooperation among big emerging markets and other developing countries.

Can the FAO realize this vision? Current governance arrangements are not conducive to change and internal processes are complex, slow, and unpredictable. The working group 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. Although FAO's governance structure involves all 194 members in major decision making, in practice a handful of members fund most FAO activities and thus will determine the organization's future. It is up to those funders, working with the new director-general, to ensure that the organization reaches its full potential.

The CGD working group recommendations are summarized below.

### **Recommendations 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—this includes strong support of the Regular Programme of activities, better use of core voluntary funding channels, and allowing FAO to keep efficiency savings.
2. Instruct ministries of 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 the report. It is not possible to provide every service in every country—FAO must focus national-level support on countries with both the greatest need and the greatest interest in receiving FAO support.
4. Within regions, select FAO council members based on technical qualifications rather than political considerations.
5. Make engagement with civil society and the private sector a priority.

### **Recommendations 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 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 United Nations 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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