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de Alimentos

**Executive Board
Annual Session**

Rome, 22 - 26 May 2000

POLICY ISSUES

Agenda item 4

For approval

REPORT OF THE WORKING GROUP ON GOVERNANCE

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for approval to the Executive Board.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point(s) indicated below, preferably well in advance of the Board's meeting.

Assistant Secretary to the   Ms S. Rico   tel.: 066513-2326
Executive Board, REC:

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2645).

INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

1. Our working group was established in March 1999 at the request of the Executive Board to develop ideas and recommendations for strengthening the governance of the World Food Programme (WFP). Our terms of reference, membership and methods of work are set out in Annex I.

2. With the assistance of two consultants we have carried out an extensive consultative process involving delegates from Member States and managers in WFP and other intergovernmental organizations. We are most grateful for the help we have been given. As background for our work we have also commissioned from our consultants a review of the literature on the subject (see Working Paper 4 Issues, *Concerns and Best Practices in the Non-Governmental, Corporate and Public Sectors*, and Working Paper 5, *Managing the Constructive Tensions—The Challenges of the Governance of Intergovernmental Organizations, listed in Annex I*).

3. We make the following <u>recommendations</u>:

    a) The Board should focus on strategy, policy, oversight and accountability, operating through four interlinked frameworks (paragraph 10).

    b) WFP's Mission Statement should be redrafted (paragraph 12).

    c) The current Strategic and Financial Plan should be adapted into a Strategic Plan, notably by the incorporation of results-based objectives (paragraph 13).

    d) The case for an occasional symposium on food aid should be considered by the Board when it reviews its forward programme of work each year (paragraph 14).

    e) WFP's policy statements should be codified and reproduced in a compendium (paragraph 16).

    f) The relevance of the codified policy framework should be kept under regular review in the Annual Performance Report (paragraph 17).

    g) The Programme of Work and Budget should be adapted into a Biennial Management Plan, chiefly by specifying planned outcomes and indicators of achievement (paragraph 19).

    h) The Secretariat should be tasked to come forward with proposals for revised programming principles (including levels of delegated authority) for Country Programmes and for projects and operations outside Country Programmes (paragraph 20).

    i) An Annual Performance Report should be developed (paragraph 22).

    j) The Board should adopt the indicative strategy proposed by the Secretariat for transforming the governance tools available to the Board in line with the recommendations of this report. The target completion date should be 2005 (paragraph 27).

k)   When it reviews its forward programme of work each October the Board should identify subjects that would benefit from being handled through an informal consultation before they are brought to the Board for decision (paragraph 30).

l)   Each Board session should start with a short discussion of current and future strategic issues, initiated by the Executive Director (paragraph 32).

m)   The format of the annotated agenda for Board meetings should be revised. Items for information should be discussed only if the chair judges this to be a proper use of the Board's time (paragraph 35).

n)   Guidance notes on meetings should be developed for Board members and observers, chairpersons and the Secretariat (paragraphs 36, 38 and 40).

o)   Reports on Board meetings should comprise a consolidated statement of decisions, distributed and adopted at the end of the meeting; and a summary record, issued within a fortnight and adopted under a silence procedure (paragraph 42).

p)   Board documents should follow a prescribed format (paragraph 43).

q)   Board sessions should be reduced from four to three each year and the total number of meeting days from 14 to 11. Informal consultations should normally be included within this allotment of time (paragraphs 45-50).

r)   Strategic planning of Board business should be undertaken by the Board itself. Each October the Board should review its programme of work for the forthcoming biennium and look back on its operations over the previous 12 months (paragraph 49).

s)   Resource consultations should continue (paragraph 51).

t)   When it reviews its forward programme of work each October the Board should decide whether pre-session briefings should be arranged for the following year, and if so on which subjects (paragraph 52).

u)   Issues relating to the dual parentage of WFP should be reviewed in due course (paragraph 54).

v)   The main functions of the Bureau should be to maintain a flow of information to and from the electoral lists; to conduct an ex post review of each Board meeting to ensure that all issues for follow-up have been correctly identified; and to manage succession planning for the posts of President and Vice-President (paragraph 56).

w)   Briefing sessions for new members of the Board should be developed into an induction programme (paragraph 58).

4.   These recommendations are not directed as such at increasing the resources available to WFP. But the Programme's reputation among resource providers will certainly depend, among other things, on the effectiveness with which it is governed; and in that sense it is proper to draw a link between the two issues.

BACKGROUND

5. WFP's principal organ of governance is its Executive Board, set up by the United Nations General Assembly's resolution 48/162 in 1993. This provides for United Nations Member States, acting through the parent bodies of the United Nations General Assembly and the FAO Conference, to appoint delegates to the Executive Board to oversee the management of the Programme. These arrangements, and the formal responsibilities of the Executive Board, are summarized in Annex II to this report.

6. We characterize the essential tasks of the Board as:

    -   setting the broad direction of WFP in terms of strategies and policies;

    -   overseeing the implementation of operations and activities within an agreed programme of work and budget;

    -   discharging accountability to Member States; and

    -   managing its own affairs effectively and efficiently.

The Mechanism of Governance

7. The work and responsibilities of such a Board are closely linked with those of management, but are at the same time quite distinct. Thus:

Areas	Role of Governance	Role of Management
Establishing the broad direction	Thinking strategically, *initiating and deciding* on policies and strategies	Thinking strategically, *submitting and elaborating* policies and strategies
Management of the organization	*Overseeing* the management of the organization, notably by deciding the allocation of resources to a programme of work and budget and ensuring conformity with agreed strategies and policies	*Managing* the organization and its programmes
Accountability	Evaluating performance and *ensuring* accountability to Member States and parent bodies	Evaluating performance and *being* accountable to the governing body
Governance processes	*Managing* its own governance processes	*Supporting* the governance processes

Getting this division of labour right is at the heart of effective governance.

8. In discussing the governance of WFP it is important to bear in mind the following points (not listed in order of importance). The Board:

    -   is composed of representatives of Member States and hence is political by nature;

    -   is responsible for a body that is voluntarily funded;

- operates on the principle that decisions on responses to emergencies, where time is of the essence, have to be taken under delegated authority;

- brings together countries at different levels of development, including a group of donors, recipients, and others who are interested in the multilateral work of the Programme;

- has two parent bodies;

- works with and through a range of governments, organizations and communities; and

- seeks to make decisions through consensus.

A New Approach to Governance

9.   In the following sections of this report we discuss and make recommendations on:

- the *roles* of governance: establishing the broad strategic and policy direction, overseeing the management of the Programme and ensuring accountability;

- the *functions* of governance: information-sharing, consultation, consensus-building and decision-making;

- the *processes* of governance: meetings and documentation;

- the *annual programme* of work; and

- the *structure* of governance: the parent bodies, the Board, the Bureau, the electoral lists and permanent representations.

THE ROLES OF GOVERNANCE: STRATEGY, POLICY, OVERSIGHT AND ACCOUNTABILITY

10.   Based on our consultations with delegates and our review of thinking on the subject elsewhere, we believe that the role of the Board is to focus on strategy, policy, oversight and accountability. We therefore recommend that the Board should think of itself as responsible for four interlinked frameworks:

- *A strategic framework* comprising a Mission Statement (which defines WFP's purpose and role, guiding values and principles), supported by a Strategic Plan that provides the context for the Programme's operations during a four-year period.

- *A policy framework* comprising a codified set of policies governing the operations of the Programme.

- *An oversight framework* covering the delegation of responsibility to the Executive Director for managing the Programme within the strategic and policy frameworks, on the basis of a Biennial Management Plan which has as its core the Programme of Work and Budget.

- *An accountability framework* under which the Board (1) holds the Executive Director to account for the delivery of results agreed in the Biennial Management Plan, and (2)

discharges its own accountability to Member States and the parent bodies (the United Nations General Assembly and the FAO Conference).

11.   These frameworks should be seen as interdependent and dynamic elements in a system of governance. As such they must evolve together. We discuss their content below.

Strategic Framework

12.   We <u>recommend</u> that the current M*ission Statement* for WFP should be redrafted as a more concise document that defines the Programme's purpose and role, within the existing agreed mandate, together with its values and guiding principles. The revision would come to the Board for approval.

13.   We <u>recommend</u> that the second element in the Strategic Framework should be a S*trategic Plan* which looks four years ahead and is rolled forward every two years. This should provide a hard-headed assessment of the strategic issues and choices confronting WFP; define the objectives the Programme feels it can attain; specify the results and outcomes the Programme would seek to deliver; say how these would be accomplished; and project the level of resources the Programme could expect to attract. It would be closely modelled on the current Strategic and Financial Plan and would introduce results-based objectives as agreed by the Board in 1999.

14.   The process of strategic reflection may be helped by convening, occasionally, a *symposium on food aid* at which one or more chosen themes are considered in depth by the membership, with specialist help where necessary. We <u>recommend</u> that the Board should consider the case for such a symposium when it reviews its forward programme of work each year (paragraph 49 below).

Policy Framework

15.   Concise and comprehensive high-level policy statements are one of the keys to the effective delegation of responsibility to the Executive Director. Such statements are also important in influencing donors to put resources at the disposal of WFP.

16.   The immediate need is for codification of the work done by WFP and its Board on policy issues over the years. We <u>recommend</u> that the Secretariat should bring together existing policy statements; edit and simplify them as appropriate; and seek the Board's approval of new text to cover any omissions thus revealed. The result would be a policy compendium covering three main areas: mobilization and management of resources; operations (i.e. emergency operations (EMOPs), protracted relief and recovery operations (PRROs), development projects, etc); and cross-cutting themes such as gender, environment and relations with NGOs. The compendium should be submitted to the Board.

17.   Beyond this it is important that the Board keep the policy framework under review, both to validate its continuing relevance and to identify the need for new work. The trigger for this should be the Annual Performance Report (discussed below).

Oversight Framework

18.   We see this resting essentially on two pillars: a biennial *Management Plan,* centred on agreement to the Programme of Work and Budget, which the Executive Director is authorized to implement; and a set of *programming principles* covering (1) Country Programmes and (2) projects and operations conducted outside the framework of Country Programmes (EMOPs, PRROs, etc.)

19.   The biennial *Management Plan* would have the same content as the existing biennial budget. In addition, and in line with the development of results-based management noted above, it would also specify a set of planned outcomes, together with indicators by which the achievement of these outcomes would be judged. The role of evaluation in gathering and reporting information on outcomes, impact and sustainability would be described through inclusion of the biennial Evaluation Work Plan. We <u>recommend</u> accordingly.

20.   As for programming principles applied to Country Programmes and to projects and operations outside Country Programmes, we see scope for rationalizing and simplifying the approaches currently applied. It should, for example, be possible to replace the present Country Strategy Outlines and Country Programmes with a single Country Strategy. Similarly, the authorities delegated to the Executive Director could usefully be reviewed to see how far they remain appropriate to WFP's circumstances in the early twenty-first century. Both issues hinge essentially on the quality of analysis offered in country strategy papers and the Board's confidence in the ability of the Secretariat to design and implement effective projects and operations within a robust policy framework (i.e. as codified by the recommendation in paragraph 16). We <u>recommend</u> that the Secretariat should be tasked to come forward with proposals for the Board's consideration, taking due account of best practice in other international agencies.

Accountability Framework

21.   We <u>recommend</u> that this framework should have three elements.

22.   First, the Executive Director should submit to the Board at its Annual Session an *Annual Performance Report* based on the biennial Management Plan previously approved. The report should include, as annexes, the information currently provided in separate documents on such matters as post-delivery losses, the resourcing status of operations, action taken on Economic and Social Council (ECOSOC) resolutions, etc. It would be desirable to present the audited accounts alongside the report every second year. In practice, however, it appears impossible to have these available before the October session of the Board following the end of the biennium. The published Annual Report, which is aimed at a wider audience, should include key data from the Annual Performance Report.

23.   Secondly, the findings of evaluations with their implications for lessons learned should be included in the Annual Performance Report, thus contributing to the discussion in the Board on accountability for results at the outcome and impact levels.

24.   Thirdly, the Secretariat should continue to produce and make available to interested parties its *standard reports* on EMOPs, PRROs, development projects and special operations.

Implementation

25.   We are strongly in favour of the Board's shifting its attention away from inputs towards results (outputs, outcomes and impact). It is also clear from our consultation process and our review of trends elsewhere in corporate governance that the issue of what authority to delegate to the Executive Director is ripe for consideration. But the necessary changes are best regarded as part of an evolutionary process. They will depend crucially on the development of governance tools and management systems with which the Board feels comfortable.

26.   We have accordingly asked the Secretariat to provide us with an indicative timetable for developing proposals for the specific governance tools that would be needed to support the four frameworks we propose, i.e.:

Strategic Framework   mission statement
strategic plan

Policy Framework   codified policy framework

Oversight Framework   biennial management plan (including the programme of work and budget)
programming principles for countries and for projects and operations outside Country Programmes

Accountability Framework   annual performance report

27.   In all cases these would be adaptations of tools which currently exist, with results-based management as a common conceptual thread. The Secretariat's indicative transformation strategy over the period to 2005 is shown overleaf. We envisage that each governance tool would be developed through an informal consultative process and then put to the Board for ratification. We <u>recommend</u> that the Board should adopt the indicative transformation strategy summarized in the diagram.

THE FUNCTIONS OF GOVERNANCE: INFORMATION SHARING, DIALOGUE AND CONSENSUS-BUILDING, AND DECISION-MAKING

28. We have identified three broad functions that may take place during the work of the Board: information sharing; dialogue and consensus-building; and decision-making.

29. *Information sharing:* in which the Board is provided with information on the plans, resources, activities and achievements of the Programme. This is a necessary and important ingredient of effective dialogue and decision-making. It depends crucially on the background knowledge possessed by members of the Board; the quality of papers provided to them; the skills of the Secretariat in presenting issues orally and answering questions; and the ability of the chairperson in guiding the process. We make proposals below which address each of these points.

30. *Dialogue and consensus-building:* in which the Board reflects on and debates emerging issues and choices. Dialogue is at the heart of effective decision-making in a Board which is required by its rules of procedure to take decisions by consensus. But it is not easily achieved among 36 people operating in four languages and from widely differing backgrounds. We think that the Board could with advantage make more use of informal consultative processes such as those adopted over the last two years for food aid and development, resources and long-term financing, resource mobilization and our own project on governance. We therefore recommend that when it reviews its forward programme of work each October (paragraph 49 below) the Board should identify those subjects that would benefit from being handled through an informal consultative process before they are put to the Board for decision.

31. Informal consultations would normally be integrated into the Board meeting period but would not (by definition) be a formal part of the Board's proceedings. The meetings would be chaired by a Board member or by a senior manager from WFP. All interested members would be free to take part, irrespective of Board membership, and every effort should be made to encourage representative participation from all electoral lists. The purpose of such meetings would be to facilitate the development of consensus by the Board. It goes without saying, of course, that such discussions could not encroach on the authority of the Board, which would remain as the decision-making body.

32. In addition, we recommend that each Board session should start with a short free-flowing discussion of current and future strategic issues, initiated by a statement by the Executive Director on the key concerns currently preoccupying her. This would keep the Board well informed; and help in the identification of subjects needing attention at some future date.

33. Effective dialogue leads in turn to good *decisions,* which are the means by which the Board exercises its formal responsibilities for approving proposals and reports from the Secretariat. Good decisions are timely, well-informed, considerate of the interests of stakeholders and well thought through in terms of implementation and consequences. They depend on good staff work by the Secretariat, clearly drafted proposals for the Board to consider and (like so much else) skilled chairing. We discuss the implications for Board papers in paragraph 43 below.

THE PROCESSES OF GOVERNANCE

34. We discuss here ways in which meetings of the Board could be made more effective and efficient.

The Agenda

35. We recommend as follows:

- the agenda for each meeting should be annotated to show why the issue is being put to the Board; whether it is for information or decision; and which are the relevant background papers;

- items for information should not be discussed unless a Board member specifically requests this in advance of the meeting and the chair accepts the request on the grounds that this is a proper use of Board time.

Participation in Meetings

36. We recommend that our consultants should develop a set of guidelines for participation in meetings, to be available for consideration by the Board at its Third Regular Session of 2000 in October. These should be based on the principles that the Board should aim to have a dialogue on issues; that interventions should address one point (or a group of related points) at a time; that interventions should preferably last no more than three minutes and should in no circumstances exceed five minutes; and that technical and detailed questions should be put separately to the Secretariat.

The Role of the Chair

37. Successful chairing is a distinct competence which demands knowledge of the subjects under discussion, good interpersonal skills, self-confidence, stamina and practice. This combination of qualities is found less often than is commonly supposed.

38. As with participation in meetings we recommend that the consultants should develop a set of guidance notes for chairpersons, to be available for consideration by the Board at its Third Regular Session of 2000 in October. Building on Rule VI of the Rules of Procedure, these should be based on the principles that the chair should keep meetings on time and on track; introduce each item, making clear what is expected of the Board; decide how to structure the discussion of a complicated subject; cut off interventions which breach the guidelines for participation in meetings; and sum up the discussion, re-stating or rephrasing the decision or action the Board is being invited to take.

The Role of the Secretariat

39. In theory a well-drafted Board paper should need no introduction. In practice it is often helpful if the Secretariat recapitulates the key points orally. Complicated subjects, such as the draft Strategic Plan and the Biennial Management Plan, should normally be introduced with a Powerpoint presentation.

40. If the chair, with the agreement of the Board, decides to take a paper section by section, the Secretariat should be ready to respond as the debate evolves rather than at the end. We recommend that these points should be covered in a set of guidance notes for the Secretariat along the lines of those we propose above for delegates and chairpersons.

Reports on Board Meetings

41. Reports should record what has already been agreed and should not be treated as an opportunity to re-open the discussion. The key to achieving this lies on the one hand in clearly drafted decisions and on the other in effective chairing.

42. We recommend as follows:

- the Rapporteur should produce a consolidated statement of all decisions for distribution and adoption at the end of the meeting (thus eliminating the later, separate report session for which many delegates make a special journey to WFP);

- the summary record should be simplified and issued within a fortnight of the Board's final session. As now, it would be adopted by means of a silence procedure. If an individual Board member wanted his or her remarks noted in the summary record it would be up to him or her to arrange this with the Rapporteur, having first indicated to the Board that he or she would be asking for this to be done. This procedure would be covered in the guidelines noted above in paragraph 36.

Documents

43. We have noted with satisfaction the improvements in the quality and timeliness of Board papers. We recommend that all documents presented to the Board should:

- include an executive summary of an appropriate length, which will vary with the complexity of the subject and the length of the document;

- ensure that the wider context of the subject under discussion is made clear;

- include—if appropriate—a clear and comprehensive draft decision for the Board to consider;

- relegate detail so far as possible to annexes;

- be subject to an internal process of quality control aimed at readability (the quality of WFP documents is generally good, but there remains room for improvement).

THE ANNUAL PROGRAMME OF WORK

44. At present the Board meets for some 14 days a year, spread over four sessions: three regular sessions and one annual session (which follows the second regular session).

45. We recommend that the second regular and annual sessions should together last no more than a week, thus giving three sessions a year, one in January, one in May and one in October. The total number of meeting days would thus be reduced from 14 to 11.

46. We make the following recommendations on the length and core content of each session.

47. The first (January) session should last no more than three days, to be divided between informal consultations (as outlined in paragraph 31 above) and the regular business of the Board. The regular business would be launched with a strategic reflection initiated by the Executive Director (as proposed in paragraph 32 above).

48. The second (May) session should last five days. It would provide, as necessary, for up to a day of informal consultations; and the regular business would start with the strategic

reflection led by the Executive Director. The regular business would include as core agenda items the Annual Performance Report (with the annexes noted in paragraph 22 above); the Strategic Plan (which would come to the annual session every second year); and Country Strategies.

49.   The third October session would last for three days and would have the same format as the first (January) session. Every second year it would consider and approve the biennial Management Plan. Every year the Board would review at this session its work programme for the following biennium, deciding in the process which matters should be the subject of preliminary discussion in informal consultations (paragraph 31 above). The case for a symposium (paragraph 14 above) should be considered as part of this review. Finally, the Board should look back on its work during the previous 12 months and draw out any lessons that would improve its functioning in future.

50.   Informal consultations would be normally integrated into the Board meeting period but (as noted in paragraph 31 above) would not by definition be a formal part of the Board's proceedings. (It would of course be open to the Board to decide to have such consultations at other times if that made more sense.)

51.   Resource consultations should continue as now.

52.   We recommend that the Board should decide each October when it reviews its forward programme of work whether pre-session briefings should be arranged for the following year; and if so on which subjects. Other briefings, unrelated to Board business, should continue, as now, on an ad hoc basis.

THE STRUCTURES OF GOVERNANCE

WFP's Parent Bodies

53.   During our work a number of concerns have been raised about the so-called dual parentage of WFP. Specifically these relate to the respective roles of the Executive Board, the General Assembly, ECOSOC and the FAO Council and Conference; the role of the FAO Director-General in the approval of operations; and the dual advice and reporting lines for budgets, accounts and certain other matters to FAO and the United Nations.

54.   We recognize that these arrangements are expensive and introduce delays into the governance process. We have not however had the opportunity to give them the attention they deserve; and we recommend that the Board should revert to them at a later date.

The Executive Board

55.   The General and Financial Regulations will need amendment in certain respects if our proposals for the strategy, policy, oversight and accountability frameworks are accepted. Beyond this we see no need for changes.

The Bureau

56.   The function of the Bureau, as specified in the Rules of Procedure, is to facilitate the functioning of the Board by strategic planning of the Board's work; preparing and organizing Board meetings; and promoting dialogue. We believe that the strategic planning of the Board's work is something the Board itself should undertake (see paragraph 49 above). We envisage three main functions for the Bureau:

- to maintain a flow of information to and from members of the electoral lists;

- to conduct an expost review of each Board meeting, with the Board secretariat, to ensure that all issues for follow-up—but especially those relating to the concerns of individual delegations—have been correctly identified;

- succession planning for the posts of President and Vice-President, so as to ensure a smooth selection process and adequate learning time for the incoming President.

We recommend accordingly.

Committees

57.   It was suggested to us by some of our interlocutors that specialist sub-committees of the Board might be established to deal with such matters as audit and programme review. We do not rule these out, but we think it best to see how our proposals work out in practice first.

Individual Delegates

58.   WFP is a large organization operating a complex business. It is not easily understood by those unfamiliar with it. Knowledge of the United Nations helps but is not in itself sufficient. The proposals we make in this report should help in a number of important respects, for example by making it possible to find in a single document all the policies governing WFP's operations. Beyond this, however, there is a clear case for developing the recently established (and well regarded) briefing sessions for new members of the Board into a proper induction programme supported by key documents and briefings by managers. We recommend accordingly.

Observers

59.   We make no specific proposals about observers, but note that the increased attention to informal processes that we recommend will enlarge the opportunities for observers to contribute to governance.

CONCLUSION

60.   WFP is an important expression of the international community's desire to work together in the spirit of multilateralism and partnership. We see our recommendations as a further and important step in the programme of reforms which the Programme has implemented with such success in recent years. Taken as a whole we believe that they will contribute significantly to the governance process; and will accordingly improve the effectiveness and efficiency of the Programme in reaching the hungry people whose interests it is there to serve. We offer them to colleagues in that spirit.

WORKING GROUP ON GOVERNANCE: MEMBERSHIP, TERMS OF REFERENCE, WORKING METHODS, PROGRAMME OF WORK AND WORKING PAPERS

Establishment of the Working Group

1.   The Working Group on Governance was formally constituted by the Bureau on 12 March 1999 with the following membership:

     List A   Yohannes Tensue (Eritrea)

     List B   Adnan Bashir Khan (Pakistan)

     List C   Juan Siles (Bolivia)—later succeeded by Miguel Barreto (Peru)

     List D   Anthony Beattie (United Kingdom)

     List E   Igor Shapovalov (Russian Federation)

2.   Anthony Beattie was elected Chair of the Working Group. Valerie Sequeira and Susana Rico acted as the secretariat.

3.   The Bureau requested the Group to present its conclusions and recommendations to the Executive Board at its Annual Session in May 2000.

Terms of Reference

4.   The terms of reference of the Working Group were to clarify:

   - the respective roles and responsibilities of those concerned with governance;

   - the expectations of different actors with respect to such areas as policy-making, strategic planning and servicing the governing bodies; and

   to recommend;

   - improvements in the processes and working methods of the Executive Board, its Bureau and working groups;

   - ways of strengthening the capacity of the Secretariat to support these processes;

   - possible additional mechanisms for facilitating interaction and dialogue between the members of the Executive Board, permanent representatives and WFP managers.

Consultancy Support

5.   Two consultants, Piers Campbell and Judith Hushagen from the Geneva-based management consultancy group, MANNET, were appointed to support the Working Group. Their role was to act as a resource and, in particular, to:

   - gather and consolidate information and ideas;

   - identify issues and formulate possible options;

- facilitate discussion of the issues and options;

- assist the Working Group to develop recommendations;

- support any follow-up activities designed to strengthen capacity as requested by the Working Group.

Working Methods

6.   The Working Group met on 12 occasions; held several meetings with the Executive Staff of the Programme; and organized five informal consultations with members and observers of the Executive Board.

7.   The Group's work encompassed three broad phases:

- Phase One—Identification of issues, concerns and ideas

- Phase Two—Discussion of issues and options

- Phase Three—Formulation of conclusions and recommendations

Phase One—Identification of Issues, Concerns and Ideas

8.   During the first phase, the Working Group requested its consultants to:

- observe the annual session of the Executive Board;

- interview interested delegates to WFP from permanent representations and capitals;

- meet with other United Nations agencies;

- carry out a literature review of the experiences of the intergovernmental; non-governmental, governmental and private sectors.

9.   The consultants prepared a paper on the issues, concerns and ideas of the delegates in June 1999 (see Working Paper 1, *Preliminary Overview of Issues on Governance Identified by Delegates*) and the Working Group held its first consultation with delegates later that month.

Phase Two—Discussion of Issues and Options

10.   Following this meeting, the Working Group commissioned a discussion paper to stimulate thinking on possible improvements in the governance of WFP. This paper (see Working Paper 2, *Issues and Options for Strengthening the Governance of WFP*) was circulated to permanent missions in August 1999 and discussed at the second informal consultation in September 1999.

11.   In the same month, the Executive Director set up a "contact group" of senior managers to liaise with the Working Group. Membership of the group was Tun Myat (chair), Dianne Spearman, Alan Wilkinson and Mohamed Zejjari.

12.   In October and November the Working Group developed another discussion document, called the *Blue Paper,* and invited the Contact Group to develop ideas for the governance and management tools that would be needed to support a new approach to governance.

13.   The *Blue Paper* was first discussed by delegates in the third informal consultation on 12 January 2000. It was further discussed in separate meetings of each electoral list and then in a fourth informal consultation on 9 February.

Phase Three—Formulation of Conclusions and Recommendations

14.   The Working Group prepared a draft report on its conclusions and recommendations which was discussed by the electoral lists and subsequently at the final (fifth) informal consultation on 31 March.

15.   In parallel the Contact Group continued its work on developing governance and management tools, assisted by a technical task group set up for this purpose. The consultants prepared a background paper on the trends in governance in others sectors (see Working Paper 4, *Issues, Concerns and Best Practices in the Non-Governmental, Corporate and Public Sectors*) and another background paper on governance in inter-governmental organizations (see Working Paper 5, *Managing the Constructive Tensions—The Challenges of the Governance of Inter-Governmental Organizations*).

Working Papers

16.   Five working papers have been prepared for the Working Group.

Working Paper 1   *Preliminary Overview of Issues on Governance Identified by Delegates (*June 1999*)*

Working Paper 2   *Issues and Options for Strengthening the Governance of WFP (*August 1999*)*

Working Paper 3   *The Blue Paper—A Discussion Paper on the Governance of WFP (*December 1999*)*

Working Paper 4   *Issues, Concerns and Best Practices in the Non-Governmental, Corporate and Public Sectors (*April 2000*)*

Working Paper 5   *Managing the Constructive Tensions—The Challenges of the Governance of Inter-Governmental Organizations (*April 2000*).*

17.   In addition, the Secretariat has produced, at the request of the Working Group, a background paper on WFP entitled *Introducing WFP*.

<div align="right">**ANNEX II**</div>

THE GOVERNANCE OF WFP

Status

1.   WFP is jointly established by the United Nations and the Food and Agriculture Organization of the United Nations (FAO). It is regulated by its General Regulations which are approved by its establishing bodies, the United Nations General Assembly and the FAO Conference. Changes to the General Regulations require the approval of the establishing bodies (see paragraph 14 on General Regulations below).

Membership

2.   WFP has no formal membership, although countries that participate in its various activities are often informally referred to as "Member States". Participation in the governance of the Programme is open to any State Member of the United Nations, or Member Nation. Any member of these organizations wishing to be elected to a seat on the governing body—the Executive Board—needs to be listed by the United Nations or FAO in one of the five, essentially geographic, electoral lists A-E (see Appendix A to the General Regulations).

The Executive Board

3.   The General Regulations establish the organs of WFP as (a) an Executive Board and (b) a Secretariat (General Regulations, Article V).

4.   The Executive Board of WFP is composed of 36 States Members of the United Nations or Member Nations of FAO elected by ECOSOC and the Council of FAO from among the States listed in Appendix A of the General Regulations in accordance with the distribution of seats set out in Appendix B (General Regulations, Article V (a)).

5.   The Board is subject to the general authority of ECOSOC and the Council of FAO.

6.   Within the framework of the General Regulations, the Board is responsible for providing intergovernmental support and specific policy direction to and supervision of the activities of WFP in accordance with the overall policy guidance of the General Assembly of the United Nations, the FAO Conference, ECOSOC and the Council of FAO, and for ensuring that WFP is responsive to the needs and priorities of recipient countries.

7.   The functions of the Board are to:

- help evolve and coordinate short-term and longer-term food aid policies;
- be responsible for the inter-governmental supervision and direction of the management of WFP, including:

    monitoring the performance of WFP, and reviewing the administration and execution of WFP's activities;

    deciding on strategic and financial plans and budgets;

- review, modify as necessary, and approve programmes, projects and activities submitted to it by the Executive Director. It may delegate to the Executive Director authority for such approvals;

- review, modify as necessary, and approve the budgets of programmes, projects and activities, and review the administration and execution of approved programmes, projects and activities of WFP (General Regulations, Article VI.2).

8.   The Board provides an annual report on WFP's programmes, projects and activities including major decisions of the Board to the substantive session of ECOSOC and the Council of FAO (General Regulations, Article VI.3).

9.   The Board is required to hold an annual session and such regular sessions as it considers necessary. In exceptional circumstances it may hold special sessions on request submitted in writing by at least one-third of the members of the Board, or with the concurrence of one-third of the members of the Board on the call of the Secretary-General of the United Nations and the Director-General of FAO, or on the call of the Executive Director (General Regulations, Article VI.5).

10.   Currently the Board holds an Annual Session in May and three Regular Sessions: one in January or February, a second in May contiguous with the Annual Session, and the third in October. These sessions generally total about 14 meeting days per year.

The Secretariat

11.   The Secretariat is headed by the Executive Director who is appointed by the Secretary-General of the United Nations and the Director-General of FAO after consultation with the Board. The Executive Director may be re-appointed by the same process for a maximum of one further term. Each term of office is five years. (General Regulations, Article VII. 2 and 3).

12.   The Executive Director is responsible for the staffing and organization of the Secretariat. The selection and appointment of senior officials above the level of D2 is required to be made by the Executive Director in agreement with the Secretary-General of the United Nations and the Director-General of FAO (General Regulations, Article VII.5).

General Regulations, General Rules, Financial Regulations and Financial Rules

13.   WFP is regulated by its General Regulations, General Rules, Financial Regulations and Financial Rules.

14.   The *General Regulations* were established by the WFP Executive Board—its governing body—by approving draft regulations and recommending them for approval by the United Nations General Assembly, through ECOSOC, and by the FAO Conference, through the FAO Council. Any amendments to the General Regulations require approval through the same process (General Regulation XV). This means that changes can only be made at two-year intervals as, FAO Conference—FAO's governing body—meets only in odd numbered years.

15.   The *General Rules* were established and may be amended by decision of the WFP Executive Board which then must submit them to ECOSOC and the FAO Council for their information (General Rule XV.1).

16.   The *Financial Regulations* are established by the Executive Board after receiving the advice of the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee (General Regulation XIV.5). Amendments to the Financial Regulations may be made in the same way.

17. The *Financial Rules* are established by the Executive Director of WFP and circulated for the information of the Executive Board, the ACABQ and the FAO Finance Committee (Financial Regulation 2.2).

Finance

18. In all matters relating to the financial administration of WFP, the Board is required to draw on the advice of the ACABQ and the Finance Committee of FAO.

19. The Board is required to exercise full intergovernmental supervision and scrutiny of all aspects of the WFP Fund while the Executive Director has complete responsibility and accountability to the Board for its operation and administration, and for the financial management of the activities of WFP. The WFP Fund receives all contributions to the Programme, and from it all the costs of administration and operation of WFP are met. The General Fund includes all sub-funds and accounts such as the Immediate Response Account (IRA) (General Regulations, Article XIV).

20. While approval of a proposed intervention gives the Executive Director authority to commit funds, implementation of the intervention remains subject to the receipt of appropriate contributions.

Key Reports and Papers Submitted to the Executive Board

21. A number of reports and papers are presented to the Board for its information or consideration and approval to assist it in governing the Programme. Some of these reports are received annually and others biennially as required by the General Regulations. The key reports are listed below, together with their purpose, frequency and main content categories.

Strategic Documents

22. The Strategic and Financial Plan (required by General Regulations, Article VI; General Rule V.1) covers a four-year period and is prepared every two years on a rolling basis. The plan analyses the WFP environment externally and internally, proposes objectives and strategies, projects resources and proposes a plan of work for the ensuing financial period.

Policy Documents

23. At the request of the Board and on the initiative of the Secretariat, papers on broad and more restricted aspects of interventions, resourcing, structure and emphasis of the Programme are submitted at times determined by the Board in setting its annual programme of work. These have included policies on PRROs, development projects and activities, environmental aspects of WFP's work, Resource and Long-term Financing (R&LTF) and monetization of commodities.

Finance documents

24. Biennially, the Board considers for approval the *WFP Budget.* The paper builds upon the Strategic and Financial Plan by updating resource projections and outlining the activities to be undertaken in each Programme Category over the following two years. It proposes broad budget lines of expenditure, the rate of Indirect Support Cost (ISC) recovery on the projected resource volume to meet the Programme Support and Administration (PSA) budget requirements, the target level for the IRA and the level of the Direct Support Cost (DSC) Advance Facility.

25.   In the years between each biennial budget, the Board considers for approval a ***Budgetary Performance Report*** which shows the receipt of resources against those planned for in the budget, and the expenditure of the Programme against its projected needs by Programme Category and within the PSA budget.

26.   In the year following each budget biennium, the Board receives the ***Audited Statement of Accounts,*** together with the ***Comments of the External Auditor.*** These provide the Board with a certified statement of the income and expenditure of the Programme and the compliance of the Programme with the General Regulations and Rules, and the decisions of the Board.

Accountability Documents

27.   The Board receives biennially a ***Report of the Office of the Inspector-General*** on its investigations into misconduct, suspected fraud or other, similar situations involving WFP activities.

28.   Reports of the ***Evaluations*** undertaken by WFP of its interventions are received by the Board according to the schedule in the Evaluation Work Plan endorsed annually by the Board.

29.   An Annual ***Report on the Post-delivery losses of Commodities is provided to the Board***.

30.   The Executive Director reports to the Board annually on:

- ***EMOPs and PPROs*** approved under his/her delegated authority; and

- ***Waivers*** granted under his/her delegated authority for the acceptance of contributions, with DSC and/or ISC being met from the WFP General Fund.

31.   The ***Annual Report of the Executive Director*** provides the Board, as required by General Rule VII.2, with a comprehensive view of the operational activities of WFP, its resource position, the results of programme and project evaluations, and progress made in achieving targets and policies established by the Board.

Approval of Interventions

32.   The Board considers and comments upon ***Country Strategy Outlines,*** according to a schedule agreed by the Board through the Strategic and Financial Plan.

33***.   Country Programmes*** are considered and approved by the Board according to the timetable proposed in the Strategic and Financial Plan. Approval of a Country Programme authorizes WFP to proceed with the outlined activities and to commit resources as they are made available by contributors.

34***.   Proposals and Budgets for PRROs and Development Interventions*** (for countries without an approved WFP Country Programme) are considered and approved by the Board as required.

Delegation of Authority to the Executive Director

35.   The following is the authority delegated to the Executive Director by the Board in accordance with General Regulation VI.2 (c).

Development Projects

- Approval of projects that are in line with an approved Country Programme, as well as the reallocation of resources among programme activities, up to a maximum of 10 percent of their cost estimates, subject to the availability of resources.

- Approval of projects for which the food value does not exceed US$3 million, except the following which shall be referred to the Board:

  > complex projects or those requiring the coordination of a large number of agencies;

  > projects involving innovative approaches, or embracing controversial steps;

  > projects for which two or more expansions have already been approved;

  > projects that include a large proportion (greater than 50 percent) of open market commodity monetization (not including sales of WFP commodities for the purpose of purchasing food products for direct distribution, a modality regarded as commodity exchange and not considered as monetization by the CFA in its discussion at the Twenty-fourth Session in October 1987).

Emergency Operations

- All emergency operations whose food value does not exceed US$3 million dollars. Above that level, approval will be made jointly by the Executive Director and the Director-General.

Protracted Relief and Recovery Operations

- Approval of protracted relief operations whose food value does not exceed US$3 million.

Project Budget Revisions

- Approval of budget revisions for a food value of up to US$3 million or 10 percent of the food value prevailing at the time of the increase, whichever is less.

- Approval of budget revisions of more than 10 percent of the food value in cases where the total revised food value is less than US$3 million.

The total of such increases for any country in any calendar year may not exceed twice the authority delegated to the Executive Director for project approval.

TRANSFORMATION OF GOVERNANCE TOOLS

1999	VISION AND MISSION STATEMENT	STRATEGIC AND FINANCIAL PLAN	OPERATIONAL & RESOURCE POLICIES	BIENNIAL BUDGET	CSOS, CPS, PROJECTS & OPERATIONS	ACCOUNTABILITY REPORTING
2000	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK		NEW APPROACH	ACCOUNTABILITY REPORTING
2001	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK	BIENNIAL BUDGET	NEW APPROACH	ACCOUNTABILITY REPORTING

CHANGES TO GENERAL & FINANCIAL REGULATIONS BECOME EFFECTIVE

2002	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK		NEW APPROACH	ACCOUNTABILITY REPORTING
2003	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK	BUDGET AND MANAGEMENT PLAN 04/05	NEW APPROACH	ANNUAL PERFORMANCE & OTHER REPORTS
2004	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK		NEW APPROACH	ANNUAL PERFORMANCE & OTHER REPORTS
2005	MISSION STATEMENT	STRATEGIC FRAMEWORK	POLICY FRAMEWORK	BUDGET AND MANAGEMENT PLAN 06/07	NEW APPROACH	ANNUAL PERFORMANCE & OTHER REPORTS

KEY	IN CURRENT FORM	WORK IN PROGRESS	1ST SUBMISSION TO EB	FUNCTIONING IN NEW FORM