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FINANCIAL AND BUDGETARY MATTERS

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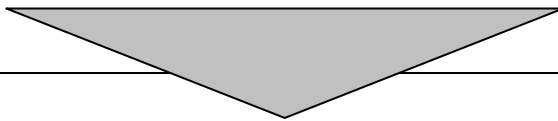
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STRENGTHENING THE MANAGEMENT CAPACITY OF THE WORLD FOOD PROGRAMME

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Note to the Executive Board



This document is submitted for approval by 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 indicated below, preferably well in advance of the Board's meeting.

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Executive Summary



The scope and complexity of WFP's work has increased dramatically in the last several years. In 1996, the Executive Director began a programme of management change and reform to manage this changing organization more effectively. The last phase of the process, the transfer to the field of the Regional Bureaux that are still based at headquarters, will take place in 2001.

This move requires the creation of several new posts at headquarters and in the field. This proposal asks the Board to approve one additional Assistant Secretary-General level post, four additional D-2 level posts, and four additional D-1 level posts in order to support the further decentralization of the Bureaux.

The Board is also asked to endorse the principle that all WFP staff should have grade levels that accurately reflect their authorities and responsibilities. In particular, the Executive Director believes that Country Director posts should be graded at a minimum level of P-5. Additionally, other selected posts at headquarters, the liaison offices and in the country offices should also be upgraded. The Executive Director will use existing points already approved by the Board to upgrade some of the posts, and will request the remainder of the upgrades, as necessary, as part of WFP's 2002-03 budget proposal to be submitted to the Board in October 2001.

The additional costs of the proposal for this biennium amount to US\$1.495 million. However, the Executive Director is requesting approval only for the additional posts. The cost of the posts will be met from within the current budget.

Draft Decision



The Executive Board:

Having considered the Executive Director's proposal for strengthening the management capacity of WFP as contained in document WFP/EB.3/2000/4-D/1, and the comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee:

- Authorizes the establishment of one additional post at the Assistant Secretary-General (ASG) level.
- Authorizes the establishment of four posts at the D-2 level (Deputy Director for Operations, two Regional Directors, and Chief Information Officer) and four posts at the D-1 level (Deputy Regional Directors) in support of the Programme's further decentralization efforts.
- Endorses the principle that all WFP staff should have grade levels commensurate with their authorities and responsibilities, and that in particular, Country Director posts be graded at a minimum level of P-5. The Executive Director will utilize existing upgrade points to accomplish some of these upgrades; additional upgrades, as necessary, will be requested in the 2002-03 WFP budget.



BACKGROUND

1. The Executive Director launched a comprehensive programme of management change and reform in 1996, based on the principles of decentralization and of placing senior staff closer to the real beneficiaries of WFP assistance. At that time, the Secretariat realized that improved leadership and management would be absolutely essential to the future success of WFP. Consequently, the Programme has placed a great deal of emphasis on increasing the authority of line managers, developing sound management systems to support managers, and providing training programmes to help managers assume the new responsibilities that they have been given.
2. During this same period, the scope and complexity of WFP's work has changed and grown dramatically. The number of people reached by the Programme has multiplied many times, to an all-time high of 89 million in 1999, and the budget has increased to the point where, in recent years, it is either the largest or second largest among United Nations agencies. The number of staff has increased to keep pace with the workload. At the same time, the overhead has been kept low—perhaps the lowest in the United Nations system, averaging 8-9 percent in recent years.
3. In launching the management change and reform programme, the Executive Director was fully aware that the reforms would significantly increase the profile and responsibilities of WFP managers. At that time, however, she did not want to make any significant changes in the numbers and grades of managers until the essential building blocks of the reform process had been put in place.
4. The Secretariat has now decided to complete its decentralization process in 2001 by out-posting the remaining Regional Bureaux to the field. In reviewing the implications of this final step towards decentralization, it has determined that several organizational changes are needed in order to make the new decentralized structure work more effectively. Those proposals are outlined below. In addition, there is now a clear recognition that certain grade levels of WFP's field and headquarters staff are not in line with their new degree of responsibility or with their counterparts in other United Nations organizations, and that some adjustments are required.
5. The proposal presented to the Board will allow the Programme to move ahead successfully with its decentralization effort and to address the disparity in grade levels of certain WFP managerial positions.

RATIONALE FOR THE PROPOSAL

6. Today, WFP is present in nearly all major humanitarian emergencies worldwide, both man-made and natural disasters. Often work is in remote, insecure and inaccessible areas. Other agencies often rely on WFP for transport, communications and security in remote areas. This greater prominence for WFP, often as a major interlocutor in complex operations, obliges the Programme to be highly politically sensitive, and its managers need to be able to judge the political implications of humanitarian operations.



7. Management of this wide array of increasingly complex and politically sensitive programmes requires a number of changes that can be summarized as follows:
- WFP must have more senior and experienced managers in the Programme to run larger and more complex and demanding operations.
 - The growing emergency aspect of WFP's business, with its unpredictability and rapidly changing situations, requires a cadre of senior managers, both at headquarters and in the field, who can be pulled out of one job and immediately sent to deal with a new crisis.
 - The nature and role of headquarters must change. Decentralization brings with it new and important demands on top management at headquarters. Hence, top management must be strengthened to keep the 'core' and the 'heart' of WFP strong while, at the same time, allowing the field to take responsibility for implementing the programmes. This means that senior managerial posts at headquarters must assume increasingly more strategic and leadership roles than in the past.
 - Greater emphasis has been and will be placed on developing operational partnerships with other organizations and on working closely with the United Nations system. It is essential that WFP managers have the seniority to deal on an equal basis with their counterparts in other organizations.
 - WFP's managers must be treated fairly in terms of grades and compensation packages with respect to colleagues in other United Nations agencies doing the same job.
8. Despite the changing nature and complexity of WFP's work, the Programme has made no significant change in the number of senior managers or the grade level of senior staff. Comparisons with other United Nations agencies bear this out. While WFP's annual budget is larger than that of most agencies, the attached table indicates that WFP's staff grade levels are lower than any other comparable agency (the Rome-based agencies, FAO and IFAD, plus UNDP, UNICEF, UNFPA and UNHCR). The only exception is the staffing structure at UNFPA, but its budget is only one third the size of WFP's budget.
9. Because of these factors, the Executive Director proposes the following changes to WFP's organizational structure, for review and approval by the Executive Board.


SENIOR MANAGEMENT

10. Senior management staff at WFP have significantly broader responsibilities than they did even five years ago. Their responsibilities now include: 1) the strategic management of the programme; 2) the supervision of increasingly decentralized operations; 3) significantly greater involvement with donors and leaders of major NGOs and the Red Cross movement; 4) more involvement in United Nations reform activities, requiring a greater presence in New York and more time to devote to inter-agency work; 5) increased advocacy efforts and expanded interaction with the media; and 6) supervision of the modernization of administrative and management systems.
11. At the top management level of the Programme, there are five major responsibilities:
- Executive Director
 - Deputy Executive Director
 - Operations
 - Resource mobilization, external relations and policy development



- Administration (including human resource management, financial management, information management, and management services)
12. To date, apart from the Executive Director and Deputy Executive Director posts, the Programme has one ASG-level post to handle operations. This leaves the Executive Director and the Deputy Executive Director to handle the remaining two broad areas in addition to their own strategic and oversight responsibilities. Given the expansion of WFP and the new demands placed on senior managers, this situation is no longer tenable.
 13. In an ideal world, there would be an Executive Director (USG) and four senior managers (ASG) responsible for the functions above. However, realizing the constraints faced by humanitarian agencies and their donors, it is proposed that WFP increase its ASG level posts by one, for a total of three. The Executive Director should have the discretion to decide which of the functions would fall under the new ASG post, depending upon how she/he organizes the management of the Programme.

Recommendation

-  That the Executive Board authorize the establishment of one additional post at the ASG level.

FURTHER DECENTRALIZATION


14. WFP remains committed to the full decentralization of its field operations. Its successful placement of the operations of the Latin America and the Caribbean (OLC) and Middle East and North Africa (OMN) Bureaux in those regions in 1998, combined with the implementation of the Financial Management Improvement Programme (FMIP), makes the completion of decentralization in 2001 a key priority.
15. The Secretariat intends to move the two remaining geographic bureaux - Asia and Africa - to the field in 2001, with the bulk of the transfers taking place during mid-year. The Secretariat intends to split the existing Africa Bureau into three field-based bureaux. It is not practical to move one single bureau responsible for the management of the entire Africa portfolio to one location. The result would be six bureaux located in the field.
16. Each bureau will have an average of 12 country offices reporting to it. All six Regional Directors would have Deputies in order to ensure continuity in management and to maintain an adequate capacity to run increasingly complex operations in a decentralized environment. One small unit for Eastern Europe would be located in Rome for as long as required. Small liaison offices would serve the bureaux in Rome, as do the current OLC and OMN liaison offices.
17. In order to implement this further decentralization to the field, the Executive Director requests two additional D-2 posts for Regional Directors of the two new Africa Bureaux. She also requests four additional D-1 posts for Deputy Regional Director positions in the two new Africa Bureaux, plus Deputy Regional Director posts, one in the OLC Bureau and the other in the OMN Bureau.
18. The decentralization will also require the establishment of two new D-2 posts at headquarters. One of the requested posts is that of Deputy Director of Operations. The expanded leadership, policy guidance and coordination functions of the Operations Department cannot be effectively carried out solely by the Assistant Executive Director,



given the multitude of external demands placed on that person, including the fact that he/she is a member of the senior management team. The Deputy Director of operations would assume a key role in the management of the reorganized Operations Department at headquarters and in the field.

19. The other major area affected by decentralization and requiring a new D-2 level post is Information Management (IM). As the universe of information rapidly grows in complexity, IM is becoming a central issue for the Programme, as it is for many other organizations.
20. WFP has recently undergone major information systems changes driven by the introduction of new systems under FMIP. These have redefined the entirety of the corporate information system, both from an application and a technology platform perspective. The new architecture calls for a global network covering all the country offices being linked to headquarters through a complex network.
21. The organization of IM at headquarters must therefore provide Programme-wide coordination and policy guidance. To underscore the importance and strategic value of information systems within the Programme, it is proposed that a post of Chief Information Officer be created, which would report directly to the Deputy Executive Director.

Recommendation

-  That the Executive Board authorize the establishment of four posts at the D-2 level (Deputy Director for Operations, two Regional Directors, and Chief Information Officer) and four posts at the D-1 level (Deputy Regional Directors) in support of the Programme's further decentralization efforts.

COUNTRY DIRECTORS AND OTHER MANAGERS

22. The role, authority and responsibilities of many WFP Country Directors and other managers have increased significantly in past years. In the case of Country Directors, the increased level of responsibility and the level of accountability required of them warrants the minimum grade for these posts to be at the P-5 level. This would also give reasonable parity with sister agencies in countries that have small or medium-size humanitarian or development programmes. The Executive Director intends to grade the majority of Country Director posts at the P-5 level, but also to grade a significant number at the D-1 level and some at the D-2 level.
23. A comparison with other United Nations agencies illustrates this situation. For instance, the WFP Country Director in Ethiopia manages a food distribution programme that was valued at US\$262 million in 2000 before the recent drought appeal; in addition, she manages the entire logistics operations for all the humanitarian agencies. Before the Horn of Africa combined Appeal, UNICEF's budget for Ethiopia for 2000 was estimated at US\$30 million, and UNDP's at US\$24 million. UNDP, UNICEF and UNESCO offices in Ethiopia are all headed by D-2 Directors. Until recently, the WFP Country Director was a D-1. This pattern is repeated in several field offices, e.g. Angola, Bangladesh, Iraq and Sudan, to name only a few.
24. The same principle holds true of other managerial positions in country offices, at headquarters, and in the liaison offices. Again referring to the attached table, it is obvious that the lower numbers of managerial-level posts at WFP compared with other United



Nations organizations indicates that WFP staff are not graded at a level commensurate with their roles, authorities and responsibilities.

25. In making these comparisons, the Secretariat is not making the suggestion that there should be parity at all jobs and at all levels. Each organization has its own priorities. However, the comparisons are drawn to show the overwhelming disparity between WFP and all its sister agencies and programmes.
26. The Executive Director intends to accomplish some of these needed upgrades by utilizing a portion of the 40 upgrade points authorized by the Board in its approval of WFP's Biennial Budget for 2000-01. Other upgrades will be requested and justified as part of the Programme's 2002-03 budget proposal.

⇒ **Recommendation**

- ✍ That the Executive Board endorse the principle that all WFP staff should have comparable grade levels, commensurate with their authorities and responsibilities, and that in particular, Country Director posts be graded at a minimum level of P-5.

FUNDING IMPLICATIONS

27. The annual costs of the new posts amount to US\$1.495 million. These costs will be absorbed during the current biennium. The recurring biennial costs will be US\$2.990 million. These costs will be built into the 2002-03 WFP budget proposal that will be considered by the Executive Board at its Third Regular Session in October 2001.



ANNEX

BUDGETED POSTS BY ORGANIZATION AND CATEGORY

AGENCY	GRADE LEVELS*								Total
	Org. Head	2 nd Level	D-2	D-1	P-5	P-4	P-3	P-2/P-1	
WFP	1	2	9	41	123	218	227	148	769
FAO	1	14	49	134	371	433	273	79	1 354
UNDP	1	8	53	138	199	152	45	7	603
UNICEF	1	3	27	58	249	259	135	58	790
UNFPA	1	2	8	26	95	33	29	0	194
UNHCR	1	2	18	65	155	333	467	66	1 107
IFAD	1	4	4	12	59	35	19	n/a	134

* Sources:

WFP: The WFP Biennial Budget for the period 2000–2001 (WFP/EB.3/99/3-A)

FAO: Programme of Work and Budget for 1998–99—Annex III/12 (C 97/3)

UNDP: Budget Estimates for the Biennium 2000–2001 (DP/1999/31)

UNICEF: UNICEF Biennial Support Budget 2000–2001 (E/ICEF/1999/15)

UNFPA: Estimates for the Biennial support Budget for 2000–2001 (DP/FPA/1999/11)

UNHCR: UNHCR Annual Programme Budget 2000 (A/AC.96/916)

IFAD: Programme of Work and Budget of IFAD for 2000 (GC 23/L.4/Add.1)

