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For information

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Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda item:

- Update on the Integrated Road Map: Proposed delegations of authority and other governance arrangements (WFP/EB.1/2020/4-A/1)

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Advisory Committee on
Administrative and Budgetary Questions

19 February 2020

Dear Mr Beasley,

Please find attached a copy of the report of the Advisory Committee on your submissions which included the Update on the Integrated Road Map (WFP/EB.1/2020/4-A/1).

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a printed version of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Abdallah Bachar Bong
Chairman

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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the World Food Programme (WFP), Update on the Integrated Road Map (WFP/EB.1/2020/4-A/1), submitted to the WFP Executive Board for approval. During its consideration of the report, the Advisory Committee met with representatives of the WFP Secretariat, who provided additional information and clarification, concluding with written responses received on 31 January 2020.
2. The Advisory Committee recalls its advisory capacity as indicated in Article XIV.4 of the General Regulations, whereby in all matters relating to the financial administration of WFP, the Board shall draw on the advice of the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Finance Committee of the Food and Agricultural Organization (FAO). The Advisory Committee also notes that in accordance with Financial Regulation 2.2, the Executive Director shall establish Financial Rules, consistent with the General Regulations and Financial Regulations, to ensure effective financial administration and the exercise of economy.

II. Update on the Integrated Road Map

3. The report provides information on the update to the Integrated Road Map (IRM) and the proposed changes of the framework of the IRM. The report indicates that the IRM framework comprises the WFP Strategic Plan (2017–2021), the Policy on Country Strategic Plans (CSPs), the Financial Framework Review and the Corporate Results Framework (2017-2021). The report also indicates that as of 1 January 2020, all of WFP's 82 country offices will be operating under a country strategic plan or interim country strategic plan approved by the Board, that the rollout of the IRM framework has required extensive organizational change since 2016 and that the governance framework has yet to be finalised. The Secretariat seeks the Board's approval for proposed delegations of authority from the Board to the Executive Director and for proposed amendments to the WFP General Rules to facilitate implementation of the multi-country strategic plans concept (WFP/EB.1/2020/4-A/1, Executive summary).
4. The report indicates that the authority of the Board to approve all WFP programmes and their related budgets remains unchanged as per Article VI of WFP's General Regulations and General Regulation Article VI.2 (*ibid*, para. 21). The report also indicates the authority retained by the Board and the information to be provided to the Board in exercising its strategic oversight role (*ibid*, paras 23 to 24), including an email notification system communicating to Member States all revisions of country strategic plans and interim country strategic plans (Executive Summary, paras. 11 and 24).

Proposed delegations of authority

5. In terms of the changes proposed to the delegations of authority, the report indicates that changes to the delegations of authority are to be used by management to maintain rapid and effective emergency response, while maintenance of the existing delegation of authority arrangements is proposed of the interim delegations of authority approved for the Executive Director at the 2017 session of the Board with the exception of the delegations of authority that enable the Executive Director to approve non-crisis-related revisions of a Country Strategic Plan (CSP) or Interim Country Strategic Plan (ICSP) that do not exceed a budgetary threshold (see paragraph 10 below). The report further states if the proposed delegations of authority are approved, the appendix to the General Rules will be revised, with effect from 1 March 2020 (*ibid*, paras. 25 to 27). In this regard, the report proposes a number of amendments to the WFP General Rules in paragraphs 73 to 79 and Annex IV in

order to facilitate implementation of the multi-country strategic plans that would have a programmatic focus common to the countries covered by the plan (see paragraph 10 below).

6. The report indicates that the Secretariat is seeking the Board's approval for those proposed delegations of authority from the Board to the Executive Director as outlined in paragraphs 36 to 51 and Annex III of the report. Specifically, the report provides the background on the use of the current interim delegations of authority and the results of their review of the application of the interim delegations of authority.

Ten day Member State review of budget increases not related to emergency responses

7. In terms of the changes to the proposed delegations of authority for budget increases that are not related to emergency responses, the report indicates that management proposes to streamline the approval process by employing a ten day review process by Member States of the budget revisions. Paragraph 47 contains the proposal to approve by correspondence mechanism, in accordance with Rule IX.8 of the Rules of Procedure of the Board, that is to be used as an alternative to submitting budget revisions to the Board for approval at a formal session, when appropriate (ibid, para 45). Paragraph 46 of the report indicates the five steps in the ten day review process, as follows:
 - i) Draft budget revision posted on WFP's website;
 - ii) Minimum of eight working days for Member States to comment;
 - iii) Comments compiled on the Membership Area of the Board website;
 - iv) The last two days of the ten working days are reserved for comment of Member States to react to the comments of other Member States; and
 - v) Final budget revision posted on the Membership Area of the Board website along with a matrix of comments.
8. Upon enquiry, the Advisory Committee was provided with information relating to the background and precedence of voting by correspondence in the rules of procedure. The Committee was also informed that prior to employing the voting by correspondence mechanism, the country director will consult with the local government, regional director and relevant divisions at Headquarters and incorporate, as appropriate, the comments received from the Member States during the ten day review process. The country director will then post the final draft budget revision. The Committee was further informed that the budget revision will then either be submitted for approval at the next formal Board session or, depending on the timing of the budget revision, the Secretariat will employ the mechanism of approving by correspondence vote as described in paragraph 47 of the report. In the latter case, the Secretariat will advise the Board Members that a final budget revision has been posted and each Member will cast a vote regarding the budget revision in terms of approving, rejecting or abstaining. The Secretariat, on behalf of the Executive Director, would record the votes and communicate the results to the entire membership.
9. The Advisory Committee was further informed that in terms of approving the submitted revisions as referenced in paragraph 47 of the report, Member States will have the ability to share comments, concerns and propose modifications during the ten day review process described in paragraph 46 of the report, and that the country director would incorporate the comments received from the Member States, as appropriate, when formulating the final draft of the budget revision that will be submitted for approval (see also paragraph 7 above). **The Advisory Committee notes that if the correspondence voting process is employed, as described in paragraph 47, Member States will each cast a vote approving, rejecting or abstaining and that there will be no further opportunity to offer amendments.**

Five day Member State review of crisis response-related revisions

10. In terms of proposed delegations of authority for budget increases that are related to emergency responses, the report indicates that management will share with Member States, for comment, each crisis response-related revision of a CSP or ICSP that increases the current overall budget of the CSP and ICSP by more than 15 percent or USD 150 million, whichever is the lower amount, before approval by the Executive Director and, if required, the FAO Director-General (ibid, para. 58). The report also proposes to retain the current five day review period of crisis response related revisions, as outlined in paragraph 60, whereby the Secretariat reflects the budget revisions exceeding the threshold and posts them on the WFP website for Member States to provide comments to the Secretariat within four working days. Following further revisions, as necessary, the final approved revised budget would be shared with the members of the Board. The report also indicates that as of 31 December 2019, 6 of the 22 revisions were shared with Member States for comment after approval by the Executive Director and, where required, the FAO Director-General because of the urgency and severity of the situations giving rise to them. The decision to waive the five-day comment period before approval was limited to exceptional circumstances – primarily in the context of natural disasters and shocks – when it was believed that the five-day period would impair WFP’s ability to deliver life-saving assistance immediately (ibid, para. 61, footnote 46). **The Advisory Committee notes the absence of a voting mechanism for the five day review of crisis response-related revisions to the budget and is of the view that further clarification should be provided to the Executive Board.**
11. The report indicates that changes to the General Rules and Financial Regulations would support implementation of the new programmatic and financial framework as follows: (i) the Executive Director’s authority regarding programme and budget revision approvals, as well as the authority delegated jointly to the Executive Director and the FAO Director-General with regard to limited emergency operations and crisis response-related strategic outcomes, including revisions, above a certain budget threshold; (ii) the alignment of terminology and definitions to ensure coherence with the Country Strategic Plans (CSP) structure; and, (iii) the application of full cost recovery and introduction of new cost categories (ibid, para.14).
12. **The Advisory Committee notes that greater clarification and delineation of authorities is necessary as regards the authority of the Executive Director regarding approvals related to the programme and to budgetary revisions, as well as the authority delegated jointly to the Executive Director and the FAO Director-General. The Committee further recommends that greater clarification regarding the concept of limited emergency operations and the outcomes related to crisis response and respective thresholds be provided to the Executive Board.**

Review of the delegations of authority

13. The report indicates that the review of the delegations of authority will occur after a five year period in 2025 to provide sufficient time for evidence gathering, learning and reflection arising from experience with the full implementation cycle of first-generation CSPs and Interim Country Strategic Plans (ICSPs), including any necessary budget revisions for extending or shortening CSPs or ICSPs to bring them into line with countries’ United Nations sustainable development cooperation framework (UNSDCF) cycles (ibid, para. 55). The Advisory Committee was informed, upon enquiry, that based on consultation with Member States and the advice of the FAO Finance Committee, it was agreed that delegations of authority will be reviewed in five years to ensure that the Board’s fundamental role in the approval and oversight of WFP activities is maintained under the IRM framework. The Committee was also informed that the Board will receive twice-yearly reports that summarize all budget revisions approved by the Executive Director under the authority

delegated to him by the Executive Board, including revisions and increases approved by the Executive Director jointly with the FAO Director-General. Furthermore, the Board will be alerted to all budget revisions via the email notification system, regardless of value, at the end of each business day on which a revision is approved.

14. The Advisory Committee was provided with additional information regarding the role of the FAO Finance Committee and notes that WFP has obtained the advice of the FAO Finance Committee on the above matter. The Committee also notes that twice yearly reports relating to the revisions will be received by the Board summarizing all budget revisions approved by the Executive Director. **The Advisory Committee is of the view that the budgetary process also provides an invaluable accountability mechanism for the Executive Board to regularly review the reporting and functioning of the delegations of authority. The Committee is, therefore, of the view that an annual review of the delegations of authority in the context of budgetary submissions is necessary to ensure that any issues regarding the exercise of delegated authorities are regularly brought to the attention of the Executive Board.**
15. **Subject to its observations and recommendations above, the Advisory Committee has no objections to the Update on the Integrated Road Map.**