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Third Regular Session**

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ADMINISTRATIVE AND MANAGERIAL MATTERS

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For approval



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INCREASED DELEGATION OF AUTHORITY TO THE EXECUTIVE DIRECTOR FOR APPROVAL OF OPERATIONS AND BUDGET REVISIONS



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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 points indicated below, preferably well in advance of the Board's meeting.

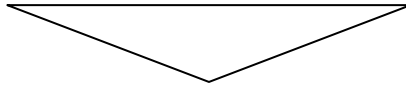
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DRAFT DECISION*



Having considered the recommendations in the paper WFP/EB.3/2004/12-C relating to delegated authorities to approve projects, operations and budget revisions, the Board approves:

- delegation to the Executive Director of the authority to approve all PRROs and budget revisions relating to them with a food value of US\$20 million or below;
- re-establishment of the system of Board approval by correspondence between Board sessions for PRROs and budget revisions relating to them with a food value greater than US\$20 million by adopting the proposed revised Board Rules of Procedure in paragraph 11 of this document;
- streamlining budget revision approval procedures by eliminating the 10 percent food value ceiling and using only the absolute food value as the ceiling to guide the Executive Director's delegated authority; and
- delegation to the Executive Director of the authority to approve all special operations, thus formalizing existing operational practice.

The Board's final approvals relating to the above recommendations will enter into immediate effect, and will be formally reflected in an updated version of the Appendix to the General Rules dealing with Delegation of Authority to the Executive Director, as presented in Annex III of this document.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.



INTRODUCTION

1. This document, presented to the Board for approval, is in line with the report of the Working Group on Governance (WG/G) approved by the Board in 2000. The WG/G recommended that the Board should “focus on strategy, policy, oversight and accountability”, and that “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”. WG/G saw “scope for rationalizing and simplifying the approaches currently applied... [and that] 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 21st century”.

BACKGROUND

2. The Executive Director’s delegated authority for approving projects has been revised several times in the past. At WFP’s inception, the level was set at a food value of US\$500,000; the current level of US\$3 million food value was approved in 1992. Annex I lists the main developments over the last four decades.
3. WFP’s governing body has approved an increase to the Executive Director’s delegated authority whenever there has been a major development or special circumstance that warranted a revision of the approval levels. For example, in the early 1970s there were two devaluations of the US dollar, aggregating over 17 percent, and concomitant increases in commodity prices. In 1980, the need for greater flexibility was recognized in projects assisting refugee populations in order to give the Executive Director greater scope to approve more viable projects and to achieve greater administrative consistency with other projects. In 1992, a further increase was approved to expedite the Board’s decision-making and allow it to devote more attention to important projects and thematic issues. In 2002, the Board approved the “no-objection” mechanism for approving country programmes with a food value greater than the Executive Director’s delegated authority.

INCREASING THE DELEGATED AUTHORITY TO APPROVE PRROs

4. The Executive Director’s delegated authority is currently a food value of US\$3 million; it has not been adjusted since 1992. It applies to emergency operations (EMOPs), protracted relief and recovery operations (PRROs), country programmes and development projects.
5. The operational context has changed since 1992, however: some commodity prices, for example, have increased markedly since then.
6. In 1992, WFP’s commitments for relief activities totalled US\$1.2 billion, accounting for 74 percent of its portfolio. In 2003 relief activities accounted for US\$2.3 billion, 91 percent of WFP’s commitments during the year and almost double the 1992 levels.
7. Annex II shows project approvals between 1999 and 2003, identifying operations providing food assistance that were: (i) approved under the Executive Director’s delegated authority — operations with a food value less than US\$3 million; (ii) jointly approved by the Executive Director and the Director-General of the Food and Agriculture Organization of the United Nations (FAO) — EMOPs with food values of over US\$3 million; and (iii) approved by the Executive Board — PRROs, country programmes and development



projects with food values of over US\$3 million. Annex II excludes the massive Iraq operation in 2003 so as not to distort data comparisons.

8. If the Executive Board were to delegate to the Executive Director the authority to approve PRROs with food values up to US\$20 million, there would be a marked decrease in the Board's workload on operational matters that would liberate valuable time for consideration of strategic, policy and thematic matters as recommended by WG/G and approved by the Board in 2000. Such increased delegation of authority to the Executive Director would have resulted, for example, in 36 fewer PRROs being presented to the Board in the last five years; the level of approval by the Executive Director would still have been only 20 percent of all approval commitments during that period. If the ceiling had been US\$50 million, the Board would have had 40 fewer PRROs to approve; approval by the Executive Director would have increased only slightly to 22 percent of all approved commitments during the period. Quicker response times in relief situations would be possible if approvals did not have to wait for a Board session.

RE-ESTABLISHING THE SYSTEM OF APPROVAL BY CORRESPONDENCE BETWEEN BOARD SESSIONS FOR PRROs AND PRRO BUDGET REVISIONS THAT EXCEED THE EXECUTIVE DIRECTOR'S DELEGATED AUTHORITY

9. Currently, PRROs and budget revisions that exceed the Executive Director's delegated authority must be formally tabled at Executive Board sessions for approval. In practice this means that PRROs must be cleared at least 12 weeks before a Board session — but regular Board sessions are held only three times a year at intervals of about 16 weeks. It takes about four weeks to carry out a needs assessment, draft the PRRO or budget revision document, obtain in-house clearance and submit the document to the Secretariat. If an assessment were to take place in December, for example, a PRRO could be ready in January; but the earliest possible time for the Board to approve it at a regular session would be June. This contrasts with EMOPs, which can be approved almost immediately.
10. Interestingly, WFP's General Rule VI.4(a) already includes a procedure for approving projects by correspondence, but the Board's current Rules of Procedure only refer to voting by correspondence (Rule IX.8), not specifically to approval of projects by correspondence. The Rules of Procedure of the Committee for Food Aid Policies and Programmes (CFA) – the precursor of the WFP Board – allowed for approval of projects by correspondence:

“Notwithstanding the provisions of paragraph 5 [on voting], the Executive Director, with respect to the approval of projects, may in cases of urgency, between two sessions of the Committee, transmit by post summaries of such projects to all members of the Committee with the request that they inform him/her within a period of 45 days from the dispatch of the summaries whether they approve the projects. On the expiration of this period, the Executive Director shall have the authority to proceed with the implementation of the project, as having obtained the approval of the Committee by correspondence unless, by that time, at least five of the members of the Committee have filed with the Executive Director a negative reply or reservation.”



11. Consideration could therefore be given to approval by the Board of PRROs and PRRO budget revisions that exceed the Executive Director's delegated authority, either (i) at any of its sessions as currently done or (ii) in cases where the needs assessment cannot be timed to meet Board deadlines by posting on WFP's external website between any regular sessions of the Board for approval by correspondence. This would also be in keeping with the findings of the recent thematic evaluation of PRROs presented to the Board in May 2004, which recommended that the PRRO category be made more responsive to ongoing relief and recovery situations (see "Summary Report of the Thematic Evaluation of the PRRO Category", WFP/EB.1/2004/6-A and "Management Response to the PRRO Thematic Evaluation Recommendations", WFP/EB.2/2004/2-A). If the proposal is agreed, the Board's Rules of Procedure could be formally amended to reflect the change in procedure to approve PRROs and PRRO budget revisions in between Board sessions, as follows:

"With respect to the approval of projects between sessions of the Executive Board, the Executive Director may in cases of urgency transmit via WFP's website summaries of such projects to all members of the Board with the request that they inform him/her within 30 days of dispatch of the summaries whether they approve the projects. At the end of this period, the Executive Director shall have the authority to proceed with implementation of the project on the basis of the Board's approval by correspondence, unless by that time at least five Board members have filed with the Executive Director a negative reply or a reservation. If a Board member requests a discussion, consideration may be given to resolving the issues quickly by correspondence and an amendment to the document that reflects the agreed conclusion. If five or more objections to the document are received from Board members, it will remain pending approval until it is formally tabled at the next Board session."

SIMPLIFICATION OF PROCEDURES FOR APPROVAL OF BUDGET REVISIONS OF EXISTING OPERATIONS

12. To streamline approval procedures, it is also proposed to eliminate the 10 percent food value ceiling hitherto applied to budget revisions of existing operations and use only the absolute food value as the ceiling to guide the Executive Director's delegated authority.

FORMALIZING DELEGATED AUTHORITY TO APPROVE SPECIAL OPERATIONS

13. All authorities delegated to the Executive Director are defined in WFP's General Rules on the basis of an operation's food value. Special operations (SOs), which WFP carries out in exceptional circumstances – normally in the context of rapidly developing emergencies — have hitherto been approved by the Executive Director, because by definition they have zero food value. Experience shows that the value of a typical SO is normally below US\$5 million, with the notable exception of the unusual SO approved by the Executive Director for the Afghanistan crisis in 2002, which had a value of US\$41 million. The proposal is therefore to formalize this approval procedure in WFP's General Rules.



RECOMMENDATIONS

14. The Secretariat presents for the Board's approval the following recommendations relating to current delegated authorities to approve projects and operations:
- i) delegation to the Executive Director of the authority to approve all PRROs and budget revisions relating to them with a food value of US\$20 million or below;
 - ii) re-establishment of the system of Board approval by correspondence between Board sessions for PRROs and budget revisions relating to them with a food value greater than US\$20 million by adopting the proposed revised Board's Rules of Procedure in paragraph 11 of this document;
 - iii) streamlining budget revision approval procedures by eliminating the 10 percent food value ceiling and using only the absolute food value as the ceiling to guide the Executive Director's delegated authority; and
 - iv) delegation to the Executive Director of the authority to approve all special operations, thus formalizing existing operational practice.
15. The Board's final approvals relating to the above recommendations will enter into immediate effect, and will be formally reflected in an updated version of the Appendix to the General Rules dealing with Delegation of Authority to the Executive Director, as presented in Annex III of this document.



ANNEX I**MAJOR MILESTONES IN DELEGATED AUTHORITIES TO APPROVE PROJECTS**

1. The Executive Director's delegated authority for approving projects has been revised several times in the past. In 1962, when WFP was established, the Executive Director's delegated authority for approving projects was set at a food value of US\$500,000.
2. In 1967, at the end of WFP's experimental period, the Executive Director's delegated authority was increased to US\$750,000 food value, which was to be adhered to unless special circumstances warranted a review.
3. In that year, the Inter-Governmental Committee (IGC), then WFP's governing body, set the Executive Director's delegated authority to approve budget revisions of existing projects at US\$100,000 food value.
4. There were two devaluations of the US dollar in the early 1970s, aggregating over 17 percent, and a concomitant increase in commodity prices. In 1973, IGC approved an increase of the Executive Director's delegated authority to US\$1 million food value, which applied to regular development projects and quasi-emergency projects.
5. In 1978, the CFA approved an increase of the Executive Director's delegated authority to US\$2 million food value to approve projects to assist refugee populations, and to US\$1.5 million for quick-action projects in exceptional cases.
6. In 1980, the CFA approved an increase of the Executive Director's delegated authority to approve all projects except those involving refugee populations to US\$1.5 million food value; projects assisting refugees continued to be subject to the US\$2 million food value ceiling. The CFA also approved an increase in the Executive Director's delegated authority to approve budget revisions of existing projects from the 1967 US\$100,000 food value ceiling to US\$150,000. These decisions were based on the expectation that such increased delegations of authority would give the Executive Director scope to approve more viable projects and achieve greater administrative consistency with other projects.
7. In 1983, the CFA approved an increase of the Executive Director's delegated authority to approve budget revisions of existing projects by up to 10 percent of the food value at the time of the increase. The ceiling was US\$1.5 million a year per project, provided that the increases for any country did not exceed US\$3 million per year.
8. In 1992, the CFA approved a further increase of the Executive Director's delegated authority to approve all new projects, regardless of type, to US\$3 million food value. For budget revisions of existing projects, the ceiling was 10 percent of the food value at the time of the increase and US\$3 million a year per project provided that the increases for any country did not exceed US\$6 million per year. This was a provisional increase pending an expected further increase to US\$5 million food value once a subsequent CFA session had approved criteria for project selection and approval. The CFA supported the increased delegated authority, which it considered would expedite decision-making by its Sub-Committee on Projects and allow it to devote more attention to important projects and thematic issues. It was accepted that the authority levels should be adjusted to reflect developments since the last adjustment in 1980 and that raising the level to US\$5 million would account for up to 11 percent of development project commitments.



9. When the CFA approved criteria for project selection and approval in 1994, it did not consider a further increase of the Executive Director's delegated authority, notwithstanding its prior conditional support for an increase from US\$3 million to US\$5 million food value pending approval of the criteria.
10. The WG/G report, approved by the Board in 2000, recommended that the Board should "focus on strategy, policy, oversight and accountability" and that "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". The WG/G saw "scope for rationalizing and simplifying the approaches currently applied... [and that] 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 21st century".
11. In 2002, the Executive Board approved the "no-objection basis" approval system for country programmes. Under this system a draft country programme can be discussed by the June session of the Board, after which any comments are incorporated in the final version of the country programme document, which is then posted on WFP's external website. It is then considered approved and confirmed at the October session of the Board. If, however, five or more members of the Board make a formal request for further discussion, the document is considered further and tabled for approval at the October session. This is in line with the programme simplification and harmonization framework of the United Nations Development Group (UNDG).



Project approval activity between 1999 and 2003, identifying operations: a) approved by the Executive Director under her/his delegated authority; b) jointly approved by the Executive Director and Director-General of FAO; and c) approved by the Executive Board.					
Operation type and total food value	1999	2000	2001	2002	2003
	(US\$ dollars)				
EMOPs:					
- IRA, all under US\$200,000 ^{1,6}	- 11 ops, US\$1.7m	- 13 ops, US\$1.7m	- 11 ops, US\$1.4m	- 14 ops, US\$1.7m	- 10 ops, US\$1.3m
- under US\$3 million ^{1,6}	- 13 ops, US\$27.7m	- 21 ops, US\$34.5m	- 13 ops, US\$17.4m	- 12 ops, US\$19.4m	- 5 ops, US\$6.3m
- US\$3–20 million ^{2,7}	- 9 ops, US\$96.7m	- 17 ops, US\$148.4m	- 8 ops, US\$71.1m	- 10 ops, US\$89.4m	- 6 ops, US\$66.8m
- above US\$20 million ^{2,7}	- 4 ops, US\$362.5m	- 5 ops, US\$360.0m	- 8 ops, US\$362.8m	- 5 ops, US\$495.5m	- 5 ops, US\$413.4m ⁵
Subtotal	37 ops, US\$488.6m	56 ops, US\$544.6m	40 ops, US\$452.7m	41 ops, US\$606.0m	26 ops, US\$487.8m
PRROs:					
- under US\$3 million ^{1,6}	- 7 ops, US\$11.5m	- 8 ops, US\$14.8m	- 4 ops, US\$5.8m	- 5 ops, US\$10.9m	- 6 ops, US\$11.7m
- US\$3–20 million ^{3,8}	- 11 ops, US\$97.3m	- 7 ops, US\$83.9m	- 5 ops, US\$51.6m	- 11 ops, US\$112.1m	- 2 ops, US\$15.3m
- above US\$20 million ^{3,9}	- 5 ops, US\$295.2m	- 6 ops, US\$205.7m	- 2 ops, US\$63.1m	- 7 ops, US\$318.0m	- 6 ops, US\$394.6m
Subtotal	23 ops, US\$404.0m	21 ops, US\$304.4m	11 ops, US\$120.5m	23 ops, US\$141.0m	14 ops, US\$421.6m
CPs/DEV:					
- under US\$3 million ^{1,6}	- 20 ops, US\$39.9m	- 14 ops, US\$22.3m	- 5 ops, US\$10.1m	- 1 ops, US\$2.6m	- 2 ops, US\$4.6m
- US\$3–20 million ^{3,4}	- 15 ops, US\$81.9m	- 7 ops, US\$62.5m	- 11 ops, US\$136.6m	- 7 ops, US\$100.6m	- 3 ops, US\$30.2m
- above US\$20 million ⁴	- 2 ops, US\$86.0m	- 1 op, US\$104.0m	- 7 ops, US\$373.8m	- 2 ops, US\$68.5m	- 2 ops, US\$111.4m
Subtotal	37 ops, US\$207.8m	22 ops, US\$188.8m	23 ops, US\$520.5m	10 ops, US\$171.7m	7 ops, US\$147.2m
Total:					
- under US\$3 million	- 51 ops, US\$80.8m	- 56 ops, US\$73.3m	- 33 ops, US\$34.7m	- 32 ops, US\$34.6m	- 23 ops, US\$23.9m
- US\$3–20 million	- 35 ops, US\$275.9m	- 29 ops, US\$294.8m	- 24 ops, US\$259.3m	- 28 ops, US\$302.1m	- 11 ops, US\$112.3m
- above US\$20 million	- 11 ops, US\$743.7m	- 12 ops, US\$669.7m	- 17 ops, US\$799.7m	- 14 ops, US\$882.0m	- 13 ops, US\$919.4m
GRAND TOTAL	97 ops, US\$1,100m	97 ops, US\$1,038m	74 ops, US\$1,094m	74 ops, US\$1,219m	47 ops, US\$1,056m

¹ Approved under the Executive Director's delegated authority.

² Joint approval by the Executive Director and the Director-General of FAO.

³ For PRROs and DEV: Approval by Executive Board after mandatory tabling at a Board session.

⁴ For CPs: Approval by Board members on the "no-objection basis" between the June and October Board sessions by posting the document on WFP's external website; only tabled for approval at the October Board session in case of objection.

⁵ Excludes the massive Iraq operation in 2003 so as not to distort data comparisons.

⁶ Proposal: To be maintained as approval by Executive Director.

⁷ Proposal: To be maintained as joint approval by the Executive Director and the Director-General of FAO.

⁸ Proposal: Board to transfer delegated authority to the Executive Director.

⁹ Proposal: To be maintained as Board approval, preferably by correspondence between Board sessions.



ANNEX III

Proposed new wording* for

“Appendix to the General Rules - Delegation of Authority to the Executive Director”

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

(a) 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, excepting the following, which shall be referred to the Executive Board:

- (i) complex projects or those requiring the coordination of a large number of agencies;
- (ii) projects involving innovative approaches or embracing controversial steps;
- (iii) projects for which two or more expansions have already been approved;
- (iv) 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).

(b) Emergency operations

All emergency operations whose food value does not exceed US\$3 million. Above that level, approval will be afforded jointly between the Executive Director and the Director-General of FAO.

(c) Protracted relief and recovery operations

Approval of protracted relief and recovery operations whose food value does not exceed ~~three~~ **US\$20 million**.

(d) **Special Operations**

Approval of all special operations.

* Proposed additional wording is **bold, underlined**; proposed deletions are ~~strike through~~.



- (e) Project budget revisions
- (i) Approval of budget revisions for a food value of up to US\$3 million **for development projects and emergency operations, and US\$20 million for protracted relief and recovery operations** or 10 percent of the food value prevailing at the time of the increase, whichever is less;
 - (ii) Approval of budget revisions of more than 10 percent of the food value in cases where the total revised food value is less than three million United States dollars;
 - (ii) **Approval of budget revisions for all special operations;**
 - (iii) 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.



ACRONYMS USED IN THE DOCUMENT

CFA	Committee for Food Aid Policies and Programmes
EMOP	emergency operation
FAO	Food and Agriculture Organization of the United Nations
IGC	Inter-Governmental Committee
PRRO	protracted relief and recovery operation
UNDG	United Nations Development Group
WG/G	Working Group on Governance

