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de Alimentos

**Executive Board  
Third Regular Session**

**Rome, 23 - 26 October 2000**

# **FINANCIAL AND BUDGETARY MATTERS**

**Agenda item 4**

***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 ACABQ pertaining to WFP. The report covers the following agenda items:

- Item 4-A—Report on Budgetary Performance, 1998–99
- Item 4-B—Audited Biennial Accounts (1998–99)
- Item 4-D—Strengthening the Management Capacity of the World Food Programme

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## COPY OF LETTER RECEIVED FROM THE UNITED NATIONS—NEW YORK

Reference: AC/1436

Advisory Committee on Administrative  
and Budgetary Questions

06 October 2000

Dear Ms. Bertini,

Please find attached a copy of the report of the Advisory Committee on Administrative and Budgetary Questions on the reports entitled “Strengthening the management capacity of the World Food Programme” (WFP/EB.3/2000/4-D/1), “Report on budgetary performance, 1998-1999” (WFP/EB.3/2000/4-A/1) and “Audited biennial accounts (1998-1999)” (WFP/EB.3/2000/4-B/1).

I should be grateful if you could arrange for the report to be reproduced *in verbatim* and placed before the Executive Board at its forthcoming session as a complete and separate document. A printed version (in all languages) of the document should be provided to the Advisory Committee at its earliest possible opportunity.

Yours sincerely,

(signed) C.S.M. Mselle  
Chairman

Ms. Catherine Bertini  
Executive Director  
World Food Programme  
Via Cesare Giulio Viola, 68/70  
00148 Rome  
Italy



## WORLD FOOD PROGRAMME

Financial and budgetary matters

### Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the World Food Programme (WFP) reports entitled “Strengthening the management capacity of the World Food Programme” (WFP/EB.3/2000/4-D/1), “Report on budgetary performance, 1998-1999” (WFP/EB.3/2000/4-A/1) and “Audited biennial accounts (1998-1999)” (WFP/EB.3/2000/4-B/1). During its consideration of the reports, the Advisory Committee met with representatives of the Executive Director, who provided additional information and clarifications.

#### **Strengthening the management capacity of the World Food Programme**

2. In her report on strengthening the management capacity of WFP, the Executive Director recommends that the Executive Board authorize the establishment of an additional post at the Assistant Secretary-General level. Currently, there is one ASG-level post to handle operations. The Committee notes that there was no information provided in the report as to the functions that the additional Assistant Secretary-General would perform. Rather, the Executive Director requests that she be given “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”. **In the opinion of the Committee, a request of this nature needs to be fully justified with specific reference to the structure of the top management functions of the Programme. The Committee requested additional information and was provided with two job descriptions for the post, one for the area of administration, and the other for the area of resource mobilization, external relations and policy development. In the view of the Committee, this clouds rather than clarifies the envisaged top management structure of the Programme. Furthermore, the Committee points out that there has been considerable delegation of authority from headquarters to the field and that further decentralization is foreseen, as outlined in paragraphs 14 to 19 of the report. With high-level management in the field, the establishment of additional top-level posts at headquarters does not seem warranted. In addition, the Committee points out that comparison with other agencies is not necessarily relevant. Each such top-level post must be created solely to meet identified needs of the programme, and not to establish parity with other funds and programmes. Accordingly, the Committee does not recommend approval of the establishment of an additional ASG-level post.**

3. The Executive Director also proposes the establishment of four new posts at the D-2 level. As indicated in paragraphs 15 to 17 of the report, two of those are for Regional Directors of the two new Africa Bureaux, which are being set up to implement the further decentralization from headquarters to the field. **The Advisory Committee recommends approval of the proposal for two D-2 level posts for Regional Directors of the new Africa Bureaux.** In paragraphs 18 to 21 of the report, the Executive Director also proposes the establishment of two new D-2 level posts at headquarters, one for a Deputy Director of Operations and the other for a Chief Information Officer. **In view of the considerable decentralization that is being implemented at headquarters, the Committee sees no compelling reasons for the establishment of the D-2 post for the Deputy Director of Operations. However, in view of the importance of information technology in the**



operations of the Programme, and taking into account the introduction of new systems at WFP under the Financial Management Improvement Programme (FMIP) and the need for a global network to link all the country offices with headquarters, the Committee recommends authorization of a D-2 level post for a Chief Information Officer to provide Programme-wide coordination and policy guidance.

4. The Executive Director also requests four D-1 posts for Deputy Regional Directors, two for the new Africa Bureaux, one for the Latin America and Caribbean Bureau and one for the Middle East and North Africa Bureau. The Advisory Committee notes from paragraph 14 of the report that the operations of the Latin America and Caribbean and the Middle East and North African Bureaux were placed in those regions in 1998. **The Committee is of the view that the need for a Deputy Regional Director in those Bureaux has been justified on the basis of experience, and it therefore recommends authorization of the two D-1 posts requested for those Bureaux. The two new Africa Bureaux, however, as stated in paragraph 15, are to be placed in the regions in 2001. Under the circumstances, the Committee recommends that those two D-1 posts be requested in the context of the 2002-2003 budget following a review of the workload and responsibilities in the regions.**

5. The Advisory Committee takes note of the recommendation of the External Auditor that an evaluation should be carried out of the impact of decentralization, including a precise assessment of the evolution of the financial costs and savings, with data such as the number of posts created in the field and suppressed at headquarters, the administrative cost of the regional offices and the global cost of decentralization (see WFP/EB.3/2000/4-B/1, Report of the External Auditor, para. 159).

6. In paragraph 22 of the report, the Executive Director states that she “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”. In paragraphs 23 and 24, she compares the staffing structure of field offices in other agencies with WFP “managerial positions in country offices, at headquarters and in the liaison offices”, stating that “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”. In paragraph 26 of the report, the Executive Director recommends 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”.

7. **In the view of the Committee the implications of the above are wide-ranging, yet they are neither fully explained nor adequately justified in the report. In this connection, the Advisory Committee reiterates the view stated in paragraph 2 above that staffing levels should be established to meet identified needs of the programme, not to create parity with other funds and programmes. The Committee was provided with additional information on the current process for grading and reclassification of posts and the strategy for implementing the proposal (see annex). Notwithstanding the information provided, it is not clear to the Committee how many posts will be upgraded in the current biennium using the point system and how many will be requested in the context of the budget for the biennium 2002-2003. Nor is it clear what criteria will be used to make the determination. Moreover, the impact of the as yet unspecified total number of reclassifications on the structure of WFP has not been analysed. The Committee is therefore of the opinion that a comprehensive proposal for the specific grading and reclassification of Country Director and other managerial**



**positions should be formulated and should be submitted to the Advisory Committee and the Executive Board, in the context of the review and approval of the biennial budget. In so doing, the Executive Director should clarify the issues raised above and, if necessary, seek further guidance from the Executive Board, especially on the application of the point system.**

8. With regard to financial implications, as indicated in paragraph 27 of the report, the annual cost of the proposed new posts would amount to \$1.495 million, which amount would be absorbed during the biennium 2000-2001. The recurring biennial costs would amount to \$2.990 million and would be included in the budget proposals for 2002-2003. These amounts would have to be adjusted should the Executive Board accept the recommendations of the Advisory Committee in the paragraphs above.

### **Report on budgetary performance**

9. The Advisory Committee commends the Executive Director for implementing its recommendations on the format and content of the performance report. However, the Committee points out that table 17 is confusing and requests that it be reorganized to differentiate in separate columns the initial budget estimates, the revised budget estimates, the estimate of income and the actual income as derived from rates charged to the funding windows, including the operational reserves of Government cash contributions for local costs (GCCC).

10. The Advisory Committee notes from tables 1 and 2 of the report that the actual volume delivered by the Programme in 1998-1999 amounted to 6.182 million tons, representing an increase of 25.8 per cent over actual deliveries in 1996-1997. The value of operations for 1998-1999 amounted to \$2,918 million, an increase of 22.7 per cent over 1996-1997. Total support costs, however, increased by 36 per cent, from the actual cost of \$367.5 million in 1996-1997 to \$500.34 million in 1998-1999. As stated in paragraph 57 "direct support costs increased significantly in 1998-1999 compared with 1996-1997". The reasons for this increase are explained in paragraph 59 as follows:

First, the increased volume of operations in 1998-1999 accounts for a good portion of the additional DSC utilized; second, DSC was not fully implemented in the 1996-1997 biennium, and thus the 1996-1997 amounts are understated; and third, 1996-1997 DSC did not include expenditures for Special Operations and other costs that are included in the 1998-1999 expenditures

**The Committee requests that this aspect of the operation of the Programme be monitored carefully.** In particular, the Committee draws attention to the many observations made by the External Auditor concerning the programme support budget, decentralization and the need to increase the capacity for budgetary control and effective and efficient implementation of the activities of WFP, both at headquarters and in the field (see WFP/EB.3/2000/4-B/1, Report of the External Auditor, paras 93-111). **Priority should be given to addressing the weaknesses related to the decentralization programme and to management of programme support and administrative (PSA) costs.**

11. The performance of the programme support budget is described in paragraphs 49 to 75 of the report. The Advisory Committee notes the observation of the External Auditor that GCCC and indirect support costs (ISC) did not fully cover PSA expenses (WFP/EB.3/2000/4-B/1, Report of the External Auditor, para. 104). **While the Committee recognizes that the new full recovery principle adopted by the Executive Board in 1995 was not fully implemented in the biennium 1998-1999, it nevertheless requests that, in the future, performance reports contain clear information on the extent to which the funding rates**



have financed the PSA budget and how the deficit, if any, has been addressed. Furthermore, the Committee believes that there are elements of support expenses that should be included in the PSA budget. For example, the Committee sees no reason to exclude from the PSA budget the \$16.2 million related to FMIP, as mentioned in paragraph 77 of the report. Indeed, as indicated in paragraph 75 and presented in the biennial budget proposals of the Executive Director, considerable information technology expenses are included in the PSA budget. The Committee requests that, in her next budget proposal, the Executive Director clarify this matter, including the level and treatment of the running costs for FMIP.

#### **Audited biennial accounts (1998-1999)**

12. In paragraph 23 of the statement of the Executive Director concerning the audited biennial accounts for 1998-1999, the Executive Director recommends that the Executive Board approve the reprogramming of \$86.8 million in unused fund balances related to the financial period prior to 1996. Upon enquiry, the Advisory Committee was informed that these balances represented an accumulation of project surpluses from unidentified donors since the time WFP started operations to the end of 1995. It was explained that prior to 1996 WFP operated completely on the basis of multilateral financing, making the identification of donors of surpluses difficult. The Committee was informed that there were no similar balances for subsequent periods, as the procedures for valuation of contributions and the identification of donors had been refined subsequent to the introduction and implementation of the new resources and long-term financing (R&LTF) policies.

13. With regard to the question of the authority of the Executive Director to use the operational reserve to cover the funding of activities for which confirmed contributions are not received, as addressed by the Executive Director in paragraphs 24 to 26 of her statement and by the External Auditor in paragraphs 13 and 62 of his report, the Advisory Committee was informed by representatives of the Executive Director that a proposed amendment to the Financial Regulations to address such exceptional cases would be submitted to the Executive Board, through the Advisory Committee, in pursuance of the recommendation by the External Auditor.



## ANNEX

### STRATEGY FOR IMPLEMENTING THIS PROPOSAL

#### Timing of implementation

The Executive Director will proceed with the upgradings based on the priorities starting 1 January 2001 to the extent that the existing upgrading points provided in the 2000-2001 budget will permit.

#### The upgrading process

- All establishment and re-grading of posts follow a classification process. Three years ago the WFP opted for streamlining the classification process of posts and decided to institute Generic Job Profiles for all its international posts and those of general service positions in Rome. These have been developed in accordance with the ICSC classification factors. The exercise is now expanding to national posts (professional and general service). As WFP national posts follow UNDP rules and regulations all national Generic Job Profiles (GJP) have been reviewed and confirmed by the UNDP Classification Branch.
- As mentioned above, GJP have been developed for the great majority of functions undertaken by WFP staff. These Profiles were and are developed with the underpinning of existing classified posts with the grade level differences detailed under the "Critical Success Factors", "Results Expected" and "Minimum Essential Qualifications" at each grade level. Once the GJP is developed, although the basis has already been classified in line with the ICSC Master Standard or appropriate local standard, the Profile is again reviewed and classification confirmed against the respective ICSC Standard. Specific post descriptions and classification questionnaires continue to be developed and reviewed specifically against the grading Standard when the job is considered as "unique". The criteria being less than 3 posts undertaking the specific function, otherwise, a Generic Job Profile is developed.
- In light of the above-described streamlined classification process, the Classification function is now integrated within the HR generalist function. Human Resources Officers in the Operations units of the HR Division have been trained on the ICSC classification methodology and perform this function as needed.
- On a yearly basis a Monitoring Team (Generic Job Profile expert, ICSC Classification expert and a WFP HRO) review the existing generic jobs. The review ensures that the GJPs continue to reflect the duties performed by staff, develop new ones if necessary; and conduct spot checks/desk audits of posts established or re-graded by managers using GJP to confirm appropriateness of the post grade.
  - The proposal for posts to be upgraded will utilize the points authorized by the EB for 2000/2001. In addition, counter-balancing points as detailed in MS 280 appendix C 4 may be utilized if needed.

*As described above, all posts will be reviewed against the appropriate Generic Job Profile and graded accordingly. The functions considered "unique" will undergo a specific classification exercise for grade level confirmation and be approved by senior management.*



