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FINANCE COMMITTEE

Hundred and Fifty-seventh Session

Rome, 9 - 13 March 2015

**Progress Report on Delegations of Authority to Bodies under Article XIV of
the Constitution, taking into account their differentiated nature**

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EXECUTIVE SUMMARY

- The Finance Committee requested a report on actions taken with regard to past recommendations on delegations of authority and operational facilities for Article XIV bodies, taking into account the differentiated nature of these bodies. The report places the matter in the context of past deliberations of the Committee on Constitutional and Legal Matters, the Finance Committee, the Programme Committee and the Council. In particular, the Finance Committee, at its 148th Session in March 2013, concurred with criteria for increased delegations of authority and reiterated the need for a differentiated approach to the matter, noted that Management was implementing a number of recommendations and acknowledged, in view of FAO's general accountability for the operation of Article XIV bodies, the need for Management to follow a flexible, but prudent approach, by recognizing the functional requirements of these bodies, while ensuring, as far as appropriate, observance of FAO's policies and procedures.
- The report describes operational facilities and delegations of authority, which have been extended to Article XIV bodies or are under consideration, in areas of travel, authority to conclude cooperation arrangements, human resources matters, resources made available to these bodies, relations with donors, channels of communication with Governments and official correspondence, matters related to organization of meetings, matters related to visual identity and the possibility of using specific logos, participation by non-governmental organizations and other stakeholders in meetings of Article XIV bodies, project servicing costs, IT matters and the possibility of accepting contributions from the private sector.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to review the report and make such observations thereon as appropriate. The Finance Committee is, in particular, invited to note:
 - The differentiated approach which, in line with the guidance provided by the Governing Bodies, the Secretariat follows in dealing with this matter; and
 - The operational facilities and delegations of authority implemented by the Secretariat described in the report.

Draft Advice

The Committee:

- **Noted the operational facilities and delegations of authority which have been implemented by the Secretariat in respect to Article XIV bodies;**
- **Acknowledged the need for a differentiated approach to the matter, given the specific characteristics of Article XIV bodies, and for FAO to recognize the operational requirements of these bodies while ensuring as far as appropriate observance of FAO's policies and procedures.**

BACKGROUND

1. At its 157th Session, the Finance Committee requested the Legal Counsel to present at the Committee's next regular session in Spring 2015 a detailed report on actions taken with regard to past recommendations to increase delegations of authority to Article XIV bodies, taking into account the differentiated nature of these bodies.
2. This document is prepared in response to the request by the Finance Committee. The document examines in detail past recommendations and criteria for delegations of authority on the matter and describes actions taken.

PAST DELIBERATIONS ON THE MATTER

3. The question of the delegations of authority and a number of operational facilities for bodies established under Article XIV of the FAO Constitution was, in the recent past, under review by various Governing Bodies, i.e. the Committee on Constitutional and Legal Matters (CCLM), the Programme Committee and the Finance Committee. The matter was also briefly examined by the Council. For the purpose of this document, it is of special importance to be aware of past deliberations of the Finance Committee which reviewed the matter in the light, inter alia, of a report of the CCLM.
4. Thus, the Finance Committee, at its 148th Session in March 2013:
 - (a) concurred with the criteria for increased delegations of authority proposed in document FC 148/21 and reiterated the need for a differentiated approach to the matter given the specific characteristics of Article XIV bodies;*
 - (b) noted that Management was in the process of implementing the recommendations contained in Appendix II to document FC 148/21, and generally reflected in paragraph 27 of that document, which were within Management's authority, and requested a report on the matter at a future session of the Committee, possibly as part of the IPA follow-up report by the Secretariat; and*
 - (c) acknowledged, in view of FAO's general accountability for the operation of Article XIV bodies, the need for Management to follow a flexible but prudent approach, by recognizing the functional requirements of these bodies, while ensuring as far as appropriate observance of FAO's policies and procedures"¹.*
5. The criteria for delegations of authority agreed and referred to by the Finance Committee, which had been proposed by the CCLM and reflected in previous deliberations on the matter by other committees, were presented as follows in document FC 148/21:

"The subsidiary Committees of the Council have recognized that the matter of allowing bodies under Article XIV of the Constitution to exercise greater financial and administrative authority while remaining within the framework of FAO is of a complex nature, given the differentiated nature of these bodies, as well as different views of the Membership as to the degree of autonomy to be recognized to them. Based on the review, it is accordingly essential to identify the Article XIV bodies which would benefit from greater financial and administrative authority while remaining within the framework of FAO. It is suggested that these be identified on the basis of the following criteria: funding mechanisms, functional needs and legal authority, as defined in the constituent instruments, the conditions of appointment of their secretaries and their accountability to the bodies in question. As a general guiding principle, increased delegations of authority to Article XIV bodies could be considered, provided that the secretariats of those bodies be adequately staffed and appropriate oversight mechanisms by the Organization were in place"².

¹ CL 146/3, page 14.

² FC 148/21, page 4.

6. In the deliberations at its 148th Session, in March 2013, the Finance Committee noted that Management was implementing recommendations contained in Appendix II of document FC 148/21 and would report on the matter at a future session of the Finance Committee. Appendix II to that document described areas where relaxation of existing procedures and delegations of authority were being considered and implemented, and are listed in the second part of this report. These areas concerned travel by secretaries, conclusion of arrangements with other organizations and parties, budgetary, financial and audit issues, human resources matters, channels of communication with Governments and official correspondence, relations with donors and resources mobilization, organization of meetings, participation by non-governmental organizations and other stakeholders in meetings and reporting relationship with the main bodies of FAO.

7. This report describes facilities and delegations of authority that have been extended to some Article XIV bodies. These facilities have been implemented either as a result of specific delegations of authority, or on the basis of practice, or of *ad hoc* decisions. Insofar as the situation of Article XIV bodies is differentiated, and there are at times fundamental differences among bodies, the Secretariat has, as far as possible, avoided establishing procedures of a general nature.

8. Finally, it may be of interest to mention in the general section of this document that the Council, at its 146th Session, when approving the report of the 148th Session of the Finance Committee, noted the Finance Committee's concurrence with the criteria for increased delegations of authority for Article XIV Bodies, proposed in document FC 148/21, and the need for a differentiated approach to these bodies. The Council also stressed, "*given FAO's general accountability for the operation of Article XIV bodies, the need for a prudent approach by recognizing the functional requirements of these bodies, while ensuring, in a pragmatic manner, the observance of FAO's policies and procedures*"³.

OPERATIONAL FACILITIES AND DELEGATIONS OF AUTHORITY

9. As regards travel by secretariat staff of Article XIV bodies it should be noted that a number of principles and procedures regarding official travel of FAO staff are set out in Director-General's Bulletin (DGB) No 2013/54 of 19 September 2013. This DGB also sets forth a few restrictions on travel by senior managers (D1 and above) and the technical staff in terms of limitation in the number of travel days per year. However, the DGB explicitly clarifies that flexibility is exercised with regard to the total number of days travelled for staff of bodies under Article XIV and the ceiling on the annual number of travel days does not apply to secretaries and staff on the secretariat of Article XIV bodies and a few other units of the Organization.

10. The DGB defines a number of procedures and, in particular, provides that heads of secretariat of Article XIV bodies will submit directly to the concerned Director or Assistant Director-General, at the beginning of each year, a list of travel plans for attending and servicing the meetings of their bodies and subcommittees for review and blanket approval. For other travel, the secretaries of Article XIV bodies should submit, on a quarterly basis, a list as accurate as possible of other missions and meetings being attended, indicating the provisional number of participants for blanket approval by the concerned Assistant Director-General. Travel to attend representational meetings of a high level and complex nature, which require the presence of a corporate delegation, are subject to corporate review and coordination. Travel by staff on the secretariat of Article XIV bodies is included in the travel information system for the record. This framework allows staff on the secretariat of Article XIV bodies to travel in accordance with the statutory bodies' work programme and the allocated budgets.

11. As regards the conclusion of cooperation arrangements between bodies under Article XIV and other parties considerable flexibility has now been exercised. On a day-to-day basis, the Organization concludes agreements with a range of other parties such as Governments and intergovernmental or non-governmental organizations. There are general procedures in force which apply to the preparation, negotiation, clearance and signature of agreements set out, inter alia, in Director-General Bulletin No 2014/13 of 18 March 2014. Under this framework flexibility has been exercised and,

³ CL 146/REP, page 5.

following an internal process of review of proposed agreements, secretaries of Article XIV have been authorized on a case-by-case basis to sign agreements. In reviewing these situations, the Organization takes into account the criteria set out above.

12. As regards human resources matters, adjustments to policies of the Organization have been considered, also on a case-by-case basis and where possible, taking into account the functional requirements of the bodies in question and the above mentioned criteria. As regards the Performance Evaluation Management System (PEMS) there is currently a practice in relation to secretaries of some bodies whereby the Chairs of the bodies concerned provide their assessment on the performance of the secretaries and the Assistant Directors-General concerned make their assessment of the performance of the secretaries on the basis of those inputs. It may be of interest to underline that, insofar as the bodies in question operate in accordance with FAO's administrative and financial procedures, there is justification for FAO to be a party to the process of assessment of the performance of the secretaries of Article XIV bodies.

13. As regards resources made available to Article XIV bodies, under the implementation arrangements for the new Strategic Framework, Article XIV bodies are treated as Corporate Technical Activities with defined linkages to FAO's strategic results framework. FAO's financial contribution to the secretariats of Article XIV bodies is planned and ring-fenced within the Programme of Work and Budget. The resources are allotted directly to the office hosting the secretariat and monitored for expenditure and delivery of results.

14. As regards relations with donors by secretaries of bodies under Article XIV, the possibility has been given to some Executive Secretaries to sign project agreements with donors, upon specific delegation issued by the Assistant Director-General, Technical Cooperation Department, and once internal procedures have been followed.

15. The Organization is prepared to continue to follow this approach and, in general, would welcome pro-activeness on the part of the secretaries in resource mobilization as long as their efforts coincide with FAO's Resource Mobilization priorities. A number of conditions should be met:

15.1 The resource mobilization priorities of the bodies under Article XIV should be in line with FAO's priorities as defined in 11 Corporate Areas for Resource Mobilization (CARMs), 15 Regional Initiatives and the Country Programming Frameworks.

15.2. FAO should ensure that secretaries are generally aware of the Organization's rules and procedures regarding partnerships, resource mobilization, trust fund agreements and project cycle management and adhere to those rules and procedures.

15.3. Bodies under Article XIV would be requested, from the outset, to involve in their processes of negotiation, the relevant units of the Organization, with particular reference to TCS, OSP and OPC to ensure adherence to Corporate standards, guidelines and clearance processes as it is the Organization which will remain ultimately accountable for any trust fund agreement signed in support of these bodies. It is considered essential that there should be clarity on these requirements, for which there cannot be compromise or much flexibility.

16. In general, as evidenced by the practice followed up to now, Executive Secretaries may be authorized to sign project agreements under the above conditions.

17. As regards channels of communication with Governments and official correspondence, in practice some flexibility has been exercised in the case of Article XIV bodies and the Organization is prepared to allow, on a pragmatic basis, such practice to continue.

18. As to matters related to organization of meetings, including the conclusion of Memoranda of Responsibilities regarding such meetings, as well as the possibility of outsourcing some services as mentioned in Appendix II to document FC 148/21, no further action has been taken. This is so because, in general, no issues requiring special attention have been raised and existing arrangements regarding the organization of meetings by the Organization seem to operate in a satisfactory manner.

Matters related to servicing of meetings could, if necessary, be further examined by the Conference, Council and Protocol Affairs Division (CPA).

19. As regards matters related to visual identity and the possibility to use specific logos, Director-General's Bulletin No 2014/46 of 12 December 2014 has set forth a number of principles aimed at strengthening unity of action and reinforcing the concept of "One FAO" in all its communication efforts. In connection with this DGB it should be noted that there has been a situation of proliferation of logos which, it has been considered, weaken the image of FAO as a credible centre of excellence, dilute the corporate message of the Organization and create confusion among users, audiences and stakeholders about the authoritativeness of the information produced. To ensure that the Organization presents itself as One FAO and strengthens its stand in its area of competence, as a general rule only the logo of FAO may be used. The DGB provides that the Office for Corporate Communication may authorize exceptionally the use of other logos. Taking into account the status of a few Article XIV bodies in light of the above criteria, a few bodies will be authorized to continue to use their own logos along with those of FAO.

20. At the early stages of the process of review of this matter, the need for a flexible implementation of procedures regarding participating by non-governmental organizations (NGOs) and other stakeholders in meetings of Article XIV bodies had been identified as requiring attention. As the Finance Committee may be aware, a process of reconsideration of rules for participation of Civil Society Organization and Private Sector Representatives in FAO meetings, involving the CCLM and the Council, has been under way for the past few years. The Council at its 150th Session in December 2014 mandated the Independent Chairperson of the Council to hold consultations with the regional groups, open to all Members, with a view to reaching agreement on the matter. The CCLM would review a proposal and finalize its work only after agreement among Members had been reached.

21. The FAO Secretariat, in general, and the Office of Partnerships, Advocacy and Capacity Development and the Legal Office, in particular, have supported a flexible approach towards participation of NGOs which have expressed interest in meetings of Article XIV bodies or which, in the view of the concerned secretariats, are likely to make a positive contribution to the work of the statutory bodies in question. The Organization is not aware of any particular concerns that have been raised or impediments to participation of NGOs in meetings of bodies under Article XIV.

22. A number of other issues continue to be under review. The question of the level of project servicing costs applied to Article XIV bodies will be reviewed as part of the new FAO Cost Recovery Policy, now under consideration. Discussions continue on Information and Technology (I&T) matters. As a matter of principle, it is considered that FAO's web presence should be consolidated under FAO.org as the sole website of the Organization and other domains cannot be created to host FAO's information. This matter is linked to the protection and the preservation of the integrity of I&T systems of the Organization⁴. Some discussions have also taken place regarding the possibility for some Article XIV bodies to accept contributions from the private sector. In this context, consideration is being given to the possibility of referring for decision by the membership of the concerned Article XIV bodies the outcome of the due diligence process of review carried out by the Organization.

SUGGESTED ACTION BY THE COMMITTEE

23. The Finance Committee is invited to review this report and make such observations thereon as it would deem appropriate. In particular, the Finance Committee is invited to note:

23.1. the differentiated approach which, in line with the guidance provided by the Governing Bodies, the Secretariat follows in dealing with this matter; and

⁴ It is possible that enhanced mechanisms and procedures for reporting on, and following-up of the exercise of delegations of authority and operational facilities by Article XIV bodies will have to be developed. Under some general principles on delegations of authority, reflected for instance in Rule XXXVIII, paragraph 5 of the General Rules of the Organization, authority may be delegated to the lowest appropriate levels. However, the Director-General and Management in general retain overall accountability in respect of the workings of those bodies.

23.2. the operational facilities and delegations of authority implemented by the Secretariat, described in this report.