UN-REDD
PROGRAMME

Best Practices of Governing Boards

UN-REDD PROGRAMME EIGHTH POLICY BOARD MEETING

25-26 March 2012
Asunción, Paraguay

The UN-REDD Programme is a collaborative programme of the Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). It therefore operates under the governing policies, procedures and rules of the three participating UN agencies. It also follows the governance guidelines developed by the United Nations Development Group for joint programmes, including with respect to the governance and oversight of Multi-Donor Trust Funds (MDTFs). Within this context, the UN-REDD Programme has already pioneered a number of innovative governance arrangements. For example, the UN-REDD Policy Board is the first UN-administered MDTF steering committee to provide full membership to representatives of Indigenous Peoples and civil society. This note examines best practices for joint programmes and MDTFs in order to maximize the effectiveness of the UN-REDD Programme's innovative arrangements.

Internationally accepted good governance standards exist for the corporate world (e.g. the Organization for Economic Co-operation and Development's [OECD] *Principles of Corporate Governance and Guidelines on Corporate Governance of State-owned Enterprises*)[1]. Other references include "Guidance on Board Effectiveness"[2] produced by the Financial Reporting Council of the United Kingdom, a handbook on Governance Best Practice[3] developed by Save the Children and The Consultative Group on International Agriculture's (CGIAR) "Guidelines on Centre Governance[4]".

Although there is a plethora of literature on governance of non-profit organizations, there is no counterpart of the OECD principles for multi-laterals or international nonprofit organizations. Instead, the governance of UN bodies is based on international norms, such as those set out in the rules of procedure of the UN General Assembly, the Economic and Social Council and, for example, the UNDP Executive Board.

The principles listed below are based on the above standards and relevant aspects of international corporate governance principles. Whilst application of practices and procedures will vary according to the type and size of the programme, they provide guidance on what constitutes good governance and could serve as a starting point from which to assess the UN-REDD Programme Policy Board.

I.   PRINCIPLES OF GOVERNANCE

The starting point for good governance is clearly defined rules of procedure or a charter that establishes and describes how a board would operate.

A. Focus on purpose and outcomes

A board should ensure that it effectively guides the programme to achieve its mission.

B. Ensure accountability

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[1] OECD Principles of Corporate Governance. 2004.Paris: OECD Publication Service.
OECD Guidelines on Corporate Governance of State-owned Enterprises. 2005. Paris: OECD Publication Service
[2] Financial Reporting Council. 2011. Guidance on Board Effectiveness.
[3] Save the Children, Governance Best Practice Handbook.
[4] CGIAR Secretariat, 2007. CGIAR Guidelines on Centre Governance: Roles, Responsibilities and Accountability of Center Boards

In the first instance, a board must exercise a fiduciary duty to ensure a programme's best interests. When taking decisions, board members must be mindful of the interests of a wide range of key external and internal stakeholders.

A board should be committed to implementing global best practices in corporate governance to ensure that the programme is accountable to its stakeholders. The primary corporate governance mechanisms reinforcing accountability of a programme are:

a. Annual and semi-annual reports
b. Financial reports by the appropriate administrator
c. Internal and external reviews
d. Work plans and budgets in their capacity as the primary source of funding

C. Understand stakeholder perspectives
Members of a board should ensure, through effective participation and communication, that the perspectives held by their constituencies are valued and understood.

D. Ensure transparency and timely disclosure
A board should ensure that timely and accurate disclosure is made on all material matters regarding the programme, including its financial situation, performance, governance, and how decisions are taken.

E. Commit to effective governance
Board members should promote values for the programme, demonstrate good governance through their actions and exercise objective independent judgment on programme matters. They should provide stewardship and strategic guidance to the programme and ensure accountability to stakeholders.

II.   ROLES OF A BOARD

A board plays a number of crucial but complex functional and symbolic roles in contributing to achieving success.

A. Functional role
As one of its functional responsibilities, a board is involved in policy-making and on-going evaluation and oversight of the programme. For a board to discharge its responsibilities it requires access to information and regular meetings, both face-to-face and virtual. It also requires the development of clear objectives and a strategy to guide its work.

B. Symbolic role
Boards also function in a symbolic role — one that is hard to measure but critical to the credibility of the programme. Through a variety of means, primarily its composition and reputation for objectivity and professionalism, a board conveys important assurances to the wider community of stakeholders, partners, donors, beneficiaries and others that the work of the programme is sound.

III.   BASIC RESPONSIBILITIES OF A BOARD

A. Endorse the programme strategy
- Review, approve and guide the programme strategy.

B. Guide and review the programme-wide plans
- Provide guidance for the development of operational plans.

C. Set and reinforce ethical standards, values and policies
- Set ethical standards and values for the programme
- Ensure that the existing policies are enforced
- Regularly review the risks (financial, reputational and other) to which the programme is subject to and take action to mitigate them
- Institute a whistle-blowing policy that enables confidential reporting of misconduct and risks to the programme
- Maintain organizational integrity and guarantee
- Avoid conflicts of interest. This often involves a requirement to submit a Conflict of Interest Disclosure.

D. Provide active oversight of the programme
- Establish systems and processes with the support of management to monitor the programme's achievements and performance.

E. Manage the performance and relationships of a board
- Monitor the effectiveness of the programme's governance practices, including board performance, and revise as needed.

IV.   BOARD COMPOSITION AND STRUCTURE

To maintain a sufficiently broad perspective, a board should strive for diversity and balance in its composition by ensuring:

A. Balanced composition of membership that reflects its constituency and mandate
B. A formal and transparent procedure for election of new members
C. A system of rotation and limited terms to ensure a balance between reasonable turnover and continuity of board members.

V.   ROLE OF A BOARD CHAIR

A board Chair provides leadership to board members and is responsible for its conduct and productivity. The Chair's key responsibilities include the following:

A. Establish the right culture
B. Manage efficient and participative Board meetings
C. Establish an effective board structure and process
D. Maintain a healthy relationship with management

VI.   RESPONSIBILITIES OF BOARD MEMBERS

For boards to be effective, each member must maintain high standards, take responsibilities seriously, and make a commitment to further the mission of the programme and contribute diligently to the work of the board. This may include, but not be limited to the responsibility to:

A. Be diligent in attending to board business
B. Prepare well for board discussions, either virtual or face-to-face
C. Be willing to learn
D. Budget the time needed to handle board business
E. Attend meetings regularly
F. Participate actively in meetings while exercising care to allow space for others
G. Contribute in a balanced and objective way
H. Support the decisions taken by the board
I. Follow through with the required actions between meetings
J. Serve as an ambassador and advocate for the work of the programme
K. Contribute to a collegial and productive culture
L. Avoid conflicts of interest, declare potential conflicts ahead of meetings, and recuse oneself from board debates and decisions on matters for which he or she has a conflict.