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**SUMMARY OF THE WORK OF THE
THIRD REGULAR SESSION OF THE
EXECUTIVE BOARD, 2002**

In accordance with the methods of work of the Executive Board, the present document reflects the main points of its deliberations to be taken into account by the Secretariat in the implementation of the Board's decisions and recommendations, contained in document WFP/EB.3/2002/14/Rev.1.

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CURRENT AND FUTURE STRATEGIC ISSUES

Current and Future Strategic Issues (2002/EB.3/1)

1. The Executive Director made an oral presentation outlining the major challenges facing the Programme in the coming year. He used this opportunity to put forward a number of strategic responses to these challenges. The Executive Director stressed that a central goal of his tenure would be to ensure WFP's reputation as the best-managed organization in the United Nations, and the United Nations employer of choice.
2. He pointed out that one of the most pressing and serious issues currently facing the organization concerned resources. The number of emergencies around the world was growing, with large numbers of people at risk in southern Africa, the Horn of Africa, the Sahel and Central America. In addition, the continuing emergency in the Democratic People's Republic of Korea (DPRK) posed serious problems, as funding levels declined while needs remained stable. WFP needed to increase its resources in order to respond to global hunger. Unfortunately, world market prices for grains were increasing.
3. He reported that according to the Food and Agriculture Organization (FAO), progress in reducing world hunger had slowed almost to a complete halt. The Millennium Development Goals provided an important context for WFP's work. Food is a key ingredient in addressing six of the ten Millennium Development Goals. Hunger was a devastating fact for millions, regardless of whether they were in the midst of a war or living in a relatively stable environment.
4. The Executive Director highlighted what he thought were the limitations involved in WFP's current programming categories—development, recovery and emergencies. He suggested that WFP's programmes be focused on thematic areas such as nutrition and health, including tuberculosis and HIV/AIDS; food security and safety nets; and education and training. The Secretariat looked forward to consulting the Board on how to work with WFP's limited resources to best address this issue, as regarded not only programming categories, but also the countries where WFP intervened: i.e. resource constraints meant that WFP would need to narrow further the number of countries it assisted, carefully targeting precious resources to those who needed them most.
5. The Executive Director suggested that one means of increasing funding was to increase the number of donors to WFP. He said that he would like to see WFP's budget for 2007 reach US\$3 billion. In order to achieve this, however, WFP would have to broaden its resource base considerably. Currently, 90 percent of the organization's resources were provided by ten donors. The Executive Director said that he was working diligently to identify new donors, and that South Africa, the Russian Federation, Algeria, Thailand and India had all discussed or made in-kind donations to the Programme. WFP now needed to identify cash contributors to make use of these in-kind donations. The private sector was another avenue for constructive partnership that WFP would be focusing on in the coming year for resources. Private-sector partnerships were expected to generate resources and offer complementary skills for field operations. WFP had negotiated such a partnership with a large international company specializing in express delivery, logistics and mail services.
6. The Executive Director stressed that a key element in attracting funding was to increase WFP's external profile. More emphasis would be placed on communicating with the general public and donors. Donors needed to be better informed on how their contributions



were used, and in a timely manner. As of January 2003, a new results-based management (RBM) unit would be formed that would be in charge of improving reporting on donors' contributions and on WFP's activities. The RBM unit would help WFP re-examine its priorities and tighten its operations. As part of that process, WFP would reduce the indirect support cost rate from 7.8 to 7.0 percent for 2003.

7. The Executive Director announced several senior staff appointments. Ms Sheila Sisulu, currently the South African Ambassador to the United States, would become Deputy Executive Director as of January 2003. Mr Jean-Jacques Graisse would remain with WFP as Deputy Executive Director (Operations). Mr John Powell had been asked to assist the Resources and External Relations Division in reorganizing and restructuring donor relations and communications, particularly with non-traditional donors.
8. The Executive Director reinforced WFP's commitment to working with other United Nations agencies, in particular FAO and the International Fund for Agricultural Development (IFAD). Mention was made of Memoranda of Understanding with UNHCR and UNICEF, and of WFP's work, in many larger emergencies, with the Office for the Coordination of Humanitarian Affairs (OCHA). The Executive Director also stressed the need to develop closer relations with financial institutions such as the World Bank, the International Monetary Fund (IMF) and regional banks.
9. The Executive Director clearly stated WFP's position on genetically modified organisms (GMOs) and emphasized WFP's commitment to purchasing grains locally and/or regionally. He stressed that all donations to WFP had to meet the Codex Alimentarius standards of food safety and hygiene and that all recipient countries were free to accept or reject food that was offered to them through WFP.
10. The Board congratulated the Executive Director on his commitment to and initiatives for helping the hungry poor in the short period of time he had been in office. Board members welcomed the Executive Director's focus on expanding the Programme's resource base and looked forward to consultations on strategic issues. Members indicated that recipient countries should be free to accept or reject genetically modified food if they so desired, and that WFP should help them to find an alternative solution. The Board welcomed the decision to establish an RBM unit and emphasized the importance of improving WFP's monitoring and evaluation capabilities.

POLICY ISSUES

Gender Policy (2003–2007): Enhanced Commitments to Women to Ensure Food Security (2002/EB.3/2)

11. The Board expressed its full appreciation for the WFP Gender Policy, including the systematic review and consultation process undertaken to prepare it. The Secretariat was commended for having chosen an appropriate strategy that contributed to achieving the Millennium Development Goals and for having foreseen the need for appropriate enhancement of implementation efforts.
12. The Secretariat thanked members for their encouraging and supportive remarks and for their suggestions regarding implementation, such as the need to have a systematic implementation plan, involving both women and men, and considering reproductive health issues in health and nutrition interventions. It was agreed that the Secretariat should work on strengthening gender-sensitivity in humanitarian assistance operations and start doing so by pilot-testing new means of enhancing women's control over food.



13. The Secretariat informed members that despite the prevailing attitude that implementation of the Commitments to Women was the work of women, a considerable number of men in the organization had shown initiative and leadership in the implementation of these Commitments. WFP was committed to promoting men as advocates for gender equality and the advancement of women; this included staff members, and the staff of government counterparts and implementing partners. There was also a commitment in the Programme to addressing the special needs of all staff members—both male and female—to help improve their work/life balance. This was being done in the context of WFP's ongoing development of a human resources strategy, the outcome of which would be reflected in the Strategic Plan to be presented to the Board at its Annual Session in 2003. Board members pointed out that efforts to achieve gender balance in staffing needed to go hand in hand with adequate geographical staff representation, including special measures for the recruitment of qualified women from developing countries.
14. In response to several comments on the importance of involving men at the community level in the implementation of the Gender Policy, the Secretariat emphasized that it was important to address not only men, but whole families—within their cultural context—to gain support for the advancement of women. At the same time, men could be involved through media campaigns, greater use of participatory approaches, and their membership on implementation committees.
15. A number of representatives emphasized the importance of women's empowerment through education, training and participation in income-generating activities and in decision-making. Only women's productive engagement would lead to longer-term household food security.
16. The Board emphasized that successful implementation of the policy would depend on the political will of host governments and the extent to which key elements of the policy would be incorporated into partner agreements. The Secretariat informed members that WFP was in the process of revising the standard agreements with host governments; this provided an opportunity to reflect the Gender Policy in those agreements. WFP would also consult with the World Bank and engage with governments to strengthen a gender perspective in the Poverty Reduction Strategy Paper (PRSP) preparation process. The Secretariat referred to WFP's collaboration with other United Nations agencies, including the joint preparation of the Socio-Economic and Gender Analysis (SEAGA) in emergencies guidelines with FAO and the mainstreaming of a capacity and vulnerability analysis into the consolidated appeals process through the Inter-Agency Standing Committee Reference Group on Gender and Humanitarian Assistance. Some representatives asked why no emphasis had been placed on involving women or women's committees in food distributions in emergencies. The Secretariat explained that only in rare cases did WFP engage directly in food distributions and that WFP could not make commitments on behalf of others, although partners such as UNHCR had shown interest in this.
17. Regarding concerns about the quality of WFP's monitoring and evaluation activities, the Secretariat referred to the importance the WFP Executive Director accorded to results-based management. The Board was also assured that the quantitative and narrative information on gender provided in the standard project report would be improved.
18. The Board was informed that the emphasis on women and girls, together with the growing focus on the importance of nutrition and education interventions, had led to a broad programme shift from food-for-work to food-for-education and food-for-training activities and to the proposed focus on adolescent girls. It was agreed that more strategic



work would be required on food-for-training activities, including market analyses on the viability of trades, before providing training on specific income-generating skills. According to the proposed Provisional Biennial Programme of Work of the Executive Board (2003–2004) (WFP/EB.3/2001/11/Rev.1), WFP intended to further define the possibilities of food aid in supporting training, especially for women and adolescent girls. The Board welcomed the proposed design of food-for-work interventions, which would facilitate women's participation.

19. Proposals were made regarding the deletion of qualifiers in the Gender Policy document, such as the generally applicable phrase “if resources can be made available”. The Secretariat was asked to delete in the draft decision the qualification “where appropriate”, which related to addressing the nutritional requirements of adolescent girls in food-assisted training. The Secretariat explained the reasons for including the phrase—some training interventions were too short for any nutritional impact to be expected.
20. While some members asked for donors to provide special financial support to the implementation of the Gender Policy in 2003, others expressed concern that despite WFP's commitment to gender mainstreaming, expenses for developing and conducting the baseline studies had not been incorporated into the ongoing biennial programme support and administrative (PSA) budget. The Secretariat explained that mainstreaming of gender expenses in programme budgets was already taking place, but that when the 2002–2003 PSA budget had been prepared in 2001, WFP had not anticipated the need for conducting baseline studies. The Secretariat assured the Board that WFP's work for gender equality was a high priority for the Programme and enjoyed the full support of the senior management team. It confirmed that from 2004 onwards, gender-related expenses would be integrated into PSA budgets and that for 2003, WFP funds would be made available to develop guidelines and conduct baseline studies; the planned implementation activities would not be delayed until 2004.

Review of Programme Harmonization and Programming Processes with Reference to WFP's Programme Cycle (2002/EB.3/3)

21. Referring to the UNDP/UNFPA and UNICEF Executive Board decisions on the harmonization of programming processes, the President of the Board highlighted the importance of the harmonization and its linkage with governance issues. He referred to harmonization as one of the large emerging themes of the international development community. He informed members that they would be apprised of developments in the process in New York by the President of the Executive Board of UNICEF, and of enhancements to aid effectiveness as a result of the United Nations reform and related reform processes.
22. In his address to the Board, Ambassador Franco, President of the UNICEF Executive Board, focused on inter-governmental cooperation, in and especially between the Executive Boards of the United Nations Development Group Executive Committee agencies, the Economic and Social Council (ECOSOC) and the United Nations Security Council. He referred specifically to cooperation between (working groups of) the United Nations Security Council and ECOSOC to discuss substantive issues related to aid coordination in a particular country dealing with security and humanitarian and development issues. Progress had been made in interchanges between Board Members of the ExCom agencies, through participation in joint sessions of the Executive Boards and joint field visits by members. Those visits had facilitated better dialogue with recipient governments, as the governments appreciated dealing with “the UN”.



23. The Board noted several issues that would require further examination during implementation of the new programming process:
- Country situation analysis should refer both to development and to humanitarian crises, and appropriate responses, including a thorough examination of issues that could undermine development efforts. The Common Country Assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) documents should reflect the overall situation of the country.
 - Clear links should be made between the UNDAF and other development strategies, in particular the PRSP.
 - Field-level coordination should be further strengthened to support programme harmonization.
 - Every effort should be made to reduce transaction costs, develop joint programmes and highlight WFP's comparative advantage.
 - A clear set of indicators for country programmes was needed to measure results from interventions.
 - In the framework of the country programmes, linkages should be made between EMOPs/PRROs (emergency and protracted relief and recovery operations) and development.
 - The criteria for selecting a development project over a country programme should be further defined.
 - Implementation challenges needed to be identified and addressed.
24. Replying to one member's request for information about how UNICEF dealt with humanitarian issues in its country programme approach, the UNICEF Board President responded that UNICEF had a set of strategic priorities that took into account regional variations and that facilitated its operations in a given country. Irrespective of whether UNICEF was addressing a humanitarian crisis or a development cooperation challenge, thematic priorities were applied as per the country's needs.
25. The Secretariat took note of the Board's comments and provided clarifications, stressing that WFP placed utmost importance on national ownership, partnerships and capacity-building, and that every effort was being made to strengthen the link between the UNDAF and the PRSP at the country level. It was noted that while the tools provided for the programming process by the Board's decision were excellent, WFP was left with dwindling resources to apply them, a very serious disadvantage in implementing a harmonized programming process.
26. In closing, the President of the Board said that the Bureau should discuss further how the Boards of the funds and programmes might work together, and that discussions on the key issues of redefining categories of operations and building a better link between humanitarian and development operations, and on the wider UN-reform and harmonization issues, would continue during 2003.

WFP Policy on Donations of Foods Derived from Biotechnology (GM/Biotech Foods) (2002/EB.3/4)

27. The Board took note of the statement of the Executive Director that all WFP-donated and purchased food had to meet the health and environmental safety standards of both the supplier and the recipient country, as well as all the relevant international standards, guidelines and recommendations. The Board recognized that it was the sovereign right of



each recipient country to decide whether or not to accept food aid containing genetically modified organisms (GMOs). Some members added that this should be done on the basis of sound scientific findings.

28. Several members stressed that WFP should explicitly inform recipient countries on the potential GMO content of donations, and seek informed consent prior to shipment. Some members encouraged WFP to continue to work with member countries and other agencies to clarify how the international system should handle genetically modified (GM) food in a manner that was acceptable to all parties concerned, within a common framework such as the Cartagena Protocol, which would likely enter into force in 2003. Several delegations requested that the Secretariat prepare a more comprehensive document and provide an opportunity for further consideration of the subject. Other members stressed that all food donated had passed the most rigorous food safety and environmental impact testing in the world, and added that GM food was eaten daily by hundreds of millions of people in developed countries since 1995. While recognizing the importance of discussion on the issue, these members further voiced concern that food donations were being delayed precisely because of this type of debate in international bodies, and stressed that this would have negative consequences for millions of hungry people. Other members stressed that WFP should actively seek to provide alternatives to GM food aid.
29. Several members noted that there was no scientific evidence that any of the GM foods now marketed presented any health risk. One member stated that we did not know whether there was a risk or not. Several members expressed concern on the issue of biodiversity, stating that the effects on the environment of planting GM crops were not yet fully known. Concern existed on the possible impact on biodiversity in situations where GM food aid provided as grain was planted, thus potentially contaminating local varieties adapted to local conditions. One member suggested that when, at the request of recipient governments, GM food aid was milled to avoid the risk to biodiversity, WFP should include the milling in its operational costs. While acknowledging that the environmental policy of the recipient country should be taken into consideration, one member noted that the risk to biodiversity could cross national boundaries.
30. The Secretariat stressed its commitment to reviewing the concerns raised by members, and would undertake to continue discussion with other organizations to address those concerns. The Secretariat assured the Board that it would respect the requirements of donors who did not want their cash contributions to be used for the purchase of GM food, in the same way that it would continue to respect the views of recipient countries.
31. In concluding, the Board, taking note of the WFP policy in effect on the donation of foods derived from biotechnology, as described in document WFP/EB.3/2002/4-C, requested that a paper be prepared, for presentation at a future session, that would take account of the views expressed during the discussion of this issue at the present session.
32. The President of the Board would consider with the Bureau, in consultation with the Secretariat, the appropriate measures for the implementation of the decision taken by the Board on foods derived from biotechnology.

FINANCIAL AND BUDGETARY MATTERS

Audited Biennial Accounts (2000–2001) (2002/EB.3/5)

33. The Director of External Audit's presentation dealt with four sections of the document: Section II (Opinion of the External Auditor on the Audited Financial Statements for



2000-2001), Section III (Long-Form Report of the External Auditor with Comments on Financial and Management Matters), Section IV (Final Report on the Implementation of Recommendations in the 1998-1999 Report of the External Auditor) and Section V (Progress Report on the Implementation of Recommendations in the 2000-2001 Report of the External Auditor). She highlighted the following:

- The External Auditor had rendered an unqualified opinion on the WFP financial statements for 2000-2001.
 - The scope of external audit work has increased over the last eight years due to WFP's growth and its increasingly complex operations. Sixty percent of audit time was spent on financial audit and 40 percent was spent on management audit.
 - The long-form report had 36 recommendations prioritized as "fundamental", "significant" or "merits attention". The report contained not only financial and management audits but also reviews of action taken on previous audits and results of a survey on decentralization.
 - Given the migration of accounts into WINGS effective January 2001, the production of the 2000-2001 financial statements by 31 March 2002 in time for audit was an excellent achievement compared with those of other United Nations organizations.
 - Management of treasury functions was satisfactory, and the investment of funds was managed prudently.
 - There was a need to conduct an evaluation of the decentralization process.
 - Overall assessment of the implementation of the Financial Management Improvement Programme (FMIP) was positive, but migration issues needed to continue to be resolved.
 - Regarding Section IV, appropriate actions were taken except on two items: delay in preparation of a management paper on Government Counterpart Cash Contribution (GCCC) and lack of evaluation of the decentralization process.
 - Regarding Section V, although a lot of work had been done by the Secretariat, it was premature to make an assessment at this stage.
34. The Board expressed its warm appreciation to the External Auditor for the excellent, insightful and professional service they had provided to WFP. The Board noted the unqualified opinion rendered on the financial statements and the overall satisfaction expressed by the External Auditor on WFP's financial situation, including the satisfactory implementation of WINGS and treasury management. The Secretariat was complimented for maintaining the financial integrity of WFP and for agreeing to take a pro-active approach to implementing the recommendations of the External Auditor.
35. The Board discussed the recommendation of the FAO Finance Committee and requested the Executive Director to share with the Board his thoughts on the identification of risks faced by the Programme and the management of the risks identified by the External Auditor and the FAO Finance Committee: the decline in resources for development activities; the increased emphasis on emergency operations; the absence of viable government or infrastructure in some countries; and the risks faced by staff in hardship duty stations in terms of burn-out and the emotional toll taken on them and their families. The Executive Director deferred his response, but at the end of the session he indicated that he would continue to discuss these risks with the External Auditor and would report back to the Board early next year.



36. It was noted that the review of the Treasury functions contained in the long-form report of the External Auditor was comprehensive and that it covered many questions raised by members at earlier Board meetings. A member suggested that the Board should reflect on the composition of WFP's investment and its performance, including its cash balance. The same member mentioned also that the foreign exchange policy had not been included in the report. The Board agreed that, in the context of the governance project, the issue of financial management reporting to the Board, including reporting on investment results should be examined.
37. The Board observed that the long-form report of the External Auditor contained details about management matters. In this context, the Board decided to discuss with the new External Auditor the idea of presenting periodic reports on management matters during the review of their audit programme at the Board's February 2003 session.
38. The Secretariat then presented Section I of the document (Report of the Executive Director on the Financial Administration of WFP for the Biennium 2000–2001) together with the Report on Budgetary Performance. The following was highlighted:
- The Executive Director's report was presented as a distinct document in order to recapitulate the salient events and transactions that had transpired during the biennium, highlight overall financial performance, summarize the outcome of the audit and consolidate decisions required from the Board on financial matters.
 - This biennium had been doubly challenging, as the financial reports had been prepared for the first time in WINGS, with the first year's information in the legacy systems; the revised resource and long-term financing (R<F) policies and new Financial Regulations and Rules were implemented; extensive analyses of long-outstanding accounts and the clearing-up of financial records were undertaken; and the highest volume of operations in the history of WFP was handled during this biennium.
 - Table 12 of the Executive Director's report had been prepared after stock was taken of available resources following the closure of financial accounts, and potential surpluses were identified that could be used for other purposes with the approval of the Board or a specific donor. The table indicated that US\$86.1 million was subject to Board approval, and US\$119.4 million required donor approval.
 - Table 13 presented the Executive Director's expenditure plan to utilize these surplus funds, and was based on the urgency of the expenditures and the identification of under-funded projects.
39. The Secretariat concluded by explaining the recommendations of the Executive Director for the decision by the Executive Board as outlined in the report.
40. Members sought rationale for the use of interest income to fund the fixed post of Investment Officer. The Secretariat explained that the arrangement was a transitional one for the current biennium, as the post was not included in the original 2002–2003 PSA budget. If the original plan to outsource the monitoring of Investment Managers to IFAD had worked, the fees would have been offset against interest income. As the arrangement with IFAD had not materialized, the Executive Director created the Investment Officer post in order to implement the recommendation of the External Auditor and the earlier decision of the Board to have a firm arrangement to monitor the performance of investment managers. The Board endorsed the creation of the post but decided to delete the reference to interest income so that the funding of a fixed cost would not be linked to a variable income source.



41. It was noted that confirmation was being sought for the creation of a new post, while the Board was considering 2000–2001 biennial accounts. In this context, as recommended by the FAO Finance Committee, the Board agreed to review, in the context of the governance project, the modality of obtaining *ex post facto* approvals from the Board.
42. Clarification was sought on the creation of a capital asset fund, i.e. whether it could be postponed until the presentation of the 2004–2005 budget. The Secretariat explained that the fund would be used for expenditures that were capital in nature (and that cut across more than one biennium). In urging the Board to approve a capital asset fund, the Secretariat indicated that the fund would provide flexibility in the use of funds to be transferred and would result in less pressure being placed on the Programme to spend before the biennium's end. The Secretariat would present more specific descriptions and procedures at the May 2003 meeting of the Board. The Board decided to approve the establishment of a capital asset fund by adding the phrase "in principle" to the draft decision.
43. In the context of the discussion on the surplus and fund balances available for reprogramming, members sought clarification on what was immediately available. It was clarified that the first three items (the prior-96 fund balances, the surplus of the Self-Insurance Special Account, and the unearmarked surplus of the General Fund), totalling US\$46.2 million, would be available immediately upon the approval of the Board; US\$39.9 million would require Board approval, but the availability of these funds was subject to consultation with a donor; and other five items totalling US\$119.4 million would be available as and when donors made a decision.
44. Clarification was sought as to whether the Board was taking note of or approving the expenditure plan, and how funds immediately available would be reprogrammed by the Executive Director. The Executive Director explained that he was asking the Board to take note of the item, and ultimately offer support so that he could provide funds for underfunded Country Programmes and PRROs already approved by the Board, and the emergency operations approved in accordance with the set process. He explained that US\$186.5 million of the US\$200.25-million expenditure plan was for operations that the Board had already approved in a manner that was consistent with the procedural framework. The remaining US\$13.75 million would be spent on systems improvement as indicated in Table 13 of the document. Members expressed satisfaction that the bulk of the expenditure plan would go towards programmes and that only a fraction would go towards overhead items, and it decided to take note of the expenditure plan.
45. A member enquired if the Executive Director agreed to look into the possibility of using a part of the difference between the surplus and fund balance (Table 12) and the expenditure plan (Table 13) to meet the gap in implementing the Gender Policy in 2003.
46. One List expressed concern at the mention, in paragraph 62 of Section I of the Audited Biennial Accounts, that contributions to the development programme category continued to decline both in terms of allocation from the total contributions during the biennium and in absolute amounts, stressing that WFP had a dual mandate that had to be respected and maintained.
47. After completing discussions on the recommendations of the Executive Director contained in paragraph 84 of Section I of the Audited Biennial Accounts, the Executive Board took note of and approved these as appropriate, as adopted in the Decisions and Recommendations of the Executive Board.



Report on Budgetary Performance, 2000–2001 (2002/EB.3/6)

48. The information item, Report on Budgetary Performance 2000–2001, was presented at the request of the Board. The Secretariat pointed out that the comments received on previous such reports from the Board, the ACABQ and the FAO Finance Committee had been taken into account during preparation of the report.
49. The following main budgetary points were highlighted:
- the operational level had reached 7 million tons, an increase of 36 percent from the original budget;
 - total expenditures were US\$3,190 million, of which US\$2,589 million was for direct operational costs;
 - support costs were US\$606.5 million, of which US\$370 million was for direct support costs;
 - the PSA budget was increased by US\$53 million, to US\$244.7 million, due to the increase in the level of operation; and
 - actual PSA expenditure was US\$235.9 million.
50. The Budgetary Performance Report was to be the last report submitted in its current format. The Board expressed hope that budgetary information contained in the Annual Performance Report, the successor to the Report on Budgetary Performance, would be more analytical, detailing comparisons of budgeted and actual expenditures, rather than providing purely descriptive information. The President endorsed this view.

Final Report on the Analysis of the Indirect Support Cost (ISC) Rate (2002/EB.3/7)

51. The Board welcomed the ISC paper, which was presented for approval. The paper addressed the “Next Steps” agreed upon as a result of the Preliminary Review of the ISC Rate (WFP/EB.A/2002/6-A/1) at the Annual Session in May 2002. The associated documents (Annotated Outline, Report of the FAO Finance Committee, Report of the ACABQ, Comments of the (Outgoing) External Auditor) were also noted by the Board, as was the fact that the document had already been presented and discussed at an informal session of the Board.
52. The Secretariat highlighted the following issues:
- The PSA gap (which could be a surplus or a shortfall) was disaggregated in the paper into component parts, arising from: accounting conventions; direct cost changes due to “price” variations; direct cost changes due to “volume” variations; unforeseen other income for PSA (comprising GCCC and savings from the cancellation of prior-period obligations); and changes to PSA expenditure (associated with a change in operational volume).
 - The Executive Director had decided to change the accounting policy with regard to income recognition to one that recognized income on an accrual basis, to minimize the PSA gap due to accounting conventions and improve the matching of income and expenditures.
 - Notwithstanding this change, the uncertainty of ISC income caused by variations in price and volume almost always resulted in a PSA gap. In the period from 1996 to 2001, this gap amounted to a shortfall of US\$58.1 million, representing 8 percent of PSA expenditure. This implied that the ISC rate had not been sufficient to ensure full-cost recovery.



- The decision by the Executive Director to establish a PSA equalization account would highlight the cumulative gap for the Board's attention and set out measures for the Board to take in cases of shortfall or surpluses.
 - In analysing PSA expenditure, the paper concluded that approximately three quarters of the current PSA level was fixed in nature. The variable element (approximately one quarter) could be considered direct support costs if it could be directly linked to an operation, and in the opinion of the Secretariat, it should be reclassified as such.
 - The 2002–2003 PSA budget was conservatively re-costed using 2000–2001 actual costs per ton, a potential shortfall of US\$38 million was identified at the original budgeted level of activity, and an ISC rate of 7.0 percent was set for 2003. A reduction of PSA expenditure of 10 percent in 2003 would reduce this by US\$10 million. Current trends indicated that actual prices and actual volume for the biennium would generate sufficient ISC to cover the remainder of this potential gap.
 - Consequently, the Executive Director had decided to reduce the PSA level by 10 percent for 2003, and recommended an ISC rate of 7.0 percent for 2003.
 - To establish an appropriate level of PSA that would be determined not primarily by tonnage but more by the changing nature of WFP's business, the new decentralized nature of the organization and the new corporate information system, the 2004–2005 PSA budget would be prepared using a zero-based approach.
 - The following issues were identified for further study during the review of resource and long-term financing: country office PSA funding; the collection, recording and accounting of GCCC; and the results measurement framework for PSA-funded activities.
 - A comparative study of the support costs of WFP and other United Nations organizations had been undertaken and was outlined in the paper. A companion study, comparing WFP with non-governmental organizations (NGOs), was not possible given the time frame of the current paper but would be presented to the Board in February 2003.
53. The Board agreed to take note of the paper, noted that the comparative study had been presented in the informal briefing and looked forward to the companion comparative study of NGOs.
54. Some members indicated legislative problems in using interest income to fund PSA shortfalls. The Board expressed concern about the impact this practice would have on the full-cost recovery policy and stressed that there were potential risks associated with using such an unpredictable source of income for this purpose.
55. As a result of these concerns, while the Board approved the use of interest income to fund the 2000–2001 PSA shortfall, it stressed that such use of interest income should be included in the review of Resource and Long-term Financing policies (R<F). Consequently, and in accordance with the recommendations of the FAO Finance Committee, the Board agreed that the clause on the use of interest income for this purpose should be deleted from the document's draft decision.
56. The receipt of US\$45 million ISC contributions in January 2002 instead of December 2001 was mentioned as a factor contributing to the shortfall for the 2000–2001 biennium. It was noted that this receipt would have contributed to a surplus in 2002–2003. It was felt that the implementation of the accrual basis of accounting for income, which was welcomed by the Board, would influence how these amounts were reflected in the 2002–2003 biennial accounts.



57. The Board welcomed the establishment of the PSA equalization account. The view was expressed that this account should be used to manage the PSA budget in such a way that possible gaps would be "zeroed out" in the *long term*. Consequently, the Board agreed that there should not be any rule whereby the account was "zeroed out" on a biennial basis. The Board agreed to review the status of the account periodically and, if needed, decide on corrective measures.
58. Some Board members welcomed the reclassification to DSC of those PSA expenditures that could be directly linked to an operation. However, the Board agreed with the view—expressed by the Finance Committee, the ACABQ and the outgoing External Auditor—that such a reclassification would be premature at this stage. The Board decided that the Secretariat should review the reclassification and develop relevant options in the context of framing the 2004–2005 budget.
59. The Board noted that the proposals to reduce the ISC rate to 7.0 percent and the PSA budget by 10 percent for 2003 were not fully based on the outcome of the analysis and that there were risks involved in this. Highlighted in particular was the risk of a PSA shortfall for the biennium. Some members indicated that they considered the proposed reduction as an interim measure and that a new system would be set up in the new biennium. Some donors expressed the desire that the ISC rate be more realistic, and that donors cover full costs based on actual costs.
60. The Executive Director assured the Board that the impact of these changes on the PSA gap would be monitored on an ongoing basis and that the PSA budget would not be arbitrarily adjusted if the volume were substantially larger, thus managing risks. Actual costs and levels of operation for the biennium so far, and predictions for the remainder of the biennium, indicated that sufficient ISC would be generated to ensure that there was no PSA shortfall.
61. These two proposals (to reduce the rate and the PSA for 2003 only) were made by the Secretariat based on a perception that the ISC rate of 7.8 percent was too high and was putting at risk the continued support of some donors. The Executive Director emphasized that the reduction in PSA expenditure would not affect the core competencies of WFP and that a disproportionate amount of the cuts would be borne by Headquarters.
62. The process of examining and reducing PSA expenditure was felt by the Executive Director and the Secretariat to be a healthy exercise for the organization, capable of facilitating the adoption of the zero-based approach to the 2004–2005 budget. The Executive Director assured the Board that the Secretariat would continue to discuss the issue in the context of the R<F review and that determination of the appropriate level of PSA would be pursued.
63. The Board accepted these assurances and approved the proposals for PSA expenditure and the ISC rate for 2003 and invited the Executive Director to report on this subject to its session in February 2003.
64. The Secretariat outlined the target date for the completion of the R<F review as June 2003. An informal document would be produced for discussion with Board members by the end of 2002. These discussions would form the basis for a formal document, to be presented in February, setting out the programme of work for the approval of the R<F in May 2003 and an annotated outline of the study.
65. The Board approved the items listed for inclusion in the forthcoming review of the R<F and suggested that the use of interest income to fund PSA be added to the list.



WFP's Cash Balances: Composition and Appropriate Levels of Cash (2002/EB.3/8)

Final Report on Balances of Projects Closed Prior to 2001 and Migrated to WINGS (2002/EB.3/9)

66. In introducing the two documents, which had been presented to the Board in January 2002, the Secretariat explained that the first document dealt with the balances of projects closed prior to 2001 and migrated to WINGS. The document presented the status of the closed project balances at 30 June 2002, showing a cash surplus of US\$46.69 million. Consultations with concerned donors had been taking place on the disposition of these surpluses, and some donors had agreed to reprogramme the unspent balances while others had requested refunds of their contributions.
67. The Secretariat also highlighted the work undertaken in 2002 in closing open projects that were migrated in 2001 or had reached their scheduled completion dates. These completed projects were operationally closed in the summer and were to be financially closed in November 2003. The estimated cash surplus on these projects was US\$30.9 million. The reason for these cash surplus balances might have been a result of more cost-efficient implementation or of overbudgeting. The Secretariat informed the Board that strategies had been developed, using features of WINGS and involving senior management, to review project closures in order to avoid a build-up of cash balances resulting from delays in closing projects and to ascertain the causes of these unspent balances.
68. The Secretariat introduced the related paper on cash balances, which dealt with the composition and appropriate levels of cash balances. The Secretariat explained that the cash balances were categorized as (i) cash not relating to project operations, including staff benefit funds, monetization, staff security, special accounts and the long-term loan; and (ii) cash related to projects, comprising earmarked cash for obligations, contracts and purchase orders; reserves, comprising the IRA, operational reserve, the DSC Advance Facility; and the unspent balances on closed and completed projects, trust funds and funds available for programming allotment and obligation. The main reason for the sudden increase in cash not relating to projects from 1996 to the present (US\$37.6 million to US\$325.7 million) was not slackness but the recording of staff benefit funds, the increase in monetization funds and the one-time long-term loan. The main reasons for the large cash balances relating to projects were: delayed closure of projects, modalities of payment by donors, (half of the contributions from donors were up-front contributions), and the long disbursement periods of some cost categories. The Secretariat further explained how the appropriate cash levels were determined (i.e. as being the total of three months' operating requirements and the reserve balances). An action plan was being implemented to reduce the excess cash balances to appropriate levels, which were dependent to some extent on the timeliness of decisions by donors on the disposition of unspent balances.
69. The Board commended the Secretariat for the work done in analysing and reporting on the closed project balances and in developing strategies to improve the timeliness of project closures and financial reporting. The need for improvements in the project narrative report and synchronization with the financial report was emphasized.
70. While appreciating that savings had been achieved when implementing projects, the Board stressed the importance of more accurate project budgeting and a regular review of actual expenditures compared to budgets as intended by the Secretariat. Members expressed the view that the unspent balances provided an opportunity for reprogramming to underfunded projects.



71. The Board urged donor countries having unspent balances in their contributions to work expeditiously with the Secretariat to decide on the reprogramming or other use of these balances within a set time frame, in conformity with the legislative requirements of the individual donor countries.
72. Some members while noting that WFP balances were prudently managed, expressed concern about the growing cash balance and desire to see the cash balance reduced to appropriate levels. They reiterated the view of the ACABQ that there should be no accumulation of cash balances, as the Programme's primary goal was project implementation and not investment management.
73. The Board concurred with the action plan set out by the Secretariat to bring the cash balances to appropriate levels and agreed with External Auditor's recommendation that cash forecasting be improved. Some members supported the view of the FAO Finance Committee and the ACABQ that planning, programming, implementation and monitoring be improved to avoid excessive budget balances, and encouraged the Secretariat to address these issues.
74. Some members expressed concern that the level of cash balance deemed as appropriate might prove inadequate due to long collection periods and the payment modalities of some donors. Because of this, it was felt that the Secretariat might risk exposing itself to cash deficits and thereby incur heavy interest to fund projects whose contributions were paid on a reimbursement basis. In these contexts, it was felt that a gradual or a phased approach in the reduction of cash balances might be more appropriate.
75. The Board asked the Secretariat to keep cash under review and emphasized that the Board would focus on this area as one of the critical variables in the management of WFP's affairs. Members commented on the negative impact of a long collection period from some donors, as this might not meet the full-cost recovery principle, and requested that donors and the Secretariat make an effort to reduce the collection period.
76. The Secretariat assured the Board that:
 - A timely review of project budgets would be performed to ascertain whether project balances were the result of overbudgeting or cost-efficiency, in order to bring cash balances to appropriate levels. These reviews could now be done with the implementation of WFP's new corporate information system, WINGS.
 - The status of cash balances and appropriate levels of cash would be progressively monitored, with forecasted disbursements taken into account.
 - A periodic review of levels of cash would be performed and their relation to project cash balances would be analysed.
 - Work was under way to strengthen cash forecasting as a basis for determining appropriate levels of cash.
 - The submission of reports would be expedited to shorten the collection period of the two major donors that paid on an reimbursement basis. Once backlogs on donor reporting were cleared up, the Secretariat would be able to determine the real impact on cash balances of upfront and reimbursement donors, and would report this to the Executive Board.
 - Regardless of the contribution modality, full-cost recovery had been achieved.



77. After taking note of the comments of the ACABQ (WFP/EB.3/2002/5(A,B,C,D,E)/2), the FAO Finance Committee (WFP/EB.3/2002/5(A,B,C,D,E)/3) and of the (outgoing) External Auditor (WFP/EB.3/2002/5(C,D,E)/4), the Executive Board concluded by:
- adopting the decision set out in paragraph 37 of the document (WFP/EB.3/2002/5-E/1), with the inclusion of a completion date of the end of 2003 and a call to donors to work closely and expeditiously with the Secretariat to complete the clearance of the closed project balances;
 - approving the document (WFP/EB.3/2002/5-D/1), taking note of the composition of WFP's cash balances, the prudent manner in which cash resources were managed and invested, the methodology and basis for establishing the appropriate level of cash, and the action plan to bring the cash balance to appropriate levels by December 2003. The Board also looked forward to a comprehensive financial report at its Annual Session in May on the outcome of the cost-efficiencies achieved through budget revisions and cost-containment strategies and a further analysis of cash requirements of the Programme.

Report of the Office of the Inspector-General (2000–2001) (2002/EB.3/10)

78. The Board expressed its appreciation for the Report of the Office of the Inspector-General, and took note of the consolidation and increased coordination of the offices of Inspection and Investigation (OEDI), Internal Audit (OEDA), and Evaluation and Monitoring (OEDE), established in the Division of Oversight Services (OEDO).
79. Some members suggested that the Board review internal oversight mechanisms more closely, through discussion of a paper to be presented at the Board's Third Regular Session, 2003. Members stressed the need for effective oversight to deter fraud, mismanagement and waste, and requested that future reports provide information on trends.
80. The Board encouraged early implementation in WFP of the United Nations Staff Regulations and Rules (adopted by General Assembly resolution 52/252, of 29 September 1998, and promulgated by the Secretary-General on 10 December 1998), revised pursuant to a review of the United Nations Code of Conduct. The Board also requested OEDO to ensure that the policies and principles enunciated by the Inter-Agency Standing Committee on Prevention of Sexual Exploitation would be vigorously enforced. Members also expressed the view that WFP should continue to provide Country Directors with appropriate training regarding transparency and accountability.

EVALUATION REPORTS

Summary Report of the Thematic Evaluation of WFP's Commitments to Women (1996–2001) (2002/EB.3/11)

81. In introducing the thematic evaluation, the Secretariat said that the exercise had been a comprehensive one, involving a total of ten consultants, five country case studies and two desk reviews. It had also drawn on five case studies undertaken by the Strategy and Policy Division. The close collaboration between many divisions and units of the Programme had resulted in corporately-supported findings that were able to inform the preparation of the new Gender Policy and Enhanced Commitments to Women. This successful example of running complementary evaluation and policy processes was something the Secretariat hoped to replicate with coming thematic evaluations. Although



concrete progress had been made since the policy was introduced in 1996, including an increase in the number of female professionals, gender issues had tended to be the concern and responsibility primarily of female staff. The former policy had lacked an implementation strategy to guide staff on how to interpret and implement specific commitments in different cultural settings, but this would be changed in the new policy, which foresaw the development of implementation guidelines.

82. The Board recognized the major efforts made by WFP since the Beijing Conference of 1995 and welcomed the systematic evaluation of the results to date, finding the report to be a balanced and well-written document. The evaluation showed that there was still a need to enhance the role of women in WFP management and in participation in its projects. The evaluation showed also that there was a need to prepare baseline studies and improve monitoring of achievements against goals. It was suggested that the revised standardized project reports (SPRs) contain a section on progress with regard to gender issues. Noting that gender matters might be delegated to junior female staff, the Board stressed the need for more mainstreaming of gender within WFP's own structures and in its programming. It was noted that there was a large number of recommendations resulting from the evaluation and it was suggested that these should have been prioritized.
83. In responding, the Secretariat thanked the Board for its expressions of appreciation for the work of the evaluation team, and looked forward to receiving written observations from delegations that wished to submit them. Under the Enabling Development policy, there had been a shift from economic-sector interventions, including food for work, towards social-sector interventions that were more likely to benefit women. Regarding the comments about the number of recommendations in the report, the Secretariat noted that while recommendations had been clustered in the management response matrix, all efforts would be made to assign priority to recommendations for future evaluations of a similar nature.

Summary Report of the Thematic Evaluation of Special Operations (2002/EB.3/12)

84. The Secretariat noted that Special Operations (SOs) had been a special programme category since 1995, with funding rising to a peak of US\$34 million in 2000. The evaluation team had carried out a desk review of 24 ongoing operations and conducted nine country case studies in five African countries. While the activities undertaken by SOs were in most cases justified, the evaluation team questioned whether all needed to be treated as Special Operations. It was felt that some could have remained under the core budget of the underlying EMOP or PRRO and that the SO category should be retained for two main types of interventions, namely (i) infrastructure operations to remove major logistics obstacles that affected several relief operations, and (ii) inter-agency coordination and support operations, including joint logistics operations.
85. While the Board was generally supportive of Special Operations and felt that they should be retained as a distinct programme and funding category, it considered that a number of interventions had gone beyond the immediate need to improve infrastructure to facilitate the delivery of food aid and questioned their long-term sustainability. Some members emphasized the need for improvement in the areas of cost-benefit analysis and overall problem analysis. Proposed road repairs and rehabilitation work, in particular, needed to be examined to ensure that they did not become too ambitious in scope. The need for improved guidelines for SOs was emphasized.



86. In response, the Secretariat welcomed the Board's support for the Special Operation category. The issue of cost-benefit (and cost-effectiveness and efficiency) had been touched upon in the summary report, but would need further follow-up action by the Secretariat, which needed to formulate unambiguous definitions. More details, however, could be found in the nine case studies in the full technical report.
87. Replying to a question as to why there had been a separate evaluation by OEDE and subsequent review by OTL, the Secretariat pointed out that the review had focused on donor and agency perceptions of Special Operations, whereas the evaluation had focused on the implementation of SOs at the field level.
88. The Secretariat informed the Board that the Transport and Logistics Division had identified measures to improve SOs, and that the standard had already improved in the current year. As much possible, SOs were now included under the core budget of the related operation, rather than becoming Special Operations. The Programme Design Manual was being updated to include better coverage of SOs, and a new policy and guidelines for SOs would be developed. It was agreed that an informal consultation with the Board would be organized in 2003 and that a policy paper with proposals for the future of the Special Operations category would subsequently be presented to the Board at its Annual Session, 2003. The Secretariat mentioned that budgets were not always easy to calculate in emergency situations and that sometimes there were higher estimates at the outset of operations. There was often a need for subsequent adjustment. It was acknowledged that more attention should be paid to costing and that donors should be better informed when budgets and operations were scaled down.

Summary Report of the Thematic Evaluation of the WFP Country Programme Approach (2002/EB.3/13)

89. The Secretariat mentioned that since the country programme approach had been introduced eight years before, it had to date been implemented in 35 out of the 55 countries where WFP had a development presence. Nineteen evaluations using generic terms of reference (TORs), which had been developed in early 2000, had been undertaken early this year. The generic TORs had focused on the Country Programme (CP) as a programming instrument, looking more at process and synergies than at outputs and outcomes. At the time of the approval of the country programme approach, development resources had still constituted over 33 percent of WFP's total resources, compared with only 15 percent in 2001 and perhaps 10 percent or less in 2003. Resources available for development have dropped by almost half since 1994. As a result, direct support cost had gone down, which raised the question of the threshold of viability for CPs or activities within a CP.
90. Most CPs were considered transitional because modifications had usually been made to pre-existing interventions. Most country offices had made serious attempts to develop a recognizable strategy at the country level, in line with the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF) process, with a greater focus on targeting through the use of enhanced vulnerability analysis and mapping (VAM) capacity. More needed to be done to improve internal integration and coherence within the CPs and to strengthen the links to relief and rehabilitation operations in the same country, especially where they represented a major part of WFP operations in the country. However, most of the reviewed Country Programmes could be classed as being completely compatible with the Enabling Development policy and most of its associated practices.



91. While welcoming the evaluation as a useful exercise, several members felt that the TORs had been too restrictive. Some members inquired about the impact that the decline in development resources had had on individual Country Programmes.
92. Several members noted the evaluation report's reference to resistance or reluctance on the part of some partners, and of some WFP staff as well, to changing from the individual project approach to the country programme approach, which implied that the CP approach was not always well understood at the national level. The evaluation raised several important issues related to the management of WFP's development portfolio, including staffing competencies and support costs.
93. For future evaluation of individual CPs, members felt that TORs should be revised to put more emphasis on outcomes and impact, including the relevance of food aid in different national contexts. The problems of smaller country offices, in particular, needed to be examined carefully.
94. The Secretariat stated that this meta-evaluation was a relatively modest desk review focusing only on process. It was stressed that deliberations were continuing, both internally and externally, to determine whether and how a more comprehensive evaluation should be conducted.
95. The Secretariat noted that the regional targeting to the most food secure areas had been improved considerably and that second-generation CPs would demonstrate better integration and coherence between activities. The CP approach and companion Enabling Development Policy had encouraged WFP to think more strategically, especially with respect to the comparative advantage of food aid. It was recognized that the Programme had still a long way to go, e.g. regarding reporting on whether or not food aid actually had an impact. Further study would be needed on the criteria used to determine whether to opt for a CP or a self-standing development project.
96. In response to questions from the Board regarding his previously expressed views on the somewhat artificial boundaries between the various traditional categories of WFP interventions, the Executive Director promised the Board that this matter would be pursued in small working groups in the coming months.

WEST AFRICA REGIONAL PORTFOLIO

97. The Regional Director explained that the Regional Bureau for West Africa (ODD) would be responsible for 19 West African countries, up from 12, as a result of the 1 October reconfiguration of WFP bureaux in Africa. Second-generation WFP Country Programmes being introduced in West Africa were designed in closer collaboration with host government and other United Nations agency plans and were concentrated in the social sector, e.g. education and nutrition. WFP EMOPs and PRROs provided assistance to drought victims in the Western Sahel and to IDPs and refugees under the West Africa Coastal PRRO. WFP had approved Immediate Response EMOPs for Côte d'Ivoire, Burkina Faso, Mali and Ghana, and country offices were being strengthened in order to respond to food insecurity resulting from civil strife in Côte d'Ivoire. It was anticipated that during 2003 62 percent of the 7.5 million people assisted by WFP in West Africa would receive food under development activities while 60 percent of WFP commodities would be destined to EMOPs and PRROs.



Operational Matters

Country Strategy Outline—Niger (2002/EB.3/14)

98. The Board favourably considered the CSO, noting that it had been prepared in line with government priorities, and with UNDAF and WFP development policies. Representatives welcomed its focus on women and children. Some members expressed the view that food-for-work activities could be effective in reducing poverty by improving rural infrastructure. A stronger WFP role in managing cereal reserves in Niger was encouraged. Some members recommended that WFP be a full member on the government steering committee overseeing implementation of the Country Programme. While recognizing that the CSO would be an invaluable guide for preparation of a Country Programme, the Executive Board encouraged WFP to further coordinate WFP Country Programme activities with the Government and other implementing partners.

⇒ Country Programme—Mali (2003–2007) (2002/EB.3/15)

99. The Board approved the second-generation Country Programme, prepared in harmony with government priorities, the UNDAF, and WFP policies. Several donors encouraged WFP to undertake local purchases when feasible in order to support indigenous producers and strengthen markets. In response to a query on how WFP could get women more substantively involved in the rural development decision-making process, the Secretariat advised that WFP Mali was working closely with the Ministry of Women's Affairs. The Secretariat assured delegates that the current school feeding monitoring mechanism would be used only until the decentralized government structures became operational, and that food for training would be used to sensitize targeted populations on HIV/AIDS prevention. The Secretariat advised that food-insecure persons residing in areas not targeted for development activities should be able to receive assistance through the National Security Stock, also supported by WFP. The Secretariat informed the Board that it would investigate the possibility of the Government, the World Health Organization or the World Bank taking over deworming activities after the two-year pilot phase. One of the regional groups expressed its hope that sufficient development resources would be available to fully implement the Country Programme.

⇒ Country Programme—Mauritania (2003–2008) (2002/EB.3/16)

100. The Board approved this second-generation Country Programme, which was prepared using vulnerability analysis and mapping (VAM) principles and harmonized with government priorities, and the UNDAF and WFP policies. The Secretariat advised the Board that providing food to all students in selected schools would not jeopardize the goal of providing 50 percent of assistance to girls during their first years of primary school. In addition, WFP would continue its efforts to improve women's participation on project implementation committees, although this was not in line with local traditions. One member, who encouraged WFP to undertake regional purchases, was assured that WFP effected such purchases when feasible. For example, it was pointed out that the Programme had recently bought salt in Mauritania and rice in a neighbouring country. The Secretariat assured the Board that efforts were underway to improve WFP coordination with other United Nations agencies and implementing partners.



⇒ ***Protracted Relief and Recovery Operation for Executive Board Approval—
West Africa Coastal 10064.1 (2002/EB.3/17)***

101. The Board fully supported the approval of the PRRO and expressed satisfaction with the flexible way that this regional operation had responded to the changing situation in Guinea, Sierra Leone, Liberia and Côte d'Ivoire. The inclusion of 10,220 metric tons (mt) of cereal as a pre-approved contingency was positively received. The Secretariat announced that copies of the "Report of the Office of Internal Oversight Services on the Investigation into Allegations of Sexual Exploitation of Refugees by Aid Workers in West Africa", which had been released on 22 October 2002, could be requested from the Secretariat. It was pointed out that the report did not implicate any WFP staff members in using their authority to make the reception of food conditional on the granting of sexual favours. Representatives were supportive of actions that WFP had taken to ensure that its staff and those of its implementing partners would not do so.
102. The Secretariat explained to the Board the efforts that were being made with governments and other interested parties to improve the registration of refugees and internally displaced persons, post-distribution monitoring, self-reliance initiatives and the provision of non-food items. In the case of refugees, noticeable progress on these issues would depend on the successful outcome of ongoing negotiations with UNHCR. Some representatives welcomed WFP's attempts to integrate PRRO activities with governments' development activities, particularly in the areas of school feeding and food for work.

Evaluation Reports

⇒ ***Summary Report of the Mid-Term Evaluation of Country Programme—Niger
(1999–2002) (2002/EB.3/18)***

103. The Board expressed its appreciation for recommendations in the summary evaluation report, noting that the Country Programme represented a transitional phase from the previous project-based approach. The Board noted that recommendations were reflected in the Country Strategy Outline (CSO) and that the experience would serve for the next Country Programme. Several Board members observed that government participation in the design of CSOs was essential to ensure full support for the recommendations.

EAST AND SOUTHERN AFRICA REGIONAL PORTFOLIO

104. Referring to the countries under the responsibility of the Regional Bureau for Eastern and Southern Africa, in Kampala (ODK), the Regional Director stated that many of the bureau's countries were ranked at the lowest end of the UNDP Human Development Index. The primary root causes of this were chronic poverty, economic recession, gender inequality, political upheaval, climatic shocks and HIV/AIDS. Currently ODK operations consisted of 8 PRROs and one Great Lakes PRRO, 9 EMOPS and one southern Africa regional EMOP, 8 special operations, 13 Country Programmes, with 29 activities, and 5 development projects. The total number of people in the region assisted by WFP was currently more than 20 million, of whom more than half were women. School feeding was a major activity in all the ODK countries, with the exception of Zimbabwe and Swaziland. This activity benefited more than 3.4 million schoolchildren and focused on AIDS orphans and increasing the enrolment of girls. The challenges now facing the region included: a new drought in Ethiopia and Eritrea, the southern Africa crisis, rebel attacks on humanitarian convoys in northern Uganda, and the continuing spread of the HIV/AIDS



pandemic. Other challenges included moving from EMOPs to PRROs to self-reliance, meeting demands for resources, establishing linkages with partners for non-food items and protecting beneficiaries from sexual exploitation and abuse. Within this context, the following documents would be presented to the Board: for endorsement, the Kenya Country Strategy Outline, and for approval, Eritrea PRRO 10192.0, activity under 10208.0 Country Programme—Ethiopia (2003–2006), Great Lakes PRRO 10062.1, Somalia PRRO 10191.0 and Kenya Budget Revision—School Feeding.

Operational Matters

⇒ *Country Strategy Outline—Kenya (2002/EB.3/19)*

105. When endorsing the second-generation Country Strategy Outline for Kenya, the Board expressed appreciation that it had been prepared within the context of the CCA and UNDAF and the strategic priorities of the Government of Kenya as set out in its Poverty Reduction Strategy Paper. The importance of proceeding quickly with the preparation of the Kenya Country Programme to prevent the CSO from becoming outdated was stressed.
106. Several members welcomed the focus placed on disaster mitigation and preparedness and specifically commended the planned increased support to soil conservation and water management activities. Noting that the food security situation had improved significantly in Kenya, several members recommended that this aspect be stressed more in the document. One member recommended that WFP explore the possibility of using community grain banks in Kenya. Such banks—based on a donor’s providing grain and the communities’ paying the donor back after the harvest or whenever possible—had been successful elsewhere. Recognizing WFP’s new emphasis on establishing a stronger thematic approach to development activities—e.g. HIV/AIDS and school feeding—it was observed that this thematic approach was not well reflected in the document. Several members also questioned the long-term sustainability of the school-feeding component and inquired whether there was an exit strategy in place.
107. The Secretariat responded that WFP’s HIV/AIDS interventions would be targeted to poor households in rural and urban areas with the highest HIV/AIDS prevalence and would focus on strengthening the capacity of households and communities to care for orphans. The Secretariat further explained that over the past decades Kenya had experienced a steady decline in growth rates and in this context it was difficult to establish an exit strategy for school feeding. Experience had shown that in certain semi-arid areas where WFP had phased out its support to school feeding, the school attendance rate had dropped by as much as 20 percent.

⇒ *Country Programme—Ethiopia (2003–2006) (2002/EB.3/20)*

108. The Board approved the CP, expressing appreciation for its focus on HIV/AIDS, natural resource management and gender.
109. Several members noted that comments made during the discussion of the CSO had been incorporated into the design of the CP, and they expressed their satisfaction at the strong involvement of the Government, donors and NGOs in the CP’s development. Several members welcomed its consistency with key policy instruments, particularly the Poverty Reduction Strategy Paper, the New Partnership for Africa’s Development (NEPAD) and the UNDAF.



110. One member emphasized the need to support the Government in developing a transitional framework for the development of sustainable assets to support the country's chronically food-insecure population (more than 4 million). The Secretariat responded that the Government would present a transitional appeal in January 2003 and was also developing a new food aid policy.
111. Some representatives questioned the appropriateness of food aid in relation to HIV/AIDS and urban poverty. The Secretariat replied that urban poverty in Ethiopia was severe and that many urban families faced food shortages four months out of the year. The Government had emphasized the importance of WFP's increasing its involvement in activities related to urban poverty and HIV/AIDS. Food would be provided only where cash-based care and support programmes were available.
112. Several members urged WFP to step up resource mobilization efforts in preparation for the upcoming drought in the Horn of Africa.

⇒ ***Budget Increase to Development Project—Kenya Country Programme 10009.0 (2002/EB.3/21)***

113. The Board approved the budget increase of US\$12.5 million for “Assistance to Pre-Primary and Primary School Feeding in Arid and Semi-Arid Districts” and “Assistance to Disadvantaged Urban Children”, Project 10009.0 under the Kenya Country Programme, noting that this budget increase was fully warranted.

⇒ ***Protracted Relief and Recovery Operation for Executive Board Approval—Eritrea 10192.0 (2002/EB.3/22)***

114. Several members complimented the PRRO for being well designed and realistic in its approach. The Board expressed its satisfaction with the focus of the PRRO and in particular its emphasis on capacity-building and training, and on systems for improved reporting and monitoring.
115. The PRRO was commended for being well harmonized with the Government's policy and strategies for poverty reduction.
116. In response to questions about the current status of WFP's partnership with other United Nations organizations, the Secretariat informed the Board that WFP had entered into a Memorandum of Understanding with UNICEF, and that one with UNDP was currently being prepared. Also, it was pointed out that the first crop and food supply assessment mission had recently been undertaken jointly with FAO. Referring to WFP's partnership with NGOs, the Secretariat commented that this was not at the level WFP wished it to be, but the issue was being regularly addressed with the Government.
117. One member inquired about the Government's prohibition, since 1996, of all food-for-work activities in the country, and emphasized the importance of addressing this decision with the Government. The Secretariat responded that the FFW dialogue with the Government was ongoing.
118. The Secretariat emphasized that this was a volatile region, where humanitarian responses needed to be adapted to changing conditions, and stressed that the drought in the Horn of Africa, now evolving, would also seriously affect Eritrea.



⇒ ***Protracted Relief and Recovery Operation for Executive Board Approval—
Great Lakes Region 10062.1 (2002/EB.3/23)***

119. In approving the PRRO, several members noted with satisfaction that it had evolved with the broad participation of all stakeholders and that close donor consultations had been part of the process. The Board applauded the design of the PRRO, pointing out in particular the regional dimension and approach. Positive comments were made on the plan to phase out Uganda from the regional PRRO, and several members stated their appreciation for the exit strategy that foresaw a shift from relief to recovery activities.
120. One member stated that, due to the very volatile situation in the region, three years might be too long a period for the PRRO. The Secretariat commented that WFP hoped that this approach would allow for more continuity and that the framework of the operation would be flexible enough to adapt to the varying scenarios.
121. In response to a question on the PRRO budget, namely whether the cost per ton of food could be reduced, the Secretariat underlined the very expensive transport costs of the region and assured the Board that all efforts had been made to increase local purchases in order to reduce costs as much as possible. The Secretariat thanked the Board for its valuable comments on the document and stated that it would follow up on the Board's recommendations.

⇒ ***Protracted Relief and Recovery Operation for Executive Board Approval—
Somalia 10191.0 (2002/EB.3/24)***

122. In approving the PRRO, the Board commended the report for being well written and for focusing on improving the nutritional status of women and children in a country that had among the highest maternal and child (under-5) mortality rates in the world. WFP was complimented on being an active member of the Somalia Aid Coordination Body, on its participation in the Food Security Assistance Unit, and on its efforts to avoid the distortion of local markets.
123. It was recommended that the annex to the PRRO include a breakdown of the projected monthly beneficiary levels.
124. Concern was raised about the cost-effectiveness of the operation. The Secretariat explained that due to the political turmoil in the country the United Nations security procedures put in place to protect staff made implementation there more expensive. (Mogadishu is in Phase 5.) For example, as United Nations Security Rules prohibited one car alone from entering Somalia, two cars had to be rented even when only one was required. In addition, WFP staff living in Somalia, including national staff, were entitled to mission allowances and hazard pay, raising the cost of the operation.
125. One member asked how the remaining 60 percent of non-food items was provided if WFP was contributing only 40 percent of the non-food-items required for the Programme's rehabilitation and recovery projects. The Secretariat clarified that before undertaking any activities, WFP interviewed the communities to ascertain their needs. For example, if a community wished to rehabilitate a school, then WFP would approach an NGO to ask them if they had the means (60 percent) to rehabilitate that school, with WFP adding the food-for-work component. In this way, the responsibility rested with the community or NGO to supply the means, and WFP provided the extra support (40 percent).



Evaluation Reports

⇒ *Summary Report of the Mid-Term Evaluation of Country Programme—Kenya (1999–2003) (2002/EB.3/25)*

126. Several members expressed their satisfaction with the quality of the evaluation report and its findings. They commented favourably on the fact that most of the recommendations contained in the management response matrix had been incorporated into the new CSO for Kenya. Concern was expressed at the evaluation's finding that there was no exit strategy in place for the school feeding activity. A query was raised as to the appropriateness of the use of development food aid.

⇒ *Summary Report of the Mid-Term Evaluation of Country Programme—Lesotho (2000–2002) (2002/EB.3/26)*

127. Members expressed satisfaction with the clarity of the evaluation report and commented favourably on the fact that most of the evaluation recommendations had been followed up. A project approach, rather than a CP approach, was generally endorsed. One delegation stressed the need for affirmative action for boys in the area of primary education. Another member advocated collaboration with FAO in order to address food insecurity. The Government of Lesotho, in its role as observer, noted that the Government's policy was aiming at country-wide school feeding and that WFP's complementary assistance was essential for achieving this.

⇒ *Summary Report of the Mid-Term Evaluation of Country Programme—Madagascar (1999–2003) (2002/EB.3/27)*

128. The Board expressed appreciation for the findings and recommendations in the evaluation report and noted that the Country Programme was compatible with various poverty-reduction policies of the Government. Some concern was expressed about incoherence between CP objectives and related activity documents as well as about the lack of training in monitoring and evaluation (M&E). Several members noted the active participation of the Government through its ministries, and WFP's great level of flexibility in shifting resources among activities, including those in the CP and emergency operations. One member observed that the recent political and social developments in the country would require close monitoring. Another noted that limited funding and non-food items negatively affected the CP, expressed concern over weaknesses in the M&E system and in vulnerability analysis and mapping, and noted the need for the disaster mitigation activity to be more flexible in addressing recurrent climatic conditions. The Board supported postponement of the CSO.

⇒ *Summary Report of the Evaluation of Protracted Relief and Recovery Operations 6077.00 and 6077.01—Great Lakes Region (2002/EB.3/28)*

129. Members expressed support for the main conclusions of the evaluation, especially those regarding the continued relevance and appropriateness of the regional approach. However, the question of the three-year duration of the next PRRO was raised. Favourable comments were made on WFP's performance in the region through the PRRO.

130. The Secretariat responded that despite the uncertain situation, the three-year time frame permitted advance planning, while avoiding the need to come back to the Board too soon with new documents. Budget revisions to the regional PRRO could be considered should the situation change.



CENTRAL AFRICA REGIONAL PORTFOLIO

131. The WFP Regional Bureau for Central Africa (ODY), comprising nine countries (Angola, Benin, Cameroon, the Central African Republic, Chad, the Democratic Republic of the Congo, Ghana, Republic of Congo, and Sao Tome & Principe) and giving off-country support to Gabon and Namibia, provided humanitarian and development assistance to 4,501,349 people, with a total of 662,585 metric tons of food aid during 2002. Out of this total, 108,383 metric tons were allocated to development (16 percent), 459,575 to PRROs (70 percent) and 94,627 tons to EMOPs (14 percent). Three countries in the region currently had Country Programmes: Benin, Chad and Ghana. The stable political situation in Cameroon and the needs identified through a CSO in 2000 indicated the appropriateness of a first Country Programme for that country.
132. Major developments in the region included increased tension between Chad and the Central African Republic following a coup attempt allegedly led by the former Chief of Staff for the Central African Republic, who fled to Chad in December 2001. Despite all efforts for reconciliation, tension in the north was still high. In the Democratic Republic of the Congo, although the peace process seemed to be partially successful, the security situation in the east remained problematic and was restricting the delivery of WFP food, despite efforts by the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). Renewed violence had followed the withdrawal of Rwandan troops from South Kivu and Northern Katanga Provinces. Massive population displacements and violence against civilians had been reported recently in the Bukavu area. In addition, the overall security situation in the Ituri Province had seriously deteriorated, causing a large influx of displaced persons into Bunia. In Angola, since the signing of the peace agreement between the Government and the UNITA opposition group, access had been gained to areas with extremely vulnerable populations, and food needs were critical. The most urgent needs were food and medicine. On the logistics and communications front, the lack of transport infrastructure in many countries, in addition to security problems, was considered the main challenge to the region and to the optimization of transportation costs, which were generally very high. WFP had identified the pressing need to avail itself of adequate telecommunications tools in all country offices to improve general security conditions in the region.

Operational Matters

⇒ *Country Programme—Cameroon (2003–2007) (2002/EB.3/29)*

133. In approving the CP for Cameroon, the Board noted that it was based on a vulnerability analysis and mapping of food-insecurity indicators and that it was to be implemented within the UNDAF.
134. It was recommended that the CP be implemented with the second-phase revision of the poverty reduction strategy paper taken into consideration. The need for better collection of data was emphasised.

⇒ *Budget Increase to Protracted Relief and Recovery Operation—Angola 10054.1 (2002/EB.3/30)*

135. In approving the budget increase for Angola, the Board expressed its satisfaction with the efforts made by all parties to maintain the ceasefire, consolidate the peace process and strengthen capacity-building.



136. Several members acknowledged the need for the budget revision to be in line with the reality in Angola; it was noted that while in some areas the number of beneficiaries had decreased, in the newly accessible areas, others had been added.
137. Some members urged the Angolan Government to contribute more resources towards the PRRO budget within the framework of the Government's social responsibility towards its people.

ASIA REGIONAL PORTFOLIO

138. The Regional Director of the Regional Bureau for Asia (ODB) presented a regional overview of WFP operations in Asia, noting that some 28.8 million people received assistance from WFP in 2001. The Regional Director also mentioned: the phase-out of WFP operations in East Timor, the DPRK emergency operation, the deteriorating security situation in Nepal, the launch of the Food Insecurity Atlas of Urban India, preparation of a Food Insecurity Atlas for Indonesia, and the major IDP study undertaken in the same country. He then introduced the proposed budget revision for PRRO Sri Lanka 10067.0.

Operational Matters

⇒ *Budget Increase to Protracted Relief and Recovery Operation— Sri Lanka 10067.0 (2002/EB.3/31)*

139. The Secretariat introduced the proposed budget increase for PRRO Sri Lanka 10067.0, touching upon the ceasefire agreement concluded by the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam in February 2002, recent peace talks and the United Nations inter-agency mission to Sri Lanka in April 2002, followed by the WFP food needs assessment mission.
140. Some members emphasized the importance of shifting the project focus from relief to development. The Secretariat responded that the proposed budget increase was intended to facilitate this shift. In response to a query, the Secretariat explained that training would be undertaken, possibly in collaboration with FAO, for farmers' organizations to develop local technical capacities. In response to a suggestion that it would be helpful if FFW payments could have a cash component, the Secretariat explained that WFP did not have cash to provide to beneficiaries and that food aid was used to improve household food security and create assets. Some members enquired about WFP school feeding activities. The Secretariat referred to a "catch-up class" programme being introduced on a pilot basis in cooperation with the German Agency for Technical Cooperation (GTZ) and local NGOs, and also to the psycho-social programme being supported under the PRRO. In response to a query on staff security, the Secretariat emphasized that WFP took the issue of staff security very seriously and was working closely with the host Government and the United Nations Country Team. It was pointed out that security awareness training was mandatory for all staff.



MIDDLE EAST, CENTRAL ASIA AND MEDITERRANEAN REGIONAL PORTFOLIO

141. As reported by the Regional Director for the Middle East, Central Asia and the Mediterranean (ODC), more than 1.7 million Afghan refugees had returned from Pakistan, Iran and the Central Asian States since March 2002, when UNHCR and governments in the region began an initiative to facilitate voluntary returns. A total of 210,448 people had returned from Iran under a UNHCR-assisted voluntary return programme. More than 3 million Afghans remained in the neighbouring countries, in the Commonwealth of Independent States, Europe and North America. This large-scale return had placed considerable stress on the infrastructure, services and economy of the areas of return, particularly for the large numbers of people who had gravitated to urban areas. The pace of return to Afghanistan was most likely to decrease, as absorptive capacity was tested. In Iraq, the conditions for voluntary return of refugees from Iran remained non-conducive, particularly in the present tense climate. For Iran, this meant that the outlook for the continuing presence of refugees in camps, from both Afghanistan and Iraq, over the coming two years was highly likely, considering that voluntary return particularly to Afghanistan had commenced with the more than two million non-encamped refugees who were in relatively better economic condition.
142. The Iran PRRO included a component aimed at preparing some 40,000 vulnerable Afghan refugees for return and re-integration through activities that strengthened their skills and coping abilities. Also included was the continuation of the successful girls' education incentive programme in the camps. WFP and UNHCR were working together closely to undertake joint monitoring visits and had agreed with the Government of Iran on a tripartite review mechanism for systematically checking operational progress and resolving issues and constraints.

Operational Matters

⇒ *Protracted Relief and Recovery Operation for Executive Board Approval—Iran 10213.0 (2002/EB.3/32)*

143. The Board approved the PRRO, expressing appreciation for the quality of the document and noting that it attempted to address the recommendations made in the evaluation report of the previous operation. One member commented that although the new PRRO included increased efforts to achieve food security among refugees and focused on education for girls and skills training for women, there was a need for a strategy that would empower women and address school curricula and the quality of education.
144. In response to questions raised by the Board, the Secretariat confirmed that in addition to one-meal rations at the border, returnees received a returnee package once they arrived at their final destination in Afghanistan. The Secretariat confirmed also that post-distribution monitoring took place on a quarterly basis. It was explained that in addition to including equal representation of women on refugee food committees, cooperation was being sought to avail trained women of micro-credit opportunities for income-generating activities. The Secretariat informed the Board that while a Joint Action Plan between WFP and UNHCR already existed, prior to commencement of the PRRO, a tripartite agreement would be signed between WFP, UNHCR and the Government of the Islamic Republic of Iran.



Evaluation Reports

⇒ *Summary Report of the Evaluation of Protracted Relief and Recovery Operation—Iran 6126.0 (2002/EB.3/33)*

145. The Board expressed its appreciation for the quality of the evaluation report and noted with satisfaction that the design of the new PRRO incorporated many of the key evaluation findings and recommendations. The Board was confident that the weaknesses identified in the implementation of the current PRRO were being overcome.
146. In the new PRRO, it was felt that special attention should be given to proper targeting, regular monitoring of refugees' needs (including post-distribution monitoring), the empowerment of women and finalization of tripartite agreements with UNHCR, government counterparts and implementing partners, as per the recommendations of the evaluation report.

LATIN AMERICA AND CARIBBEAN REGIONAL PORTFOLIO

147. The Regional Director of the Regional Bureau for Latin American & Caribbean (ODM) indicated that it was a challenging time for the region. Particular emphasis was placed on the fact that the countries in the region faced repeated natural disasters and that WFP should be there. It was considered crucial that WFP respond immediately to pockets of acute malnutrition. Parallel to this concern was reaching children in schools to prevent deterioration of their nutritional status. In those countries embarking on economic reform, safety nets would help reach the most vulnerable to ensure that they were not left behind, especially children suffering from chronic malnutrition. It was felt that WFP could not and should not work alone. The Regional Director reported that ODM was about to sign regional MOUs, including one with UNICEF.
148. Unfortunately, crises were becoming a recurring reality in Central America. Localized nutritional surveys there confirmed that five years of drought and economic crisis were causing the deterioration of the nutrition of children under 5. An increase in malnutrition rates in Central America, especially localized malnutrition due to natural disasters and to a decline in wages, were affecting most countries.
149. WFP was working with Central American regional organizations, such as the *Secretaría de Integración Centroamericana (SICA)*, the *Consejo Agrícola Centroamericano (CAC)*, the Inter-American Institute for Cooperation on Agriculture (IICA), Institute of Nutrition of Central America and Panama/Pan-American Health Organization (INCAP/PAHO), the Centre for the Prevention of Natural Disasters in Central America (CEPREDENAC), *Comité Regional de Recursos Hidráulicos (CRRH)*, and others.



Operational Matters

⇒ *Country Strategy Outline—El Salvador (2002/EB.3/34)*

150. The Board highly commended the document, particularly because of its alignment with the Government's priorities and its commitment to achieve food security in the country. Emphasis was placed on the need to fully resource the Country Programme so as to avoid the risk of not achieving the desired results.
151. The importance of measuring results and selecting the appropriate indicators to monitor progress was noted, and use of the logframe tool to design the Country Programme was recommended.

⇒ *Country Programme—Haiti (2003–2006) (2002/EB.3/35)*

152. Taking into account the vulnerability analysis and mapping findings, the high level of HIV/AIDS and the critical nutritional crisis in Haiti, the Board acknowledged the need for continued WFP assistance and approved the Country Programme. Close collaboration with partners was noted with appreciation.
153. Considering the magnitude of the needs of the vulnerable population, concern was expressed regarding the decreasing level of WFP resources allocated to Haiti. Reference was made to the recommendation of the Board members who visited Haiti, that "WFP Headquarters intensify efforts to expand the donor base for Haiti". Donors were called upon to increase their response to allow implementation of the Country Programme and its complementary activities, as per paragraph 21 of the document.

⇒ *Protracted Relief and Recovery Operation for Executive Board Approval—Central America Region 10212.0 (2002/EB.3/36)*

154. The Board approved the PRRO, recognizing that food insecurity in the region was triggered by recurring natural disaster. The Board also recognized the appropriateness of the WFP-proposed response and the role that food aid could play. One member noted that this PRRO provided flexibility to respond to the different challenges posed in each of the four countries covered and suggested that WFP become a "centre of excellence" in the region for disaster preparedness. Close coordination with the United States Agency for International Development and the United States Department of Agriculture was recommended, particularly regarding needs assessment.
155. Another member drew attention to the need for WFP to reach all people in need. Support was expressed for WFP's role in training and capacity-building, in particular the need to develop strategies to minimize risks, including contingency planning, and early warning and response.

Evaluation Reports

⇒ *Summary Report of the Mid-Term Evaluation of Country Programme—El Salvador (1998–2002) (2002/EB.3/37)*

156. The Board expressed appreciation for the quality of the evaluation report and noted favourably that the new CSO for El Salvador incorporated the main evaluation findings and recommendations.



157. During the discussion, the Board underlined several key issues contained in the evaluation report. These included: the link between development and emergency-related activities; the synergies between the Country Programme and regional PRRO; and the role of vulnerability analysis and mapping in targeting the new CP activities.
158. The Board regretted the lack of additional resources that prevented the implementation of the third activity of the Country Programme. The food-for-work activities aiming to reduce the risk of natural disasters were considered essential in a disaster-prone country such as El Salvador.

EASTERN EUROPE REGIONAL PORTFOLIO

159. The Director of the Regional Bureau for Eastern Europe (ODR) gave an overview of operations in the region, pointing out that the Programme had successfully phased out of Kosovo and the Former Yugoslav Republic of Macedonia. In Kosovo the economic recovery had resulted in most people being able to meet their own basic food needs, while in Macedonia, assistance to refugees had been taken over by UNHCR once the number of refugees dropped below 5,000. The Regional Director further explained that ODR was engaged in Albania, Armenia, Azerbaijan, Georgia, the Russian Federation and the Federal Republic of Yugoslavia (FRY). All countries—except the Russian Federation, where there was an EMOP to assist victims of the Chechen conflict—had PRROs. Albania, Armenia, Azerbaijan and Georgia were low-income, food-deficit countries. The operations in Azerbaijan and the Russian Federation included a school feeding component. In FRY, WFP assisted highly vulnerable refugees until durable solutions were found for them. The overall number of people assisted was around 1.25 million. PRRO 10211.0 for Georgia was presented to the Executive Board for its approval. The operation, which would assist 209,500 beneficiaries, included the provision of basic food rations to Chechen refugees and to the most vulnerable households in villages where FFW activities were carried out but which had no able-bodied persons to benefit from such activities. Approximately 70 percent of the resources would be devoted to recovery activities (community mobilization in the construction of assets and environmental protection through FFW activities). WFP would engage local authorities and other partners, such as NGOs, in the PRRO's implementation.

Operational Matters

⇒ *Protracted Relief and Recovery Operation for Executive Board Approval—Georgia 10211.0 (2002/EB.3/38)*

160. The Board expressed appreciation for WFP's assistance to the Caucasus, and thanked the Secretariat for its cooperation. With regard to the PRRO, there was consensus on the importance of WFP's targeting the most vulnerable people in five regions of Georgia. It was suggested that WFP monitor regions not currently targeted, given that the situation in rural areas in those regions was worsening. The investments made in the rehabilitation of the agriculture sector were considered positive. One representative enquired about WFP's local cooperation with FAO. The Secretariat pointed out that, since there was no local FAO representation in Georgia, collaboration took place mainly when joint missions were conducted, as was done for the assessment of the drought two years before.



161. The Board considered the relief component of the PRRO to be fully justified. Soup kitchens were deemed a good mechanism for reaching the most vulnerable. A query was raised regarding the ration provided to Chechen refugees, which was slightly lower than that for food-for-work and for vulnerable beneficiaries in FFW villages with no potential labour source. It was explained that since Chechen refugees also received food aid from UNHCR, the ration provided by WFP was complementary, and therefore smaller. Another query related to post-distribution monitoring of food aid to Chechen refugees. The Secretariat responded that UNHCR and WFP were involved in this task, which was undertaken whenever the security situation permitted.
162. The Board also asked about the local purchase of food. It was pointed out that, although the country office had often attempted to buy locally, the prices of cereals were not competitive and commodities were available only in small quantities.
163. One representative mentioned that the wording in paragraph 2 of the document had some negative political connotations, which should be avoided in the future. The comment was noted.

OPERATIONAL MATTERS

Development Project Approved by the Executive Director (1 January–30 June 2002)—Cambodia 10170.0 (2002/EB.3/39)

164. The Board took note, in document WFP/EB.3/2002/10-A, of the development project approved within the delegated authority of the Executive Director, between 1 January and 30 June 2002.

Budget Increases to Development Projects Approved by the Executive Director (1 January–30 June 2002) (2002/EB.3/40)

165. The Board took note, in document WFP/EB.3/2002/10-B, of budget increases to development projects approved within the delegated authority of the Executive Director, between 1 January and 30 June 2002.

Budget Increases to Protracted Relief and Recovery Operations Approved by the Executive Director (1 January–30 June 2002) (2002/EB.3/41)

166. The Board took note, in document WFP/EB.3/2002/10-D + Corr.1, of budget increases to PRROs approved within the delegated authority of the Executive Director between 1 January and 30 June 2002.

Emergency Operations Approved by the Executive Director, or the Executive Director and the Director-General of FAO (1 January–30 June 2002) (2002/EB.3/42)

167. The Board took note, in document WFP/EB.3/2002/10-E, of emergency operations approved by the Executive Director or the Executive Director and the Director-General of FAO under the authority delegated in sub-paragraph (b) of the Appendix to the General Rules.



ORGANIZATIONAL AND PROCEDURAL MATTERS

Provisional Biennial Programme of Work of the Executive Board (2003–2004) (2002/EB.3/43)

168. Further to discussions during the session, the Board approved several amendments and additions to the Provisional Biennial Programme of Work of the Executive Board, as detailed below, while agreeing at the outset of the presentation that the programme of work was a "living document" that would require adaptation as the biennium in question progressed:
169. At the First Regular Session of 2003:
- a document detailing the programme of work and the final annotated outline for the review of resources and long-term financing policies;
 - the Programme of Work of the External Auditor, which would include the modality of reporting on management matters;
 - the budget increase to development project Côte d'Ivoire 3358.02, which had been postponed, and which would be presented for approval.
170. At the Annual Session of 2003:
- the document entitled A Policy for Results-Oriented Monitoring and Evaluation would be presented to this session instead of to the First Regular Session of 2003, as would the Monitoring and Evaluation Implementation Plan and Budget;
 - the Final Report on the Review of Resources and Long-Term Financing Policies, which would include the system and procedure for the reclassification of PSA to DSC;
 - the Comprehensive Financial Report, which would include information on the utilization of balances on closed projects, the status of cash balance and investment, as well as the standard report of the Executive Director on reductions or waivers of costs (General Rules XII.4 and XIII.4);
 - the policy and procedures for the capital asset fund and the PSA equalization account;
 - the inclusion in the Strategic Plan for 2004–2007 of an approach for zero-based budgeting, as well as an outline for the Management Plan for 2004–2005 (to be presented at the Third Regular Session, 2003);
 - inclusion in the document Composition of WFP International Professional Staff and Higher Categories, presented to the Board annually, a WFP policy on staff recruitment and geographical representation of member states, for the Board's consideration.
171. At the Third Regular Session of 2003:
- the Board would consider a document on the issue of WFP oversight functions; and
 - the Board would discuss WFP's involvement in the consolidated appeals process.
172. Further to the decision taken at this session on programme harmonization and programming processes with reference to WFP's programme cycle, the Second Regular Session would meet the week immediately after the Annual Session to discuss Country Programme Outlines (*n.b.* the title of these documents is still to be finalized by the UNDG).
173. Issues relating to broadening WFP's resource base, private-sector engagement and advocacy would be addressed during upcoming consultations on the Strategic Plan.



174. The Governance Steering Group would address, *inter alia*, issues related to the streamlining of financial reporting and *ex post facto* approval by the Executive Board.

OTHER BUSINESS

Visit of WFP Executive Board Members to Cuba (2002/EB.3/46)

Visit of WFP Executive Board Members to Haiti (2002/EB.3/47)

175. The Board took note of these two documents, and the comments of those Board Members who had taken part in the visits to Haiti and Cuba in June 2002. Reference was made to the recommendation of the Board members who visited Haiti that efforts should be made to expand the donor base, and that donors should increase their response to allow full implementation of the Haiti Country Programme and its complementary activities. Members also brought to the attention of the Board the necessity of improving the impact of the school feeding programme with the provision of educational materials such as books, papers and pencils in order to increase the effectiveness of the capacity-building component of the programme. Members who visited Cuba praised the good working relationship between WFP and the government authorities and confirmed that the WFP-assisted projects implemented there were having a solid impact on the nutritionally vulnerable people in the five eastern provinces.

Memorandum of Understanding between the Office of the United Nations High Commissioner for Refugees and the World Food Programme—July 2002 (2002/EB.3/48)

176. The Secretariat informed the Board that WFP and UNHCR had signed a new Memorandum of Understanding, in July 2002. The new document was an enhancement of the already good working agreement between WFP and UNHCR that had facilitated strong cooperation between the agencies in many operations. One of the key new features of the cooperation was the agreement that WFP would be fully responsible for food distribution to refugees in five selected countries, on a pilot project basis, and that the experience would be subsequently reviewed. WFP and UNHCR had so far agreed to implement the pilot project in Pakistan, Uganda and Sierra Leone, while the remaining two countries were still being discussed. There were no requests for clarification or questions from the Board.

