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SUMMARY OF THE WORK OF THE ANNUAL SESSION OF THE EXECUTIVE BOARD, 2006

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 the document WFP/EB.A/2006/16.

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CURRENT AND FUTURE STRATEGIC ISSUES

Current and Future Strategic Issues (2006/EB.A/1)

1. The President welcomed the delegations to the session, and outlined the events of the week.
2. The Executive Director thanked the President and added his welcome to the delegations. He thanked all those who had supported the third Walk the World event, which had given the WFP extensive worldwide publicity. A video on the event was screened.
3. Turning to the strategic issues facing WFP, the Executive Director drew attention to the World Bank's recent assessment that the number of natural disasters and their human and financial costs had soared in recent years, increasing calls on WFP to respond to emergencies. Despite the generosity of the donor community, WFP had at times been obliged to cut back its assistance in some countries.
4. The Darfur emergency in Sudan was overwhelming WFP; rations had had to be cut because of a shortfall in funding; additional donations had since enabled ration levels to be restored, but the operations would present a huge challenge well into 2007, a major part of which was the violence in the area that was limiting WFP's ability to work. The Executive Director paid tribute to WFP staff in Sudan and showed a video of his recent visit to the region. The Executive Director reported on his participation in a joint mission with the heads of the United Nations Children's Fund (UNICEF) and the Office of the United Nations High Commissioner for Refugees (UNHCR) to the Democratic Republic of the Congo (DRC). WFP had responded rapidly to the Java earthquake through its Indonesia PRRO; large numbers of victims would require support until November 2006, and an exit strategy was required. The security situation in Timor Leste was hampering WFP's efforts to deliver food aid to internally displaced persons (IDPs). A serious funding shortfall and bad weather were causing problems for the aid operations in Afghanistan. The new Protracted Relief and Recovery Operation (PRRO) for the Democratic People's Republic of Korea (DPRK) represented a radical scaling-down of operations, yet malnutrition rates remained high: 37 percent of young children were chronically malnourished. Avian influenza was adding to the difficulties in the Occupied Palestinian Territory. Although it had rained in most of Southern Africa, southern Angola, much of Swaziland and parts of Zimbabwe still faced food shortages. In the ongoing fraud case at the regional bureau in Johannesburg, internal disciplinary measures had been or would be taken.
5. The Executive Director said that the Immediate Response Account (IRA) had been used to respond to the Horn of Africa drought and had recently been extended to Sudan and central Java. Despite record high allocations, the current balance of US\$23 million might restrict WFP's ability to respond to major emergencies. In terms of responding immediately to emergencies, the IRA's complementarity with the Central Emergency Revolving Fund (CERF) was extremely important.
6. Regarding United Nations reform, the Executive Director said that the three Rome-based agencies needed to play a leading role in the Secretary-General's high-level panel on United Nations system coherence. In the humanitarian field, WFP strongly supported the implementation of the new expanded CERF (E-CERF), the Common Humanitarian Fund (CHF) and the cluster system, but there were shortcomings in terms of capacity and funding that needed to be remedied. Collaboration among agencies was central to dealing



with food insecurity, capacity and combating HIV/AIDS. He welcomed the fact that at the recent General Assembly high-level meeting the essential role of nutrition in mitigating HIV/AIDS had been highlighted. WFP would shortly assume the Chair of the Joint United Nations Programme on HIV/AIDS (UNAIDS) Committee of Cosponsoring Organizations (CCO). WFP's initiative to end child hunger had made considerable but insufficient progress, despite the involvement of various development banks.

7. The Executive Director expressed gratitude to WFP donors. Fundraising in the field, together with donations by governments and the private sector had provided US\$1.16 billion so far in 2006. As he welcomed six new donors, he expressed the hope that every country would one day be a donor, adding that everyone shared responsibility for fundraising. The Board was shown three publicity videos related to WFP.
8. The Executive Director announced his decision not to stand for a second term of office.
9. The floor was then given to the Minister for Community Development of Niger, representing the Prime Minister of Niger who was unable to attend. He expressed gratitude for WFP's 30 years of partnership with the Government of Niger in food security, health care and education. Results included increased school attendance, particularly of girls, reduced incidence of bilharzia, 14,000 ha of agricultural land recovered since 2004, advances in early-warning systems and vulnerability analysis and mapping (VAM) and pilot projects in tuberculosis and HIV/AIDS eradication. Among Niger's national measures were an 80,000 mt grain reserve and a common donors' fund to provide early emergency response, healthcare services and nutrition recuperation centres for children, a post-crisis programme supplying livestock and seeds to affected farmers and irrigated agriculture on 80,000 ha. US\$80 million of the necessary US\$300 million to come from government funds. Following the 2005 crisis, the grain reserve had been increased to 110,000 mt; the Government would build national capacity in food security management, monitoring and emergency response. Funds and support were needed for these activities and to replenish the grain reserve stocks, which stood at only 20,000 mt.
10. In response to the Executive Director's announcement, members of the Board expressed their regrets that he had decided not to remain in office after his first term and paid tribute to his excellent leadership.
11. In response to the Executive Director's main statement, the Board agreed that WFP's primary objectives were to deliver food aid and logistics assistance wherever required and pledged on behalf of their governments to work to meet these objectives. Some optimism was expressed regarding WFP's financial situation, but concerns were expressed at the sharp reduction in recent years in untied multilateral contributions. Concern was voiced at the strain placed on WFP by the number of disasters in 2005, which had led to shortfalls in available food aid. Some members called for greater emphasis on prevention; others noted that humanitarian aid in response to emergencies had to be WFP's priority. The need for national governments to be recognized as owners and leaders of aid programmes was a recurring theme; the importance of capacity-building was frequently stressed. Although the importance of communications and information was repeatedly emphasized, some members appealed for greater attention to parts of the world that did not benefit from current media attention. Several members urged that no region should suffer reductions in WFP assistance, noting that the poorest, least-developed countries were extremely vulnerable. Regarding the issue of child hunger in the context of the Millennium Development Goals (MDGs), members cautioned that separate channels should not be set up to address it. Calls were made to increase results-based management (RBM) and to improve needs assessment.



12. On the subject of United Nations reform, members underlined the importance of an open debate; several members urged greater synergy and closer cooperation among the various bodies, in particular the Rome-based agencies. Coordination and integration of programmes were mentioned as vital, as was a more horizontal approach that took into account linked issues such as water, land, education and rural development. Tackling nutrition was crucial when combating pandemics such as HIV/AIDS. Some members suggested a joint board to replace the individual agency boards, along with other measures in the interest of greater coordination and unity.
13. In reply, the Executive Director stressed the collegiate nature of WFP's leadership. Acknowledging the importance of partnership among United Nations agencies, he did not share the view that a single executive board for United Nations humanitarian agencies was feasible. There would be no separate channels for dealing with the top priority of reducing child hunger. Urging a collective effort to address the situation in Sudan, the Executive Director was eager to switch attention to restoring people's normal lives as soon as the humanitarian crisis was over. He did not consider that there was a dichotomy between socio-economic development and humanitarian aid: WFP should increase its efforts in both. He welcomed the Board's interest in improved communications and better information systems. As far as funding was concerned, he aimed to secure even more donors, including non-traditional ones. The Executive Director concluded by urging everyone to assume full responsibility for fighting hunger, a challenge facing the entire humanitarian community.

Procedure for the Appointment or Reappointment of the Executive Director (2006/EB.A/2)

14. The Board approved the President's statement on the Board's involvement in the procedure, emphasizing the need for transparency; the President reiterated that all efforts would be made to ensure that the procedure was fully transparent. The procedure had already begun and should be completed well before the current Executive Director's term of office ended. The job description should contain not only the Executive Director's duties but also the required qualifications and other criteria. The Board's views on a matrix for that purpose and the approach to shortlisting would be conveyed to the relevant authorities. The Secretary-General invited all Member States to make nominations under the new procedure adopted in 2005. Members of the Board were encouraged to inform the Secretariat and the Bureau of their views on every aspect of the procedure, including the internal matters of whether the Board should hold private or public meetings.

ANNUAL REPORTS

Annual Performance Report for 2005 (2006/EB.A/3)

15. The Secretariat introduced the Annual Performance Report (APR) for 2005, noting that it represented another important step forward in RBM in WFP. The APR, a major accountability and management tool, helped to identify progress in building on strengths and addressing weaknesses. It showed how food aid made a difference in the lives of food-insecure people and people affected by crises. The APR illustrated some of the operational challenges of 2005, in particular those related to the complexity of operations in response to natural disasters. It recorded the demands placed on WFP in terms of supporting PRROs and the lessons learned from experience and formal evaluations. It also



demonstrated WFP's commitment to achieving the MDGs and to ending hunger, emphasizing that even greater efforts were needed in the fight against hunger because the number of chronically food-insecure people in the world was rising.

16. The Board approved the 2005 APR, commending the improvements in structure, clarity and content. Board members commented on the usefulness of the document for strategic planning, policy development and management. The Board indicated that it would like to see continued improvement in the APR: the inclusion of more trend analyses, information on costs, the global food aid table and efficiency indicators would be appreciated. Some Board members noted the declining trend in the development portfolio.
17. In response, the Secretariat emphasized that WFP was working to improve indicators and target setting. Evaluation recommendations would continue to be integrated into the APR, and would also be contained in a separate document to be submitted to the Board addressing the year's evaluations and recommendations. The global food aid profile would be made available in July 2006. The Secretariat reiterated its commitment to partnerships and to working to ensure that food assistance was part of a package, and emphasized that flexible multilateral contributions, preferably in cash, allowed WFP to meet the needs of beneficiaries most effectively.

POLICY ISSUES

Engagement in Poverty-Reduction Strategies (2006/EB.A/4)

18. Presenting the paper, the Secretariat emphasized that poverty-reduction strategies (PRS) were a major framework for joint efforts to reduce poverty. WFP could contribute to developing national policies that targeted the poorest people, drawing on its knowledge of vulnerable groups and its capacities as an operational agency. The Secretariat stressed the importance of government leadership in joint PRS programmes, particularly in determining how resources would be allocated. Hunger and malnutrition issues should be an integral part of PRS, which should also reflect WFP's strategic concerns. Guidance would be given to country offices on mainstreaming support for PRS and on the need to align this work with the needs of individual countries.
19. Welcoming the paper, Board members stressed the importance of coordination among agencies and of accurate evaluation of needs and of the causes of hunger; consensus and complementarity would be essential. Several Board members noted that this complex issue would require careful management, collaboration with bilateral donors and beneficiary countries, and the allocation of significant human and material resources. The Board requested the Secretariat to report back on progress in WFP's involvement with governments in developing PRS efforts.
20. The Board expressed approval of the fact that the paper took into consideration views expressed at informal consultations, and looked forward to possible partnerships with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD), stressing the need for synergy among agencies and United Nations country teams (UNCTs) in drafting and implementing PRS proposals. It was suggested that PRS was in effect a "new line of business": WFP had operational strengths that should be leveraged in developing effective PRS. Several Board members noted that emergencies affected development initiatives, and that WFP's involvement in PRS should ideally be efforts in support of governments of fragile states in developing and implementing their own programmes. WFP should in particular advocate for support for



the agricultural sector, encourage disaggregated monitoring of the vulnerable and food-insecure, and citizen participation. Board members stressed that PRS should be institutionalized and sustainable, implemented in harmony with national policies and monitoring systems on the basis of proven knowledge, which WFP could provide. The need to operate within WFP's core mandate was emphasized. Concern was expressed as to the staffing and cost implications of involvement in PRS; the Board asked the Secretariat to provide details of these aspects.

21. There was a request for clarification of the "countries in transition" concept, which might be more accurately expressed in the term "fragile states" recovering from conflict with no effective governing institutions
22. In response, the Secretariat noted that the paper had been largely demand driven: country offices had asked for guidance to ensure coherent participation in PRS and United Nations Development Assistance Frameworks (UNDAFs); governments in conflict situations and United Nations agency partners had requested support from WFP's knowledge and capacities. There would be no need to recruit new staff to handle PRS, which the Secretariat did not see as a new line of business: staff could be trained as necessary and deployed as required. The strength of partnerships with FAO and IFAD was recognized; WFP's comparative advantages would be exploited fully. The Secretariat pointed out the link between PRS and economic analysis capacity, noting that PRS were sporadic but intensive and that they depended on the size and capacity of the country office concerned. The Secretariat assured the Board that it would track the development of PRS and report back on progress.

The Role and Application of Economic Analysis in WFP (2006/EB.A/5)

23. In its presentation, the Secretariat stressed the fact that the application of economic analysis would improve WFP's understanding of food insecurity and the effectiveness of its operations while intensifying its strategic partnership with FAO and other partners, an approach strongly supported by the Board. As the draft decision implied, economic analysis was not new to WFP, but it was a capability that required continued investment and collaboration with other agencies.
24. In the discussion, the need for WFP to integrate economic analysis into its work was acknowledged, but some concerns were expressed that WFP's humanitarian principles might be compromised. It was also pointed out that the activity might have implications in terms of additional human and financial resources. Making use of existing information, gathered nationally and by other organizations, was crucial. Social factors and on-the-ground realities also needed to be taken into account. Calls were made for economic analysis to be institutionalized, a concept that was a cause of concern for some Board members. A suggestion that it might focus solely on emergency responses was rejected, as were calls for a decision on the matter to be delayed.
25. The Secretariat reassured the Board that WFP did not intend to conduct country-level macroeconomic studies or undertake any activities that would be detrimental to WFP's humanitarian principles, social concerns or its main purposes, the provision of food aid and related logistical assistance. The initiative was intended to provide WFP with the tools to enhance its skills for implementing the intentions of the Board and achieving its mandated aims. The draft decision was reworded to take the various views expressed in the discussion into account and requested to revisit the issue during the November Board session.



Global Task Team (GTT) Recommendations on Improving AIDS Coordination among Multilateral Institutions and International Donors (2006/EB.A/6)

26. The Secretariat's presentation of the document for endorsement was made by the World Bank representative. It included an overview of the history of the HIV/AIDS pandemic and the United Nations response to address it. The United Nations division of labour, essential to avoid unnecessary duplication in order to ensure a more effective response to the pandemic was a major element of the GTT recommendations. The GTT recommendations, already endorsed by the other co-sponsors, were an important roadmap for meeting the challenge of universal access by 2015.
27. The recommendations were welcomed by the Board, in particular the emphasis on country-level action. WFP's role in the fight against AIDS was widely acknowledged, as was the need for food and nutrition in care and treatment programmes. Concerns were expressed by the Board that the draft decision insufficiently emphasized coordination and an amendment was agreed. The Secretariat gave reassurances that the Board would be regularly updated on that and the general progress made in implementing the GTT recommendations.

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Audited Biennial Accounts, 2004–2005 (2006/EB.A/7)

Review of the Results-Based Management Framework for Monitoring and Reporting Results: Report by the WFP External Auditor (2006/EB.A/10)

28. The Secretariat presented the Audited Biennial Accounts, stating that they comprised three separate documents – the Executive Director's report presenting the financial management and financial results highlights for the 2004–2005 biennium and the audited financial statements, including the certification of the Executive Director and the opinion of the External Auditor. The secretariat thanked the External Auditor for his assistance in improving accounting control and reporting in WFP.
29. In response to the Secretariat's presentation of the documents, the External Auditor presented his report on the audit of the Financial Statements, observing that the reports before the Board had benefited from a comprehensive programme of audit visits to the field. WFP had received an unqualified audit opinion, not an automatic outcome for an organization to achieve. The report on WFP's RBM framework, which contained seven recommendations, would be followed by a second report that would concentrate on the application of RBM to field operations. The conclusion was that WFP's RBM framework was well designed. Regarding the 2006–2007 audit, the External Auditor and his team presented a number of potential audit report topics for the Board's consideration. Possible topics might be decentralization, treasury or financial management, cost management, consultants, knowledge management and the risk of fraud or financial losses. The External Auditor invited comments from Board members on potential topics for audit review.
30. Members of the Board welcomed the unqualified opinion of the External Auditor and the two sets of audit recommendations, ten on accounting and financial matters and seven on RBM. Emphasizing the paramount importance of greater synergy and a clarification of



the division of labour between the internal and external auditors, the Oversight services and the Secretariat, they acknowledged the senior management's determination to improve transparency in accounting, towards which considerable progress had been made. Several speakers voiced concern at the first recommendation's reference to the Audit Committee, in view of previous decisions. The Board noted that RBM was work in progress and looked forward to receiving the second report by the External Auditor. Calls were made to build financial management capacity in the field and to concentrate on tackling weaknesses in WFP's accounting systems when responding to emergencies, particularly with respect to national officers. Concerns were expressed at the trend towards a lower percentage of expenditure on development. In view of the situation in Johannesburg, WFP was urged to introduce effective anti-fraud mechanisms. In response to the topics mentioned by the External Auditor as tentative subjects for inclusion in the 2006–2007 programme of external audit work, Board members suggested consideration of the cost effectiveness of investment in communication, WFP's engagement with the private sector, WFP's capacity to handle a rising workload, local and regional procurement, and electronic fraud; additional subjects could be communicated to the External Auditor at a later date.

31. Responding to questions on staff benefit liabilities, the Secretariat informed the Board that such liabilities were determined by actuarial valuation and had been influenced by changes in the economic assumptions and demographics.
32. The External Auditor said that the size of reserves and level of liabilities, both the subject of concern for some Board members, were matters for the Secretariat to consider, but following consultations with the Secretariat he would report on those issues in his next financial report. He agreed that theoretically sound RBM systems might not correspond to field realities, a subject to be addressed in the second report.

WFP Pledging Target, 2007–2008 (2006/EB.A/8)

33. The Secretariat explained how the pledging target of US\$6.74 billion for 2007–2008 had been reached.
34. Some members of the Board challenged the notion that pledging conferences were of no significant value in resource mobilization; others stated that they saw little or no value in pledging conferences, which were costly to organize, and that there had been a long-standing consensus at WFP that they should be discontinued.
35. The Secretariat pointed out that the last pledging conference had resulted in donations amounting to only 0.26 percent of the WFP's total income for the subsequent biennium. The Secretariat reassured the Board that WFP had developed efficient fundraising methods that enabled it to meet a high proportion of beneficiary needs. The Board unanimously approved the target as outlined in the draft decision, point (i) but recommended the issue to be brought to the UN General Assembly to discontinue this report.

Review of the Indirect Support Cost Rate (2006/EB.A/9)

36. The Secretariat presented the review, which had been conducted at the request of the Board. The review (i) presented the alternatives for setting the indirect support cost (ISC) rate, (ii) outlined the role and importance of the Programme Support and Administrative (PSA) Equalization Account and suggested a target level, (iii) proposed a methodology for setting the ISC rate and (iv) recommended that the current ISC rate of 7 percent be maintained for the 2006–2007 biennium.



37. The Board supported the proposed methodology for setting the ISC rate in the future, and approved the 7 percent ISC rate for the current biennium. The Board asked to receive regular updates on the level of the PSA equalization account; the Secretariat gave assurance that these were already provided in the update to the Management Plan presented at each Board session. The Secretariat restated its commitment to improving the distinction between direct costs and indirect costs.

Progress Report on the Recommendations of the External Auditor (2006/EB.A/11)

38. The Secretariat presented this progress report summarizing the Secretariat's response to action taken on six audit reports submitted to the Board by the External Auditor in 2005 and 2006. For the first time it included responses to recommendations the External Auditor had just made, which WFP management was already acting on.
39. The External Auditor noted his appreciation for the way recommendations were being monitored and commended the comprehensive progress report and the immediate positive responses to his recent recommendations.

Report of the Inspector General (2006/EB.A/12)

40. The Inspector General presented his report. During 2004–2005, a risk-based strategy had been adopted in providing oversight services. Implementation of this strategy had been supported by a 66-percent increase in resources for the Oversight Services Division (OSD), resulting in a 158 percent increase in field audits, a 34 percent increase in Headquarters audits and a 95 percent increase in investigative work. The internal audit function had been reviewed by the Institute of Internal Auditors (IIA) and found to be generally in compliance with IIA standards. Clients surveyed on completion of engagements generally expressed satisfaction with the work of OSD.
41. Responding to the Board's observations, the Inspector General explained that although control weaknesses identified in procurement were a cause for concern, particularly at the onset of an emergency, none had resulted in an investigation; WFP management was addressing the broader issue, which had also been reported by the External Auditor. The client satisfaction survey had been introduced to obtain feedback from offices that had been audited and inspected; in future, the definition of a client could be broadened to include stakeholders such as the Executive Board and the Audit Committee and a modality for obtaining their views would be developed. The report synthesized 75 audits carried out over two years; the findings from a new system for monitoring management responses to OSD recommendations would be included in the report for the next biennium.
42. The increases in cases of commodity losses could be partly explained by an increase in WFP's operations; the increase in reported cases of harassment could be attributed to the Hotline and enhanced awareness. The fact that the Inspector General was appointed by the Executive Director and reported directly to him ensured the independence of OSD from its main clients, the operational management of WFP. The OSD budget was determined as part of the normal Management Plan exercise.



43. The Secretariat reported that an emergency response group had been established to address four large simultaneous emergencies as part of the priorities set by the Executive Director. The internal auditors and the External Auditor had pointed out that many risks arose in the initial phase of emergencies on matters related to procurement, financial and administrative processes and their associated risk profiles: the Secretariat was as a result setting up support teams for deployment within 24 to 48 hours at the onset of an emergency to provide full administrative support, procure resources and ensure adherence to WFP regulations; the regulations applicable to the first phase of an emergency would be reviewed. The Secretariat confirmed that the WFP management had followed up the recommendations of the Inspector General and had set up mechanisms to monitor progress in implementing them.

Analysis of WFP Cost Components (2006/EB.A/13)

44. The Secretariat presented the analysis paper, as requested by the Board at its Second Regular Session in November 2005. The paper analyses WFP's various cost components by comparing actual expenditures for 2002–2003 and 2004–2005 and planned expenditures for 2006–2007. Costs are classified into two broad categories: costs not directly related to food projects, and food-project costs. Expenditures not directly related to food projects had increased by 75 percent, accounting for 40 percent of the total expenditure increase between 2002 and 2005. The main reasons for this were increases in special operations (SOs), special accounts and trust funds, and increased indirect expenditure as approved by the Board.
45. Food-project costs had increased by 16 percent; several factors had contributed to this increase. The size and complexity of the Sudan operations had accounted for large increases in the cost categories of landside transport, storage and handling (LTSH) and direct support costs (DSC).
46. The Board welcomed the report as a new tool to assess WFP finances. The Board emphasized the need to examine costs regularly and in particular to monitor increases in transport costs and food costs. In response to questions, the Secretariat provided more details about the increased costs of security, the higher-value composition of the food basket used in protracted relief and recovery operations (PRROs) and the external market factors that affect shipping and transport costs.
47. The Board requested an analysis of costs as a regular report, noting the difficulty the Secretariat would have in presenting the report on time for Annual Sessions resulting from the need for audited financial statements. The Secretariat should explore the options for presenting the report; if necessary, un-audited statements could be used.

Report on WFP's Cash Balances (2006/EB.A/14)

48. The Secretariat presented this report on the amounts, sources, uses and ideal levels of WFP's cash balances, as requested by the Board at its Second Regular Session in November 2005. The report compared financial data over the last three biennia and, with regard to the level of operations and purposes of the funds, concluded that overall balances were satisfactory, but that adjustments were needed – for example in the PSA equalization account and the IRA.
49. The Board welcomed the document and emphasized the need for maximum transparency with regard to the various funds, noting that consideration should be given to consolidating some of the reserve accounts.



50. Responding to Board members' questions, the Secretariat explained that WFP's increased operations required a prudent level of cash balances. Most cash balances were earmarked for specific objectives and could not be redirected to other activities. Funds for development projects (DEVs) had a longer-term spending cycle than those for emergencies. Most cash balances were in short-term investments with durations of approximately two and a half months; a new investment policy was being developed with the assistance of the World Bank, which had proposed separate tranches with different durations and risk profiles; it was anticipated that the policy would be introduced in September 2006. Some multilateral funding was made directly to the IRA or revolved to it, but most went directly to high-priority operations, filling breaks in the pipeline or supplying missing food basket commodities. The available funding in the IRA was less than US\$15 million, even though the target was US\$70 million.
51. The Board requested the Secretariat to report on its changes in investment policies at the Second Regular Session of 2006.

Second Progress Report on the Implementation of International Accounting Standards (2006/EB.A/15)

52. Following the Secretariat's introduction of the second progress report, the Board expressed its full support for the decision to implement International Public Sector Accounting Standards (IPSAS), as had already been agreed by the High-Level Committee on Management (HLCM), and noted that this would bring greater transparency and improved inter-agency cooperation. The progress achieved testified to the progressive and adaptable character of WFP. A suggestion was made that the decision might depend on the approval of the General Assembly of the United Nations.
53. Responding to questions, the Secretariat said that progress reports would periodically be provided to the Board. Compliance with the deadlines that had been set would depend on approval of WFP's budget, but HLCM expected WFP to be an early adopter of IPSAS. The proposals of the HLCM would be approved by the governing bodies of individual organizations in the United Nations system. Implementation of IPSAS would require annual instead of biennial financial statements, calling in turn for a change to the WFP General Regulations, potentially a lengthy procedure. Any amendments to other regulations ought to prove less onerous, and information on that subject would be brought to the Board's notice as necessary.

Update on the WFP Management Plan (2006–2007) (2006/EB.A/16)

54. The Secretariat presented this second update, following the update at the Board's 2006 First Regular Session. The planned programme of work had increased from US\$5.793 billion to US\$5.959 billion; predicted funding of US\$5.4 billion would generate US\$353 million in ISC income; the Secretariat had introduced a calendar-based PSA budget and quarterly PSA reports. The Secretariat proposed to transfer US\$20 million to the IRA and US\$3.7 million to implement International Public Sector Accounting Standards.
55. The Board raised questions regarding appointments and lines of responsibility, to which the Secretariat responded. The new Chief Financial Officer reported to the Deputy Executive Director for Administration, and was also part of the executive group; the Executive Director retained final responsibility for all budget decisions. The Director of Evaluation would report to the Executive Director; there was no common view of best practice for this. Overall, countries were equitably represented on WFP staff, but



the Secretariat was aware that higher-level positions were less evenly distributed and aimed to improve this and the gender balance. Walk the World would have its own division while it was being established as a high-priority WFP activity. Appointment of a Chief Operating Officer was a decision for the Executive Director; the Senior Deputy Executive Director post could be considered an equivalent position.

EVALUATION REPORTS

Summary Report of the Evaluation of the Business Process Review (2006/EBA/17)

56. The summary evaluation presented by the Director of Evaluation was based on extensive interviews with WFP staff and donors and on field visits to four of nine countries with Business Process Review (BPR) pilot projects. BPR had improved the timely provision of commodities to beneficiaries and had brought about cost savings. Working-capital financing (WCF) loans had incurred little risk of default, but project managers were concerned that advances from the Project Cash Account (PCA) were not backed by funding to cover any potential losses. Donation forecasts varied in accuracy, and some cost savings were smaller than originally estimated. The Secretariat was already responding to the evaluation's recommendations for solving these and other issues.
57. The Board commended the quality of the evaluation and the Secretariat's rapid response to the recommendations. Board members welcomed the Secretariat's recognition of the need for an improved methodology for calculating BPR benefits, clear internal guidelines for loan use, and refinements to the labour-intensive BPR reporting system prior to its roll-out to other country offices.
58. Responding to Board members' questions, the Secretariat explained that responsibility for the use of PCA had been decentralized to country directors or regional directors, which had entailed some risks. WFP Headquarters was improving its BPR guidelines; new software to simplify use of the system would be rolled out in July 2006. The Secretariat clarified that the IRA was for emergency response only, whereas WCF and PCA provided advances to ongoing operations.

ASIA REGIONAL PORTFOLIO

Summary Report of the Mid-Term Evaluation of Country Programme Bhutan 10133.0 (2002-2007) (2006/EB.A/18)

Draft Country Programme – Bangladesh 10410.0 (2007–2010) (2006/EB.A/19)

59. The regional presentation began with the announcement that since 1 June 2006 the Asia Bureau had taken over responsibility for Afghanistan and Pakistan to align the boundaries of the geographical coverage with the other United Nations Development Group (UNDG) Excom agencies. The change had resulted in a large increase in terms of beneficiaries and budget. The Regional Director had recently visited the two countries. In Afghanistan he had been struck by the variety of partnerships active in the country and the high number of women beneficiaries. The security situation had seriously deteriorated in recent months, which was restricting access. The population's dissatisfaction with progress



in development efforts by the Government and the international community was leading to instability, which risked being fuelled by the prospect of food shortages. WFP was nonetheless committed to continuing its support in the country, particularly the winterization programme. In Pakistan, the response to the 2005 earthquake had been impressive; the PRRO for the post-disaster transition was still in the initial stages, targeting schoolchildren and reconstruction. The main challenges were geographical, logistical – the United Nations Humanitarian Air Service (UNHAS) had ended helicopter operations in May 2006 – and meteorological; as in Afghanistan WFP's programmes were seriously underfunded.

60. Underfunding was a major problem facing WFP in Asia. The response to the Javanese earthquake had nonetheless been rapid. The Indonesia PRRO had been revised to assist earthquake victims; local procurement was being emphasized. The social unrest in Timor-Leste had made it necessary to protect staff and property, but there had been a quick response to assist large numbers of internally displaced people (IDPs); an exit strategy was in place because emergency food aid was not expected to be needed beyond the end of 2006. A letter of understanding (LOU) had been signed with the authorities of DPRK in May 2006. If, as expected, the initial coverage for food aid of 30 countries was extended by another 20, the already low resourcing levels would be further stretched. Resourcing was also slow for the Philippines emergency operation (EMOP) that had been launched in conflict-affected Mindanao. Partnerships there were particularly strong and the government regarded WFP operations as helpful in finding a solution to the conflict. WFP had turned down an official request for assistance following the Leyte landslide disaster. A three-month EMOP was being launched in western Nepal to respond to drought. Lessons had been learned from WFP's preparedness in dealing with the insecurity in Nepal resulting from the political problems, but the post-crisis situation posed many challenges. That lesson was being applied successfully in Sri Lanka, where the deteriorating security situation was disrupting existing programmes, including tsunami relief efforts. The Cash Transfer Pilot Project targeting 12,000 tsunami victims should offer lessons in terms of the comparative benefits of cash or food aid. It was stressed that partnerships with all United Nations agencies and other bodies to maximize effectiveness and avoid duplication were and would be fully supported and enhanced.
61. In discussion, it was recalled that at a previous meeting the Board had called for WFP to take the lead in analysing the impact of local, regional and sub-regional food procurement, and for all Board documents to include detailed data on the origins of commodities purchased in connection with WFP operations. Appeals were launched for an increase in untied contributions to alleviate the severe underfunding for the region. It was suggested that WFP should make phase-out a priority in post-emergency situations in countries such as Sri Lanka. There was widespread support for the DPRK LOU and the security arrangements for WFP staff in that country were welcomed; the Regional Director confirmed that WFP would deliver food only where access was allowed; the Board would be kept regularly informed of the PRRO implementation. With regard to the cluster system, the Secretariat reported improvements in its application following the Java earthquake, after initial problems in responding to the South Asia earthquake. Lessons had been learned from the tsunami disaster response through audits and reports; the responses to the situations in Indonesia and Timor-Leste would undoubtedly serve as lessons in the future. The Secretariat welcomed offers of support for WFP operations in Asia from various countries and acknowledged the praise for WFP staff in the region.



62. In the presentation of the Bangladesh country programme (CP), attention was drawn to the three guiding principles, which met concerns expressed by the Board in previous debates: greater geographical concentration of complementary programmes to maximize the impact in places of highest need, integrated packages designed to build synergy and bring complementary interventions to the same locations and greater engagement in policy dialogues and capacity building at the national and local levels. Impressive progress had been made in the country in terms of human development, but the ambitious programme targeting several million beneficiaries faced significant resource shortfalls. Focus on local procurement would be high. The Board fully supported the CP; calls were made for cooperation with IFAD, and the Secretariat pledged that ties would be even better structured with regard to food aid loans, for example. It was agreed that cooperation with the United Nations Development Programme (UNDP) would also be beneficial in terms of preparedness. Partnership with FAO was a recurring theme, in view of its benefits for food security. The importance of the three guiding principles was emphasized with regard to knowledge transfers, emergency preparedness and food security in particular; capacity-building, focused on women, and the usefulness of micro-credits were also highlighted. With regard to plans for an exit strategy, attention was drawn to the section of the document on capacity-building for that purpose, and the fact that the Government had already made food donations of its own.
63. The “Summary Report of the Mid-term Evaluation of Country Programme Bhutan” was presented; the problems of accessibility in the country were highlighted. School feeding and improvements in access to rural areas had been assessed. It was recommended that school feeding should gradually be handed over to the Government, with a phase-out of WFP support by the end of 2011 and no later than the end of 2015. In response to Board members’ concerns about the phase-out, reassurances were given that the handover to the Bhutan Government would be gradual, and would include a transfer of management practices. School feeding and building mule tracks were the main activities: there was little programmatic scope for cooperation with IFAD because this organization was not active in these sectors in Bhutan.

WEST AFRICA REGIONAL PORTFOLIO

Summary Report of the Evaluation of WFP's Response to the Crisis in Niger in 2005 (2006/EB.A/20)

Draft Country Programme — Chad 10478.0 (2007–2010) (2006/EB.A/21)

Draft Country Programme — Guinea 10453.0 (2007–2011) (2006/EB.A/22)

64. The Regional Director presented an overview of the prevailing situation in West Africa and the draft CP for Chad and Guinea. The Director of the Office of Evaluation (OEDE) presented the evaluation of WFP’s response to the Niger crisis.
65. Child malnutrition and death rates across the northern Sahel were alarming. The prevalence of acute malnutrition in the sub-region exceeded WHO’s emergency threshold for nutrition interventions. In addition to lack of food, underlying causes of malnutrition included poor health facilities, lack of water and sanitation facilities and cultural practices. WFP would require US\$21 million over the next six months to implement existing operations in Burkina Faso, Chad, Mali, Mauritania and Niger.



66. Peace in Liberia had increased stability there and in Guinea and Sierra Leone. IDPs had already returned to their areas of origin; repatriation of refugees was expected to be complete by June 2007. WFP needed US\$11 million for the West Africa Coastal PRRO and US\$1.5 million for UNHAS.
67. Peace discussions in Côte d'Ivoire remained inconclusive; the disarmament and registration of citizens recommended by an international working group had not yet started in earnest. WFP had carried out contingency plans for Côte d'Ivoire and five neighbouring countries and would be prepared to intervene should the situation deteriorate. WFP required US\$11.7 million to cover operational requirements for the coming six months.
68. In Chad, the security situation was critical; the Regional Director did not think that the situation would improve in the short term. WFP was assisting 400,000 people including affected populations and refugees from the Central Africa Republic and the Sudan. In the absence of viable alternatives, UNHAS was responsible for medical evacuation and transport of humanitarian personnel in the country. WFP needed US\$14.2 million to implement operations in Chad through the rest of 2006.
69. The Regional Director updated the Board on progress in solidifying partnerships with governments, regional organizations and other stakeholders with regard to the Sahel Alliance for Basic Education and the regional task force that was studying the food security implications of avian influenza in Burkina Faso, Cameroon, Niger and Nigeria.
70. Board members expressed their appreciation of the evaluation report on WFP's response to the Niger crisis in 2005, though some members would have welcomed more in-depth treatment of some of the issues and recommendations.
71. Responding to Board comments, the Director of Evaluation emphasized that the evaluation report was a summary of a fuller technical report. The evaluation had focused on WFP's performance rather than that of all the actors involved, though it had taken into account evaluations by other bodies of the roles of UNICEF, NGOs and the Dispositive in Niger. As in other evaluations, issues of cost efficiency and cost effectiveness could not be dealt with satisfactorily; it was hoped that the cost aspect would be covered in the ongoing audit. The Secretariat added that the Niger crisis showed how structural issues rather than events were becoming the main causes of crises; new instruments and ways of thinking had to be developed to deal with this. WFP had drawn up crisis contingency plans for all countries in the region. Higher staffing levels at country offices would help to enhance early warning.
72. The Board requested a follow-up report on the Secretariat's implementation of evaluation recommendations and suggestions for preventing similar crises in the future at its Second Regular Session of 2006.
73. The Board endorsed the CPs for Chad and Guinea, emphasizing the need to consider the security situation in Chad and the in-country agricultural potential of Guinea.



MIDDLE EAST, CENTRAL ASIA AND EASTERN EUROPE REGIONAL PORTFOLIO

Summary Report of the Evaluation of Country Programme Yemen 10137.0 (2002–2007) (2006/EB.A/23)

Draft Country Programme – Yemen 10435.0 (2007–2011) (2006/EB.A/24)

Draft Country Programme – Egypt 10450.0 (2007–2011) (2006/EB.A/25)

74. The regional presentation noted that since 1 June 2006, responsibility for Afghanistan and Pakistan had been handed over to the Asia Bureau. Fifteen active operations remained, 12 of which were due to end in 2006 and move into a new phase. The general focus of the overall phase-out strategy was on enhanced targeting; hence the aim of concentrating on the most vulnerable people increased the need to improve resourcing. Under-funding was one of the main challenges facing WFP in the region. Funding support was generally unstable, which was compounded by political sensitivity. Security was another major challenge confronting operations in the region, especially in the Occupied Palestinian Territory and Iraq.
75. The Board agreed that the national and regional strategies based on capacity-building would facilitate progress towards successful phase-out from operations in the region. Discussions were under way in the UNDP framework on introducing a Country Programme Action Plan (CPAP), but the WFP component of CPs would require Executive Board approval.
76. The presentation of the evaluation of the current Yemen CP noted that implementation had been delayed by a year; the fact that the evaluation team leader was the same as for the first CP evaluation allowed for continuity and an assessment of progress and lessons learned. According to the interim evaluation, earlier problems of food management had been overcome in the second CP; area targeting, clustering of interventions, logistics arrangements and monitoring had improved significantly. The main success had been in activity 2, Promotion of Girls' Education, but chronic underfunding was a problem.
77. The Yemen Country Director assured the Board that the recommendations of the evaluation mission had been incorporated into the new CP and were being implemented by WFP and its partners on the ground. The Secretariat agreed with the Board that contingency planning was an efficient way of tackling the chronic shortfalls in funding; VAM was being updated so that the most vulnerable populations alone were targeted. As requested, the cost effectiveness of the TB and leprosy component, which had relatively few beneficiaries, would be analysed but the logistics costs were marginal. It was felt that it was the Government's prerogative to decide which administrative unit should be in charge of coordination. Although a large number of United Nations agencies were WFP partners in Yemen, the funds injected into projects were insufficient and there was a need for greater synergy. The security situation in Yemen was constantly changing; access had been restricted in certain frontier areas, impacting distributions and monitoring. However, the agreement signed between the Yemen and Saudi Arabia was expected to enhance the security situation at the border. Emphasis was being placed on in-country food procurement. It was difficult to contemplate a phase-out in Yemen, because it was unlikely to achieve any of the MDGs. Cooperation with other donors in Yemen had enabled WFP to



look at alternatives to food as incentives for girls' enrolment at school and women's attendance at health centres; as a result of WFP's efforts, the Government had recently waived tuition fees for girls in rural areas.

78. With regard to the draft Yemen CP, the Secretariat emphasized that improved targeting under the two core components of the CP – nutrition support and education, and the promotion of girls' education – conformed to the UNDAF and the MDGs. Difficulties included Yemen's hostile topography, poor basic services, interruptions in the supply chain and the adverse effect on transport of recent fuel price rises. On the positive side, the Government was in the process of creating an enhanced environment for WFP operations through plans to improve governance, financial management, private-sector development and the human rights situation.
79. The draft Egypt CP was likely to be WFP's last food-assisted development programme in the country. Government programmes were sizeable, requiring WFP cooperation and assistance for another five years and gradual phasing out. Emphasis was accordingly being given to national capacity-building, best practices and addressing concerns about micronutrients. The CP would be integrated into the UNDAF to help Egypt to meet the relevant MDGs. The Regional Director noted that phasing out the food aid programme in Egypt would not necessarily result in closure of the country office: each case would be examined on its merit and work would continue to be required on capacity-building and advocacy. The Egyptian Government had agreed to pay for the operation of the office. The country director explained that WFP was in dialogue with many potential donors in Egypt and had received grant support through Headquarters; the increased contribution from the Government was a welcome development; a recent study of prospects for private-sector partnerships had also revealed considerable potential. Handing over the food-for-education (FFE) programme to the Government was likely to be smooth: reform measures had been started that took into account WFP's international experience. The Government's strong support for the CP and the strong partnership in UNDAF would ensure sustainability.

SOUTHERN AFRICA REGIONAL PORTFOLIO

Draft Country Programme – Mozambique 10446.0 (2007–2009) (2006/EB.A/26)

80. The Regional Director summarized the situation in Southern Africa, which had the worst HIV/AIDS situation in the world and faced poverty and chronic food insecurity. Forecasts for the 2006 harvest were promising, but after several years of poor harvests WFP's revised regional PRRO needed US\$247 million for 2006–2007. In 2005, WFP had purchased 500,000 mt of local commodities at a value of US\$100 million.
81. The PRRO in Angola to provide education and health activities for conflict-affected populations was expected to be WFP's last food operation in that country. The Government had met its previous pledge of US\$7.5 million and had pledged a minimum of US\$10 million for this PRRO. WFP expected to phase out its interventions for orphans and vulnerable children in Namibia by 2008, when the Government would take over. In all of the WFP-supported countries in the southern Africa region, WFP was targeting people affected by HIV/AIDS and the chronically food-insecure. It based its programmes on vulnerability and other data from national vulnerability committees, which were technically supported by WFP and FAO. These committees were requested to advise on



whether food or cash interventions would be more appropriate for particular situations. The Board commended WFP's work in the region.

82. Regarding the draft CP for Mozambique, it aimed to tackle food insecurity, the HIV/AIDS pandemic and the Government's weakened capacity; it focused mainly on children. The Board endorsed the CP, and the Secretariat clarified the issues that had arisen during discussions. The CP was in the framework of the national PRS and national sector strategies. School feeding schemes targeted food-insecure areas with low education indicators; the potential for local food production and home gardens to support schools was being investigated. CP resources limited the number of children in these schemes to 200,000, but an additional 80,000 could be included should additional funds be forthcoming. Phase-out of feeding in boarding schools would involve a gradual government take over. Effectiveness was increased by joint programming with, for example, FAO on junior farmer field schools and UNICEF on child-friendly schools. The existing PRRO included mother-and-child health (MCH) components; it was involved in mitigating the effects of disasters and readiness activities with partners; food for work (FFW) would continue. Exit strategies were being enhanced through piloting different ways of reaching children with food and other activities.

EAST AND CENTRAL AFRICA REGIONAL PORTFOLIO

Draft Country Programme – Ethiopia 10430.0 (2007–2011) (2006/EB.A/27)

**Draft Country Programme – United Republic of Tanzania 10437.0
(2007-2010) (2006/EB.A/28)**

Summary Report of the Evaluation of PRRO Somalia 10191.0 (2006/EB.A/29)

**Protracted Relief and Recovery Operations for Executive Board Approval –
Somalia 10191.1 (2006/EB.A/30)**

83. The above items were presented together, starting with the Regional Director's overview of WFP activities in the East and Central Africa Regional Bureau (ODK). In 2005, ODK had a portfolio of 4.9 million mt of commodities to 22.4 million beneficiaries – 54 percent of them women – at a cost of US\$2.8 billion. The executive heads of UNICEF, UNHCR and WFP had visited three ODK countries between 26 February and 6 March 2006 to emphasize the need for governments and United Nations agencies to collaborate on regional-level solutions to the issues of refugees, conflicts and vulnerability. A regional weekly task force was monitoring the drought situation with all the country offices concerned. All countries had national avian flu task forces; some also had stocks of vaccine and/or laboratories for clinical testing. Regional and local procurements had increased from 22.3 million mt for the first five months of 2005, to 45 million mt in the same period. Somalia desperately needed funds for air and other transport services.
84. Burundi was relatively peaceful, apart from some violence in Bujumbura; drought followed by rain and floods had displaced 10,000 people, and destroyed houses and crops. Following poor rains in Djibouti, WFP was assisting 47,500 drought-affected people in addition to the 35,000 CP beneficiaries. Eastern parts of the DRC accounted for 60 percent of WFP allocations; elections in July were expected to be peaceful. WFP had



11 million beneficiaries in Ethiopia, 2.6 million of whom were affected by drought. Drought in Kenya had left 3.1 million people, including 500,000 children, in need of support. In the Republic of the Congo, WFP was collaborating with UNICEF in schools, WHO in clinics and FAO for school gardens; resources were needed to feed schoolchildren and support returnees. Following drought in Rwanda, refugees were drifting into neighbouring countries. In Somalia, the transitional government of 2005 had been dysfunctional; political unrest and violence made WFP distributions difficult. Conflict was much reduced in Uganda and some displaced people were beginning to return to their villages. The Government of Eritrea had integrated 64,000 mt of WFP food commodities into its own stocks; the Secretariat would update the Board on developments in this issue.

85. Responding to the Board's positive comments and questions on the draft for CP Ethiopia, the Secretariat outlined how WFP's partnerships with national and international organizations prevented overlaps among programmes and prepared the ground for WFP's phase out. WFP was strongly involved in the United Nations reform process; it led the clusters for logistics and communications and the humanitarian sector. The Managing Environmental Resources to Enable Transitions to more Sustainable Livelihoods (MERET) programme was incentive-based and provided technical support to the safety-net programme, which was transfer-based. National capacity to manage programme activities had been created through government and community training and awareness raising. In 2005, 150,000 mt of food had been procured locally; 70,000 mt had been procured up to May 2006; local procurement was constantly monitored to ensure no negative impacts on local markets. The Board approved the draft CP.
86. Regarding the Draft CP for United Republic of Tanzania, the Secretariat clarified that WFP was involved in Tanzania's Agriculture Sector Development Programme, with IFAD and the Government of Ireland. Collaboration was being developed with UNICEF, the Ministry of Health's National Nutrition Security Survey and others to investigate the non-food causes of malnutrition. The Government had been involved in drafting this CP since September 2005; it planned to take over school feeding itself and was able to support nearly all the country's drought-affected population. Although Tanzania was more than 100 percent self-sufficient in cereals, post-harvest losses of 40 percent led to food shortages. WFP was involved in small-scale projects in storage management and the rehabilitation of storage facilities to rectify this. Disaster management in Tanzania was much improved, and WFP expected to withdraw from the country in the near future.
87. The Board took note of the PRRO Somalia evaluation and commended the Secretariat's inclusion of its recommendations in the new PRRO.
88. Regarding PRRO Somalia, the Secretariat reiterated its intention to implement the evaluation recommendations. It reminded the Board that the worsening situation in Somalia had delayed the start of recovery operations. Although some regions were unreachable, WFP had 115 to 120 staff members at nine offices in Somalia, and 150 to 200 distribution points in the south. It had reached nearly all its planned beneficiaries, but with fewer distributions planned; beneficiaries were consulted during design of the PRRO, and would be monitored afterwards. WFP tried to ensure that food was not redistributed from beneficiaries to non-vulnerable groups, but unreliable distributions led to food borrowing, which made it difficult to monitor the misdirection of resources. Collaboration with partners reduced overlaps but was complicated, and partners did not want to enter some areas.
89. Although the risk of famine in Somalia was no longer high, the country would be in humanitarian crisis until at least the end of 2006, and probably longer. The situation would be updated by results of the FAO-led food security and needs assessment in July. WFP had



distributed 50 percent of its planned food between February and May 2006, mainly because food was not available, but also because of transport problems. From June to September, it expected to distribute 75 to 80 percent. Children were the main priority. In Somalia, food distributions were a more effective way of tackling nutrition issues than cash.

OPERATIONAL REPORTS

Progress Report on the Ethiopia Drought Insurance Pilot Project (2006/EB.A/31)

90. The Secretariat summarized the main findings of the report: (i) contingency funding was in place, (ii) the feasibility of such projects had been proven on the basis of an appropriate index and accurate meteorological reporting, (iii) there was a valid government contingency plan and (iv) the success of the pilot project so far justified its continuation. The small scale of the pilot project meant that leverage between the cost of insurance and the size of an eventual payout was not high; spreading the risk across a larger scale and a longer term would make insurance more cost-effective.
91. Following capacity building at the National Meteorological Agency (NMA), reliable meteorological data were being collected and reported daily, as described by the Director of NMA. These data could also be used for early warning in other contexts and by other organizations. The Head of the Ethiopian Food Security Coordination Bureau described the Government's contingency plan for payouts to beneficiaries in the event of drought.
92. In general the Board supported this effort to use market mechanisms for humanitarian interventions, but questioned whether WFP was the best agency for meteorological or insurance activities. It requested the Secretariat to investigate more appropriate partners for this role.
93. Responding to Board concerns, the Secretariat emphasized that insurance beneficiaries would be from the poorest groups, as selected by the Government of Ethiopia's Productive Safety Net Programme (PSNP) community-based targeting principles. Final project evaluation data would not be available before November, but any other insurance pilots would have to be launched before the start of the next cropping season. The Secretariat would therefore report to the Board informally in September and more fully at the Board's Second Regular Session of 2006; in the meantime, it was seeking the Board's authorization to continue developing this project. In its decision, the Board noted the progress report submitted by the Secretariat and authorized the Executive Director to continue analyses of the project and preparatory work on a workplan and budget for a second phase. As this subject would be re-examined by the Board at its 2006 Second Regular Session, an informal consultation would be held in September to examine the feasibility of such projects and the institutional partnerships and funding sources for them.

REGIONAL PRESENTATION, ODP

94. The Regional Director's presentation focused on the main topics being addressed by the Latin America and the Caribbean Regional Bureau (ODP); detailed information was provided in a document made available to the Board. A major focus in the region was capacity-building intended to provide countries with technical assistance and making use of the considerable pool of knowledge existing in the countries in the region. A number of



regional and national actions had been undertaken in connection with the regional initiative to end child hunger and malnutrition. The Regional Director also spoke about the Knowledge Management Initiative, the Regional Integrated Response to HIV/AIDS and Nutrition, the Latin America and Caribbean Emergency Response Network (LACERN), a recently concluded research project conducted with the Economic Commission for Latin America (ECLAC) on the cost of hunger and resource mobilization and advocacy, which had led to several cooperation agreements between Latin American countries and WFP. A strategic area requiring decisive action was chronic child malnutrition.

95. Some delegations voiced concerns that attention to problems elsewhere in the world was depriving ODP of WFP programmes and support. Board members expressed the view that seeking extra resources rather than diverting existing resources would be the appropriate response; the Board welcomed the fact that countries in the region were becoming active donors rather than passive recipients of aid. Concern was expressed at the large number of natural disasters that had affected the region; the Secretariat assured the Board that the region's emergency preparedness had never been better. Although development projects for the region had suffered from low funding, they had played an important role in mitigating the negative effects of natural disasters. Calls were made to enhance South-South cooperation, which had already resulted in excellent inter-regional solidarity.

REGIONAL PRESENTATION, ODS

96. The Regional Director for Sudan outlined WFP operations in the Sudan. With regard to Darfur, the peace agreement had been signed in Abuja, but insecurity persisted; some areas remained out of reach of food distributions; people needed security, basic services and community reintegration. Child malnutrition had decreased from 22 percent to 12 percent between 2004 and 2005, but had increased again in the months up to June 2006. In the former frontline states of the south, 350,000 of a planned 850,000 returnees were being assisted; lack of basic services and the difficulty of counting voluntary returnees accounted for this discrepancy.
97. In May 2006, WFP reached 4 million beneficiaries – 68 percent of those planned. The shortfall was a result of delayed recovery activities because of the low numbers of returnees and the uncertainty of basic resources, which made life-saving a priority over recovery. By the end of 2006, 85 percent of beneficiaries should have been reached. WFP operations in the Sudan needed an additional US\$80 million up to December 2006, plus US\$100 million to cover January and February 2007 in the absence of carry-over stock, and US\$200 million to pre-position six months of food supplies prior to the rainy season, which would reduce the need for expensive airlifts. The UNHAS operation needed an additional US\$16 million.
98. The Board commended WFP's activities in the Sudan. Responding to questions, the Regional Director explained that there were few potential partners present in the areas of the Sudan where WFP was operating. Indications from a group of Japanese NGOs that they would be operating in Darfur in the near future were a source of hope. The switch from relief to recovery would result in lower food needs and a changed food basket, but such a switch was unlikely to occur in the near future. The Regional Director also confirmed the valuable food donation received from the Government.



ADMINISTRATIVE AND MANAGERIAL MATTERS

Report on Post-Delivery Losses for the Period 1 January–31 December 2005 (2006/EB.A/32)

99. In its presentation, the Secretariat drew attention to the important input of the External Auditor, some of whose recommendations on the subject had already been implemented. WFP took the issue of post-delivery losses extremely seriously and acknowledged the External Auditor's recognition of the difficult working conditions that made some losses inevitable. Nonetheless, WFP constantly tried to improve its performance and felt that the 2005 loss rate of 0.53 percent was reasonably low. The monitoring staff were warmly praised, and the Secretariat emphasized the significance of the training in monitoring techniques given in the field.
100. The Board welcomed WFP's efforts to keep post-delivery losses relatively low, but expressed some concern at the increase in absolute and proportional terms registered in 2005 over 2004. It was to be hoped that that increase was entirely a result of improved reporting. Some members expressed surprise at the high proportion of post-delivery commodity losses that occurred under direct WFP management. The Secretariat explained that the high proportion could be attributed to the fact that WFP was managing an increasing proportion of the food entrusted to it by donors, most of which is in complex emergency situations, and that every effort would be made to reduce such losses in the future.

OTHER BUSINESS

101. The Board heard an oral report on the joint field visit of the executive boards of UNDP/United Nations Population Fund (UNFPA), UNICEF and WFP to Indonesia from 8 to 22 March 2006, 15 months after the tsunami. The intention had been to help members of the various boards to see for themselves how the different United Nations agencies were cooperating with each other and with the Government and other partners on the transition from post-disaster humanitarian aid to recovery and reconstruction. Examination of the final joint report had been delayed because field trip participants were still finalizing the draft mission report. A practical lesson to be learned from the exercise was how to improve the planning and coordination of joint reports drafted by several agencies, and how to improve inter-agency synergies in general. It was hoped that the matter of joint report writing would be discussed at the following joint meeting of the boards in January 2007.
102. The Executive Director drew attention to the 2005 Annual Report, which offered an overview of the magnitude of worldwide hunger and WFP's response. He urged the Board to examine it in detail and consider ways of addressing the issues it described, focusing on the huge and complex crisis facing Sudan, the emergency in Afghanistan and the drought in the Horn of Africa and parts of East Africa. Agreeing to the suggestion of a special Bureau meeting on the matter, he agreed that impending changes in WFP senior management were probable and expressed optimism that the talented staff at WFP, including many younger staff members, would meet the challenge.

ACRONYMS USED IN THE DOCUMENT

APR	Annual Performance Report
BPR	Business Process Review
CCO	Committee of Cosponsoring Organizations
CERF	Central Emergency Revolving Fund
CHF	Common Humanitarian Fund
CP	country programme
CPAP	Country Programme Action Plan
DEV	development project
DPRK	Democratic People's Republic of Korea
DRC	Democratic Republic of the Congo
DSC	direct support costs
ECLAC	Economic Commission for Latin America
ECOWAS	Fund for Cooperation, Compensation and Development of the Economic Community of West African States
EMOP	emergency operation
FAO	Food and Agriculture Organization of the United Nations
FFE	food for education
FFW	food for work
GTT	Global Task Team
HIV/AIDS	human immunodeficiency virus/auto-immune deficiency syndrome
HLCM	High-Level Committee on Management
IDP	internally displaced person
IFAD	International Fund for Agricultural Development
IIA	Institute of Internal Auditors
IPSAS	International Public Sector Accounting Standards
IRA	Immediate Response Account
ISC	indirect support costs
LACERN	Latin America and Caribbean Emergency Response Network
LOU	Letter of Understanding
LTSH	landside transport, storage and handling
MCH	mother-and-child health
MDG	Millennium Development Goal
MERET	Managing Environmental Resources to Enable Transitions to more Sustainable Livelihoods



NGO	non-governmental organization
NMA	National Meteorological Agency
OCHA	Office for the Coordination of Humanitarian Affairs
ODD	West Africa Regional Bureau
ODK	East and Central Africa Regional Bureau
ODP	Latin America and the Caribbean Regional Bureau
OEDE	Office of Evaluation
OSD	Oversight Services Division
PCA	Project Cash Account
PRRO	protracted relief and recovery operation
PRS	poverty-reduction strategies
PSA	Programme Support and Administrative (account)
PSNP	Productive Safety Net Programme (Ethiopia)
RBM	results-based management
SO	special operation
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCT	United Nations country team
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHAS	United Nations Humanitarian Air Service
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VAM	vulnerability analysis and mapping
WCF	working-capital financing
WHO	World Health Organization