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de Alimentos

**Executive Board  
Annual Session**

**Rome, 21 - 24 May 2001**

# **FINANCIAL AND BUDGETARY MATTERS**

**Agenda item 5**

***For information\****



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## **REPORT OF THE EXECUTIVE DIRECTOR ON THE UTILIZATION OF CONTRIBUTIONS AND WAIVERS OF COSTS (GENERAL RULES XII.4 AND XIII.4(g))**

\* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it in advance of the meeting and the chair accepts the request on the grounds that this is a proper use of Board time.

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# Note to the Executive Board



**This document is submitted for information to the Executive Board.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

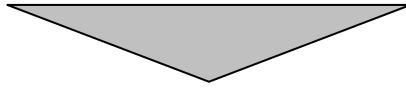
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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Supervisor, Meeting Servicing and Distribution Unit (tel.: 066513-2328).



# Draft Conclusion



The Board took note of the information contained in document WFP/EB.A/2001/5-D/1, and required under General Rules XII.4 and XIII.4, on:

- the use of unrestricted cash resources to purchase commodities; and
- contributions for commodities or services and waivers of indirect support costs.

## INTRODUCTION

1. The objective of the present report is to provide the information required under General Rules XII.4 and XIII.4 on (i) the use of unrestricted cash resources to purchase commodities (General Rule XII.4) and (ii) contributions for commodities or services only from governments of developing countries, countries with economies in transition and other non-traditional donors (General Rule XIII.4(e)) and waivers of indirect support costs (ISCs), in respect of any contribution in kind to cover direct support costs (General Rule XIII.4(f)).
2. For the information of the Board, the relevant General Rules paragraphs are presented in Annex III to this document.

## USE OF UNRESTRICTED CASH RESOURCES TO PURCHASE COMMODITIES

3. During the period 1998–2000, an amount of US\$2,544,000 of unrestricted cash resources was used to purchase commodities. Of this amount, commodities for the value of US\$2,198,000, or 86.4 percent, were purchased from developing countries and US\$346,000, or 13.6 percent, from developed countries. Commodities were purchased for Angola, Burundi, Central African Republic, Chad, Gambia, India, Lesotho, Malawi, Nepal, the Palestinian Territory, Senegal, the Sudan and Uganda, and utilized to meet the annual requested/allocated commitments under development projects.

## CONTRIBUTIONS FOR COMMODITIES OR SERVICES AND WAIVERS OF INDIRECT SUPPORT COSTS

4. The total value of contributions of commodities or services received from governments of developing countries under General Rule XIII.4(e) for the year 2000 amounted to US\$16,634,319. Annex I provides details by donor, programme category, recipient country, contribution and value.



5. The total value of waivers of indirect support costs granted on **contributions in kind for direct support costs** amounts to approximately US\$23,000 for the year 2000. Annex II provides the details by donor, programme category, recipient country, contribution, value and ISC waiver.
6. The Executive Director confirms that the provisions of General Rule XIII.4(e) and (f) have been fully met in respect of the contributions made and waivers of ISC granted.

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## RECOMMENDATION

7. The Executive Board may wish to take note of the information contained in this document.



## ANNEX I

## CONTRIBUTIONS MADE UNDER GENERAL RULE XIII.4(e) (2000)

Donor	Programme category	Recipient country	Contributions	Value (US\$)
Angola a/	PRO	Angola	Maize Beans Salt ITSH	2 999 695
China a/	DEV	China	Ocean transport	3 400 000
Czech Republic	EMOP	Balkans	Sugar	36 709
India	DEV	India	Wheat Rice	953 153
Kenya	EMOP	Kenya	Maize	8 950 000
Pakistan	PRO	Afghanistan	Trucks	270 000
Isuzu Motors	SO	East Timor	Cargo truck	24 762
<b>Total</b>				<b>16 634 319</b>

*Note:* The valuations of commodity contributions have been made in accordance with General Rule XIII.6 and Financial Rule 104.2.

a/ Cash contributions



## ANNEX II

<b>WAIVERS OF INDIRECT SUPPORT COSTS IN RESPECT OF CONTRIBUTIONS IN KIND TO COVER DIRECT SUPPORT COSTS UNDER GENERAL RULE XIII.4 (f) (2000)</b>
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<b>Donor</b>	<b>Programme category</b>	<b>Recipient country</b>	<b>Contributions</b>	<b>Value (US\$)</b>	<b>ISC waiver (US\$)</b>
Pakistan	PRO	Afghanistan	Trucks	270 000	21 060
Isuzu Motors	SO	East Timor	Cargo truck	24 762	1 931
<b>Total</b>				<b>294 762</b>	<b>22 991</b>

*Note:* The valuations of contributions have been made in accordance with General Rule XIII.6. The ISCs related to the contributions have been absorbed under the PSA.



**ANNEX III****General Rule XII.4: Responsibility for optimum use of resources a/**

The Executive Director shall be responsible for making the optimum use of available resources in commodities, cash and acceptable services. To this end the Executive Director may use unrestricted cash resources to purchase commodities, to the maximum extent possible from developing countries, and shall report such purchases to the Board.

**General Rule XIII.4: Types of contributions b/**

- (e) Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, may make contributions of commodities or services only, provided that:
  - (i) the full operational and support costs are covered by another donor or donors, by the monetization of part of the contribution and/or by resort to the WFP Fund;
  - (ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and
  - (iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme.
- (f) Exceptionally, the Executive Director may reduce or waive indirect support costs in respect of any contribution in kind to cover direct support costs of an activity or activities where the Executive Director determines that such reduction or waiver is in the best interests of the beneficiaries of the Programme, provided that:
  - (i) such contributions do not result in any additional administrative or reporting burden on the Programme; and
  - (ii) in the case of a waiver, the indirect support costs otherwise applicable have been determined by the Executive Director to be insignificant.
- (g) Contributions under paragraph (e) and reductions or waivers under paragraph (f) above shall be reported to the Executive Board at its Annual Session.

**a/** Effective 1 January 1998

**b/** Effective 1 January 2000

