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## **SUMMARY OF THE WORK OF THE ANNUAL SESSION OF THE EXECUTIVE BOARD, 2008**

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/2008/16.

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## TABLE OF CONTENTS

	Page
<b>CURRENT AND FUTURE STRATEGIC ISSUES</b>	
2008/EB.A/1      Opening Statement by the Executive Director	1
<b>ANNUAL REPORTS</b>	
2008/EB.A/2      Annual Performance Report for 2007	3
<b>POLICY ISSUES</b>	
2008/EB.A/3      WFP Strategic Plan (2008–2011)	4
2008/EB.A/4      WFP Communications Strategy	5
<b>RESOURCE, FINANCIAL AND BUDGETARY MATTERS</b>	
2008/EB.A/5      Audited Biennial Accounts (2006–2007)	6
2008/EB.A/6      WFP Pledging Target (2009–2010)	7
2008/EB.A/7      Update on the WFP Management Plan (2008–2009)	7
2008/EB.A/8      Progress Report on the Implementation of the External Auditor Recommendations	8
2008/EB.A/9      Report of the Inspector General	9
<b>EVALUATION REPORTS</b>	
2008/EB.A/10     Summary Report of the Evaluation of WFP’s Capacity Development Policy and Operations	10
<b>OPERATIONAL MATTERS</b>	
2008/EB.A/11     Budget Increases to Development Activities Arising from Food Commodity and Other Price Increases	11
2008/EB.A/12     Budget Increases to Protracted Relief and Recovery Operations Arising from Food Commodity and Other Price Increases	11
<b>REGIONAL PRESENTATIONS</b>	
Africa	11
Asia; Middle East, Central Asia and Eastern Europe; Latin America and the Caribbean	13
2008/EB.A/16     Humanitarian Access	14
<b>WEST AFRICA REGIONAL PORTFOLIO</b>	
2008/EB.A/13     Draft Country Programme Niger 10614.0 (2009–2013)	15
2008/EB.A/14     Projects for Executive Board Approval — Development Project Liberia 10733.0	15



**SOUTHERN, EASTERN AND CENTRAL AFRICA REGIONAL PORTFOLIO**

**2008/EB.A/15      Draft Country Programme Kenya 10668.0 (2009–2013)      16**

**ADMINISTRATIVE AND MANAGERIAL MATTERS**

**2008/EB.A/17      Report on Post-Delivery Losses for the Period 1 January–31 December 2007      16**

**OTHER BUSINESS**

**2008/EB.A/19      Address by Mrs Laura Bush, First Lady of the United States of America      17**  
**2008/EB.A/19      Report of the Joint Field Visit to Haiti of the Executive Boards of UNDP/UNFPA, UNICEF and WFP, 1–9 March 2008      18**



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The President of the Board opened the Annual Session, welcoming new Members in particular and calling attention to the Rules of Procedure of the Executive Board. The Executive Director welcomed all present and communicated a message on behalf of the Secretary-General, who noted WFP's unique position in the United Nations system, with its global network of humanitarian workers and logistics, and urged all governments to allow full access for humanitarian food movement and the Executive Board to support more stable and predictable financing for WFP.

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## CURRENT AND FUTURE STRATEGIC ISSUES

### Opening Statement by the Executive Director (2008/EB.A/1)

1. In her remarks, the Executive Director emphasized that rising food and fuel prices were eroding WFP's ability to deliver food to the most vulnerable people. Its task was significantly helped by the work of the recent High-Level Conference on World Food Security hosted by the Food and Agriculture Organization of the United Nations (FAO), and by the Secretary-General's High-Level Task Force on the Global Food Security Crisis. WFP's recent resource mobilization had produced donations totalling US\$1 billion to cover the funding gap created by rising prices; collected funds had already begun to be utilized.
2. The Strategic Plan had been drafted through a consultative process and reflected a shift from food aid to food assistance, further supporting local markets in the developing world. The update to the Management Plan reflected the impact of rising prices on WFP's programmes: among other actions, WFP was continuing to reduce its overhead costs. The financial documentation to be submitted to the Board, which had been reviewed by the FAO Finance Committee and the Advisory Committee on Administrative and Budgetary Questions (ACABQ), reflected WFP's determination to remain transparent and accountable; the introduction of International Public Sector Accounting Standards (IPSAS) supported this.
3. The Executive Director paid tribute to the work of WFP staff throughout the world, and drew attention to the need to ensure the safety of all humanitarian personnel in the field. The new communications strategy was designed to further enhance the visibility of WFP and position WFP as the front-line agency addressing hunger.
4. Emergency responses to large-scale hunger crises were underway in Ethiopia, Kenya and Myanmar; a request for assistance had recently been received from the Democratic People's Republic of Korea (DPRK); and a crisis was developing in the Horn of Africa. WFP had earmarked US\$1.2 billion for urgent food assistance and was working with governments to ensure that food assistance supported local markets. The Executive Director outlined interventions in 14 countries in response to urgent needs, and set out six steps to address immediate needs: i) avoid pipeline breaks; ii) work with governments to assess needs; iii) design tools to address the needs; iv) increase local purchasing, especially to support small-scale farmers; v) promote investment in agriculture; and vi) ensure access to food purchases by requesting that governments exempt food aid from export or other restrictions.



5. In concluding her remarks, the Executive Director stressed that progress had been made in reducing the proportion of hungry people in the world, and that significant gains were being made for small-scale farmers in many countries. Still, major new investment was needed, coupled with new strategic partnerships. The High-Level Conference on World Food Security had renewed the commitments to achieve the Millennium Development Goals (MDGs) and World Food Summit objectives.
6. The Board welcomed the Executive Director's intervention and noted that although the current situation was extremely challenging because of rising food and fuel prices, her remarks were positive and forward-looking. Members of the Board praised the work of the Executive Director in increasing global awareness of hunger at the highest levels and in raising significant funding to address the current crisis.
7. Members were unanimous on the need for collective efforts in partnership with governments, United Nations agencies, non-governmental and private organizations to address hunger and poverty. Increased food security could be promoted by working with international trade organizations to reduce impediments that restricted movements of food aid. Board members acknowledged a need for significant investments in long-term agricultural development to boost food production and emphasized that investments to enhance the capacities and productive capability of small-scale farmers were particularly important for the future; approaches such as Purchase for Progress and increased local purchasing were especially welcomed.
8. The recent High-Level Conference on World Food Security had further enhanced solidarity among agencies addressing hunger issues and had established directions for future activities. There was a need for increased coherence in food policies, especially with regard to food aid and food assistance, enhanced preparedness for improved monitoring of indicators and effective partnerships. Board members emphasized the importance of ensuring that solutions to hunger problems were owned by countries and that beneficiaries were involved in planning interventions. They agreed that WFP's interventions had to be flexible and tailored to particular situations, noting that organizational changes would be needed.
9. The Board emphasized the importance of finding a stable funding mechanism to support WFP activities. In this context, the need for an increased proportion of untied contributions of food and cash was highlighted by several members as a mechanism that would give WFP much-needed flexibility in addressing hunger and poverty. Members noted that other agencies' interventions were often underpinned by WFP's comparative advantages such as its logistics capacities and experience, making it important to ensure that funding to support these was available.
10. The overriding need to assure the safety and security of humanitarian workers was emphasized. The Board was unanimous in expressing its admiration for WFP staff and in condemning violence against humanitarian staff; condolences were offered to the families and colleagues of those who had lost their lives in recent incidents.
11. The Executive Director expressed appreciation for the Board's comments and expressed gratitude for recent generous donations, noting that the effectiveness of funding would be affected by varying prices and exchange rates. She especially appreciated the Board's support for developing new approaches, and was confident that stable funding could be achieved. In closing, the Executive Director drew attention to the enhanced partnerships among the Rome-based agencies, and institutions such as the World Bank and the International Monetary Fund (IMF), which boded well for WFP's future.



## ANNUAL REPORTS

### Annual Performance Report for 2007 (2008/EB.A/2)

12. Presenting the Annual Performance Report (APR) for approval, the Secretariat emphasized that it was one of WFP's main accountability tools in that it documented actual achievements measured against targets. The 2007 APR reflected many significant achievements in terms of targets reached, notably in addressing the needs of children and women and in responding to disasters rapidly and effectively. The APR also highlighted the effectiveness of WFP's strategic partnerships with United Nations and private-sector organizations in addressing hunger and poverty in a context of rapidly rising food prices.
13. In terms of its application to learning, the Secretariat noted that the APR could be used to identify longer-term trends, but that it was essentially an account of a single year's operations. The process of preparing the APR was a major corporate effort based on the collaboration of all divisions, and it included material obtained from in-depth studies of certain countries and operations.
14. The Board welcomed the document as proof of the excellent work carried out by WFP in a difficult year, and expressed appreciation of its comprehensive coverage and of the fact that it was grounded on the results-based management (RBM) approach. Board members noted with approval that the document as a whole was organized to offer a large amount of data in such a way that a reader could easily identify particular items of information.
15. The Board expressed satisfaction that the APR showed increased procurement in developing countries, enhanced contingency planning and assessments, and greater participation in joint planning and operations; WFP's work in the global logistics cluster was particularly praised. The Purchase for Progress approach was also appreciated, in that it helped to increase food production by assisting small-scale farmers. Members noted that gender violence had been reduced. But some representations were concerned that in some countries the proportion of women in leadership positions had declined, and that there appeared to be a trend towards reduced food support for malnourished children and people living with HIV. There was also concern that financing deficits had impacted some school feeding operations, and that a significant proportion of operations had been affected by serious resource shortfalls. The Board felt that the APR should offer fuller explanations of such trends and that they be addressed through the new gender policy and school feeding; new financing mechanisms could be developed to address the issues.
16. Several Board members suggested that the Secretariat develop indicators that focused more on outputs and impact and that country-level and corporate indicators be harmonized, provided the associated costs of data collection could be contained. Improved monitoring of outcomes would enhance the alignment of resources with country needs. It was also observed that women were still under-represented at some management levels in WFP.
17. The Secretariat noted that the APR was a work in progress, and the WFP Information Network and Global System II (WINGS II) system would facilitate synchronization of country-level and corporate data. The length of the APR was always a dilemma: balancing the need for comprehensive information with the requirement for a succinct and accessible text was a matter of judgement. The Secretariat agreed that WFP would continue to move towards greater outcome-based monitoring and performance measurement.



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## POLICY ISSUES

### WFP Strategic Plan (2008–2011) (2008/EB.A/3)

18. The Executive Director presented the WFP Strategic Plan (2008–2011), which reflected the “new face of hunger” and took a more preventative approach to hunger reduction. Since the Board had already been involved in negotiations that helped produce the latest version of the Strategic Plan, the Executive Director hoped that it would receive the Board’s full support. Its adoption would facilitate the process of revising the Management Plan for 2009 to reflect the new Strategic Plan, with results reported through the APR.
19. There was widespread support by the Board for the transparent negotiating process to arrive at the Strategic Plan, the Executive Director’s full commitment to it and the resulting document. The Strategic Plan was particularly significant because of its emphasis on the need for greater efficiency, diversification and the evolution from food aid to food assistance. The next steps were to refine the funding framework and programme categories and to engage in a consultative process to establish a results-based corporate results framework.
20. Board members suggested that WFP’s goal be food self-sufficiency for families, communities and countries receiving its assistance. Several members of the Board noted that WFP needed to go beyond the traditional dichotomy between emergency and development assistance, while understanding the implications for its activities of a post-surplus world.
21. Some Board Members voiced approval for the attention WFP placed on prevention and its differentiation of its activities according to context. There were calls for WFP to develop further its assessment and monitoring capacities at country level to ensure that goals and activities were prioritized. While it was right to stress the importance of partnership, it was also necessary to focus on WFP’s comparative advantage, particularly when responding to emergencies, and to avoid duplication with other bodies. Some Members stressed the importance of respecting state institutions and not bypassing national governments.
22. The Board expressed satisfaction for recent donations of unrestricted multilateral aid, including US\$500 million from Saudi Arabia. There was a request for more information on how WFP planned to cooperate with other bodies to reduce child hunger and malnutrition, and to help achieve the MDGs, generally. Some Members made specific mention of the effect of biofuels production, economic policies, agricultural subsidies and problems regarding food distribution.
23. In response, the Executive Director welcomed and took note of the Board’s constructive comments on the Strategic Plan. She made special mention of WFP’s collaborative work with a number of United Nations agencies, regional institutions and non-governmental organizations. She described therapeutic and fortified products developed through cooperation and distributed as part of WFP’s food assistance, and stressed the importance of coherence, coordination and shared expertise among agencies. Finally, she thanked all those who had worked on the process to develop the Strategic Plan.





## WFP Communications Strategy (2008/EB.A/4)

24. The Executive Director introduced the WFP communications strategy, presented to the Executive Board for consideration, recalling that communications at WFP could be a matter of life and death, and commending the communications team for the work it was doing with limited resources. The Secretariat emphasized that the strategy was intended to ensure that awareness of hunger and WFP's role and efficiency featured prominently in the worldwide media; the document spelled out the audiences, tools and core messages for the strategy. The tactics to be used were to be adapted and evolved according to contexts.
25. The Board commended the strategy and welcomed the fact that views expressed during the consultative process had been accommodated in the latest version. Several members encouraged working to raise consciousness among the public, governments and potential donors of hunger and malnutrition and of WFP's comparative advantages. While Board members supported the paper, some expressed interest in a more detailed version. Several members stressed the need for WFP communications to emphasize the Programme's neutrality, impartiality and independence, and its mandate in relation to governments. In this respect national governments, taking into account their means and tools, should be important partners in the communications strategy of the programme. The Secretariat was asked to clarify whether the communications strategy was part of, or a complement to, fundraising strategies. It was pointed out that some of the technological tools to be used by the Communications Division would be less effective in developing countries, and it was suggested that WFP undertake capacity-building in the use of communications tools, including for staff members.
26. With regard to the length of WFP's permanence in some countries, it was emphasized that hand-over strategies be components of the communications strategy and that it could include clearer reference to gender. Some members had expected the document to reflect the External Auditor's recommendation that recovery of the expected cost of the strategy be quantified and funding targets set.
27. The Secretariat welcomed the additional input provided by the Board, recalling that the strategy was flexible. It was agreed that it was necessary to tailor communications tools, means and messages to target audiences, but limited communications staff was a hindrance in that regard. Given that the delivery of food aid continued to dominate public perception of WFP's work, more would be done to raise awareness of broader food assistance activities. Results of communications work were often intangible; the costs of communications were more than offset by donations and funds raised through events. The "Fill the Cup" campaign was advancing and it had been suggested that it be adopted as a centrepiece of the strategy.
28. The Executive Director framed WFP communications within the context of WFP being accountable to the public through the media, and of connecting with people through stories about WFP's work. Only a tiny fraction of WFP's budget was spent on communications but individual initiatives undertaken on the internet had had enormous success at raising WFP's profile and reaching out to people. She agreed that it was important that the neutrality of WFP be communicated.

## RESOURCE, FINANCIAL AND BUDGETARY MATTERS

### Audited Biennial Accounts (2006–2007) (2008/EB.A/5)

29. The audited biennial accounts were presented by the Secretariat and the External Auditor. The Secretariat outlined the four sections comprising the accounts, drawing attention to recent improvements in WFP's financial administration and reporting standards that aimed to increase accountability, transparency and efficiency. Advance financing mechanisms had been reviewed to increase operational efficiency and reduce lead times for food delivery. Various improvements had been adopted in advance of the introduction of IPSAS, under which financial reporting would be done annually. The Secretariat emphasized that the accounts had received an unqualified audit opinion, and acknowledged the advice and support given by the External Auditor.
30. The Secretariat provided highlights on the preparatory work it had undertaken as part of transitional arrangements to the introduction of IPSAS in 2008. In order to improve transparency and accountability, and to spread out the impact IPSAS would have on administrative processes and procedures, major accounting policy changes were adopted in 2006–2007 with respect to expenditure recognition and full recognition of staff liabilities; these had been reflected in the 2006–2007 accounts.
31. In introducing Section III, the External Auditor emphasized that it had given an unqualified audit opinion on the financial statements, which was not automatic; achieving it reflected sound management. It recognized improvements introduced by the Secretariat for improving transparency and accountability, and welcomed the addition of Section IV as constituting a satisfactory immediate response to the issues raised. Commenting on the role of the WFP Audit Committee, the External Auditor emphasized its importance in good governance and the need to make it fully independent of management, with a direct reporting channel to the Board, in line with best practices.
32. In addition to the reports from its programme of work, the External Auditor had produced a report on WFP operations in the Democratic People's Republic of Korea, an advice paper on the WFP Audit Committee and other reports. Its programme of work for 2008–2009 would be submitted to the 2008 Second Regular Session for the Board's comments and suggestions.
33. The Board welcomed the unqualified audit opinion rendered by the External Auditor and expressed appreciation of the efforts made by the Secretariat in preparing the accounts. It indicated that the introduction of Section IV was a positive practice that should be promoted by other United Nations organizations; it encouraged the Secretariat to implement the audit recommendations without delay. Members requested clarification on the Secretariat's readiness to implement IPSAS, the reduction in contributions receivable pertaining to prior biennia, staff liabilities, the declining level of reserves, the impact of continuing negative staff cost variance and the absence of core funding. They also asked for information concerning the situation regarding assets that had been seized, urging that negotiations for reparations be continued. The Board encouraged the Secretariat to ensure that risk management and enhanced oversight systems be embedded in all planning and operational processes.
34. In response, the Secretariat indicated that readiness for IPSAS remained a challenge, but that it had introduced in the 2006–2007 accounts a number of improvements in preparation for IPSAS implementation in 2008. The External Auditor noted that steps taken by the Secretariat were quite impressive, but advised that caution should be exercised regarding



accruals of expenditures, emphasizing that they should be done promptly instead of at year-end only.

35. The Secretariat clarified that the reduction in contributions receivable resulted from receipts from donors paying on a reimbursement basis, and writing down some receivables where no project expenditures had been incurred. The Secretariat explained why the Programme Support and Administrative (PSA) Equalization Account balance had declined at the end of 2007; standard position costings were being reviewed to ensure that unfavourable staff cost variances were minimized in the future. Concerning seized commodities, the External Auditor agreed that the audit recommendation to write them off be set aside until the Secretariat had exhausted all efforts to recover them.

### **WFP Pledging Target (2009–2010) (2008/EB.A/6)**

36. In introducing the document, the Secretariat reminded the Board that previous requests had been made to the Economic and Social Council of the United Nations (ECOSOC) to discontinue the Pledging Conferences on the grounds that such events generated little funding for WFP. There had been no response from ECOSOC to date. But because the requirement to state a pledging target remained in force, the Secretariat recommended for the Board's consideration a figure of US\$7.8 billion for 2009–2010.
37. While the Board approved the proposed pledging target, it was unanimous in its call for an end to Pledging Conferences, noting that members who also served in ECOSOC could be asked to advocate for it to accede to WFP's request.

### **Update on the WFP Management Plan (2008–2009) (2008/EB.A/7)**

38. The Secretariat presented the update on the WFP Biennial Management Plan (2008–2009). The update provided an overview of the changes in the Programme of Work and other issues.
39. The Secretariat informed the Board about the results of the re-costing of the original Management Plan. It had been estimated that an additional US\$1.4 billion would be required to implement the original Management Plan 2008–2009 and that US\$449 million would be needed for additional operational requirements. The Board noted that the projected requirements for each year of the biennium under the revised Programme of Work – US\$4.3 billion in 2008 and US\$3.5 billion in 2009 – seemed understated. The Secretariat was requested to provide further updates of its budgetary requirements and also present the Board with a review of major trends in relation to staff costs and key reserves.
40. Concerning the issue of the US\$/Euro exchange rate and the effect it could have on the PSA budget, the Secretariat recommended that the Board approve, with effect from 2009, a standing hedging policy that would allow the Secretariat to always hedge the Euro-denominated component of the PSA budget, which mostly related to staff costs in Headquarters. Implementation of such a policy would ensure predictability and allow greater certainty over the US dollar value for the following budget period. The Secretariat emphasized that the proposed hedging policy entailed no speculative purposes. It was mentioned that over the biennia small losses or gains resulting from this policy would probably cancel each other out.
41. The Board welcomed the proposal and requested that the Secretariat present regular updates and progress reports on the implementation of this hedging policy at future sessions.



42. In the same context of rapid appreciation of the Euro versus the US dollar, the WINGS II project suffered significant budgetary pressure. Furthermore, during the development and configurative phases of the project, new high-value opportunities for unplanned changes were discovered. In view of this, the Secretariat asked the Board to approve an additional allocation of US\$7.5 million from the General Fund, out of which US\$5 million would be earmarked to cover unexpected cost overruns and the remaining US\$2.5 million allocated to changes during the realization phase.
43. With regard to the global review of the security arrangements currently undertaken within the United Nations Security Management System, the Secretariat requested that the Board approve the use of US\$5 million from the General Fund to support this United Nations system-wide initiative to begin addressing the most pressing security needs described in the “Information Note on the Implementation of Security Management Arrangements” (WFP/EB.A/2008/13-D).
44. The Secretariat thanked the Board for its overwhelming support for the proposed allocations of funds for the upgrade of staff safety and security, and the WINGS II project. The Board was reassured that with the additional allocation for WINGS II, which would bring its total project budget to US\$56.5 million, no further increases were foreseen before the project completion.
45. The issue of unfunded staff liabilities was discussed. These liabilities were a United Nations system-wide issue, and the amount of WFP’s liabilities was small in comparison. Of the four funding options presented, funding option (i), “the inclusion in management plans over several biennia of an amount for past service staff liabilities until the unfunded amount [was] fully amortized”, was more in line with the model applied at other agencies, and was also the option preferred by both the Board and the Secretariat.
46. On the subject of the PSA Equalization Account, the level of indirect support cost (ISC) income was not a closed issue, and would be the subject of further informal consultations with the membership.
47. In conclusion, the Secretariat reassured the Board that future updates of the Management Plan, including that due at its October session, would reflect the newly adopted Strategic Plan (2008–2011) and the corporate results framework. The Secretariat would keep the Board informed regarding progress in implementation of the hedging policy and its impact; hedging was not a new policy at WFP and would not require a change to the financial regulations.

## **Progress Report on the Implementation of the External Auditor Recommendations (2008/EB.A/8)**

48. The Secretariat introduced the progress report, indicating that it was presented at each session of the Board and highlighting that 50 percent compliance had been achieved on the recommendations outstanding as of the last reporting period. The Secretariat also informed the Board that, in line with the recommendations of the FAO Finance Committee and the ACABQ, in the future a summary report would be presented to the Board at its Annual Session. In addition, the Secretariat confirmed that in future, all external audit reports presented to the Board would be accompanied by a response from the Secretariat, together with an action plan to implement their recommendations.
49. The Board expressed satisfaction on the overall progress made by the Secretariat in the implementation of external audit recommendations and welcomed the proposals put forward by it, emphasizing however that more robust follow-up was expected in the future



when the frequency of reporting would be reduced. The Board raised concerns on two outstanding recommendations relating to 2005 and 2006 audits; the Secretariat assured the Board that they would be implemented before the end of the year. On the issue of cost savings relating to the WINGS II upgrade, the Secretariat informed the Board that the exact amount could not be determined until WINGS II had been implemented. Cost savings were anticipated through adoption of a standard SAP solution that required less customization.

50. The External Auditor expressed agreement with the Secretariat's proposals.

### **Report of the Inspector General (2008/EB.A/9)**

51. The Inspector General outlined the document, emphasizing that all cases of sexual exploitation were investigated and no complaints of retaliation for whistleblowing were substantiated. The report had been considered by the FAO Finance Committee and the ACABQ.
52. The Board welcomed the report as a major accountability instrument, and looked forward to annual reports in the future. It expressed support for independent and objective oversight work. Board members noted that adequate resources should be made available to cover the oversight activities required to ensure that WFP maintained its high standards; the current allocation fell below United Nations norms. Questions were raised as to the change in the number of internal audits carried out and auditing issues relating to WFP's work as the leader of clusters. Board members also asked about the reasons for recurrent oversight issues, and action to improve and ensure correct use of electronic payment systems. They urged WFP to improve its commodity tracking and requested information concerning management response on a previous recommendation to re-examine existing rules, regulations and procedures.
53. It was proposed that WFP keep a record of employees found guilty of misdemeanours, to be circulated among humanitarian organizations. The Secretariat was urged to consider greater recourse to legal proceedings in cases where criminal activity was uncovered. The need for a corporate anti-fraud policy was noted, and the Inspector General and Oversight Services Division (OSD) was urged to identify any weaknesses in its oversight functions and to consider remedial actions.
54. The Secretariat observed that oversight involved continuous dialogue with management, and that the recurrent issues referred to by Board members reflected this approach. The Secretariat assured the Board that OSD activities were externally reviewed to ensure that its work conformed to standards set by international bodies. The changes in the level of OSD activities in the 2006–2007 biennium did not represent a reduction in the level or quality of oversight but largely reflected changes in audit processes: OSD was focusing more on high-risk activities and had reduced the number of field audits. It was trying to provide reasonable assurance within the resources allocated. An anti-fraud policy was being discussed by senior management, efforts were underway to harmonize the work of OSD, the Office of the Ombudsman and the Ethics Office. A review of oversight in relation to cluster activities was due at the end of the year.
55. The Secretariat assured the Board that improvements were being made to WFP's electronic payment systems, but emphasized that misuse and abuse of the systems was often the cause of the issues investigated. Information on wrongdoers was shared with other agencies upon request; the Secretariat assured the Board that national authorities were asked to raise criminal proceedings in cases where this was warranted. Shortcomings





in the Commodity Movement Processing and Analysis System (COMPAS) were being identified and addressed; the introduction of WINGS II would assist the process.

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## EVALUATION REPORTS

### Summary Report of the Evaluation of WFP's Capacity Development Policy and Operations (2008/EB.A/10)

56. The Director of the Office of Evaluation presented the document, which had been requested by the Board and was expedited to be presented in conjunction with the adoption of the new Strategic Plan (2008–2011). The policy had conformed to good practice and was sufficiently flexible, but did not set clear objectives and did not have a results framework. The evaluation found that capacity development focussed on the one hand on implementation of WFP programmes and on the other on developing capacities of countries. More capacity development was being done than was reported, and in some cases it went beyond training to use a variety of tools. Capacity development required working in partnerships to facilitate a process; more systematic analysis was needed to analyse gaps and more work was needed to communicate the policy to the field level.
57. The Deputy Executive Director for External Affairs and Resource Development presented the management response to the evaluation, describing the new set of internal arrangements for taking action on policy. The lack of secure, multi-year funding was an obstacle to a more systematic approach to capacity development.
58. Members of the Board welcomed the evaluation, emphasizing its timely presentation in conjunction with the importance given in the new Strategic Plan to strengthening the capacities of countries to reduce hunger, including through hand-over strategies and local purchase, and expressing support for the evaluation's recommendations. It was stressed that more staff training was needed, including at the middle management level, and that WFP should ensure that it had staff with sufficient expertise, especially given the new Strategic Objective 5. Members encouraged capacity development that responded more to the needs and requests of communities and governments, and that ensured that a hand-over strategy was built into projects. Partnerships with other United Nations agencies, governments, civil society and the private sector were encouraged, bearing in mind the respective comparative advantages and taking into account local, national and regional differences in terms of needs and circumstances. Several Board members emphasized the need for greater and more secure funding for capacity-building, with a clearly defined allocation for the component in each project budget. It was requested that the policy on capacity development be updated as early as possible.
59. The Secretariat assured the Board that it would take into account its comments and suggestions. It concurred with the Board's view on the need to establish priorities among the various recommendations, and to give priority to the areas of capacity development where the needs were greatest and where WFP's strengths lay. The relevant suggestions made by the Board would be brought into the discussion on the Strategic Plan due to be held in October at a global meeting of Headquarters and field management. Cooperation with the rest of the United Nations system would be intensified; partnership with the United Nations Children's Fund (UNICEF) showed particularly strong potential. The Secretariat welcomed the opportunity to present a revised policy on capacity development at a time to be agreed with the Bureau.



## OPERATIONAL MATTERS

### Budget Increases to Development Activities Arising from Food Commodity and Other Price Increases (2008/EB.A/11)

### Budget Increases to Protracted Relief and Recovery Operations Arising from Food Commodity and Other Price Increases (2008/EB.A/12)

60. The Secretariat introduced the documents, emphasizing that the technical budget revisions reflected changes in food and fuel prices as well as implementation of new standard costs for international staff; no alteration to the scope of the approved operations was in question. In view of the fact that there were 33 operations affected by budget increases requiring Board approval, the Bureau had directed the Secretariat to aggregate the budget increases into the two documents for its approval.
61. The Board welcomed the documents, noting that the rising prices could affect direct support costs (DSC) by as much as 25 percent. Some members observed that the document had not been reviewed by the FAO Finance Committee or ACABQ, and asked for clarification. A question was raised as to whether the Secretariat had considered obtaining the Board's approval by electronic means or by correspondence using the "no-objection" procedure. The Board expressed its confidence that WFP would manage the budget revisions appropriately.
62. The Secretariat reassured the Board that the revisions were technical in nature, and that the projects involved were unchanged; where possible, increased operational costs had been contained through greater efficiency. The Bureau had considered the option of approval of the increases by correspondence, but had decided that the scope of the increases warranted bringing the documents before the Board at a formal session. This category of action did not require approval by ACABQ or the FAO Finance Committee, although both bodies had been consulted.

## REGIONAL PRESENTATIONS

### Africa

63. The Regional Director for **the Sudan** drew the Board's attention to conflict and destruction in Abiyei, where many people were displaced and a WFP warehouse had been destroyed; in Lokichoggio, where a WFP staff member had been killed and where WFP was one of the few agencies remaining; and in Khartoum, where conflict had flared between government forces and rebels. The security situation in Darfur was deteriorating, the promised escorted convoy system had not been implemented and WFP had resorted to increasing payments to transport companies. A further 800,000 people would need food assistance for the next four months to prevent malnutrition at a time when food and fuel prices were increasing steeply. Shortfalls in funding for the Humanitarian Air Service had led to serious cuts in services and the suspension of medical evacuations. Overall, the Sudan operations faced a shortfall in funding of US\$120 million.
64. The Director for the **Regional Bureau Dakar (West Africa)** (OMD) described the droughts, conflicts and natural disasters in the region, which seriously undermined local efforts to achieve food security in a region that included seven of the bottom ten countries



on the Human Development Index. Several countries where food insecurity was endemic were having to import staple foods just as prices were rising steeply, but governments were stimulating local production and working to shift consumption patterns to include more locally grown food; WFP was increasing its regional procurement. Even so, some countries were facing severe difficulties, and regional efforts were under way to reduce trade barriers to increase food availability. The lean season had started early, and there were signs that severe food shortages would occur before the October harvest. WFP and FAO were working with governments on emergency measures such as cereal banks and seed protection rations. Several strategic partnerships were addressing the problems, but WFP's primary role was immediate response, including reinforcement of safety nets, distributing rations through schools that were being kept open for the purpose and targeted food distributions. Donations were urgently requested to support the chronically under-funded operations in the region.

65. The Director for the **Regional Bureau Johannesburg (Southern, Eastern and Central Africa)** (OMJ) described how WFP was advising governments on options in response to food and fuel price increases, in partnership with United Nations country teams, FAO and UNICEF. Short-term difficulties were exacerbated by years of drought, lack of agricultural inputs and the rising price of food. In the Horn of Africa – and Karamoja, Uganda – 11.8 million people were at risk of food insecurity: the Regional Director urged Board members to respond as fully as possible to the appeals for funding that would be published shortly. In the Democratic Republic of the Congo (DRC), brutal conflict had created 1.4 million internally displaced persons (IDPs), 90,000 of whom had been displaced since January 2008. Budget revisions of programmes in the country were imminent. In Zimbabwe, where there were severe and increasing problems of rampant inflation, unemployment, low food production and rising prices, elderly people, children, women and small farmers were among the groups at serious risk of food insecurity. The Director indicated that this situation was seriously exacerbated by the 4 June 2008 decision of the Government to suspend the operations of humanitarian organizations: more vulnerable people were placed at risk as rations for 2.4 million beneficiaries were not being distributed. WFP was working with government agencies to try to find a solution to the problem. If the Government's preliminary estimates of the current crop were verified by the crop and food supply assessment mission whose results were expected shortly, it could be expected that WFP would be asked to provide 500,000 mt of the 650,000 mt or more of food assistance required to meet needs in the country.
66. Board members noted the need in several countries for livelihood support in post-conflict situations. WFP and its partners required appropriate donor support to address as a matter of urgency the needs of returning IDPs and refugees to prevent future calls for food aid.
67. Some Board members requested clarification regarding the situation for WFP's work in Zimbabwe. The Regional Director of ODJ reiterated that WFP was working with the Government of Zimbabwe, the Humanitarian Coordinator and other organizations to seek a solution that would enable it to continue its humanitarian mission in the country. While there was hope that the situation could be resolved by the end of June, in the short term distribution of food would be interrupted for 314,000 WFP beneficiaries and 300,000 more vulnerable people to whom food was to be distributed by WFP partners and other international NGOs.





## Asia; Middle East, Central Asia and Eastern Europe; Latin America and the Caribbean

68. The Director of the **Regional Bureau Bangkok (Asia)** (OMB) spoke of the major challenges of humanitarian disasters and soaring food prices in the region; rice prices in particular had serious implications for WFP activities. In Cambodia steep price rises had led to the temporary suspension of school feeding; in the DPRK commodity supplies had become scarcer, food deliveries had been delayed and cuts had been made in the public distribution system; better operating and monitoring conditions were being negotiated with the Government. In Indonesia WFP's purchasing power had been reduced by 20 percent; in the Lao People's Democratic Republic both food and fuel prices had risen sharply. In Sri Lanka, rice prices had even tripled in some areas, and ration sizes there had been reduced, with priority given to emergency feeding for those affected by conflict. In Nepal, WFP was using innovative food assistance operations.
69. In Afghanistan, poor harvests were predicted, and higher wheat prices were posing considerable challenges, which were made more difficult by export bans imposed by neighbouring countries that further tightened supplies. Responses to the emergency appeal were helping fund WFP activities. Operations continued to be affected by severe security problems, including regular attacks on WFP convoys. A joint mission with the Government and other agencies had been undertaken to consider the follow-up to the WFP country programme, due to end in July; WFP operations were being carried out in addition to the protracted relief and recovery operation (PRRO) to assist 11 million people in the country over three years.
70. The international community had faced serious obstacles in responding to the huge humanitarian crisis triggered in Myanmar by cyclone Nargis in May. A joint Association of Southeast Asian Nations (ASEAN)–United Nations assessment was being carried out; the international community was taking a flexible approach in its response to the victims' needs. WFP was providing logistics support for United Nations agencies. The Government was limiting the use of helicopters provided by other countries. More funding was needed for the emergency and special operations, and the last resources for commodity purchases had already been exhausted. Following the emergency phase, medium- and long-term assistance would be required for rebuilding livelihoods.
71. The Director of the **Regional Bureau Cairo (Middle East, Central Asia and Eastern Europe)** (OMC) drew the Board's attention to the serious cumulative effects of water shortages, inflation, increasing urban populations and rising food prices. Economic growth was not equitably shared across the region, and the poor suffered disproportionately. WFP was currently shifting the focus of its work to assisting governments in the development of safety-net projects and programmes to address increasing poverty and food insecurity. In Egypt, more people were being included in food subsidy programmes, but the cost was high. The Syrian Arab Republic and Jordan were starting new social support programmes based on cash vouchers for food. WFP was scaling up its school feeding and mother-child health programmes in Yemen, where 5 million people were unable to obtain sufficient food. In Tajikistan, 35 percent of the population was food-insecure, 11 percent seriously so and resorting to negative coping strategies. WFP was grateful for generous donations from various countries in the region, particularly the Russian Federation and Saudi Arabia. Governments in the region were working on bilateral/regional cooperation and development plans with a view to establishing food production and trade strategies for the next ten years. WFP was also working with governments on hand-over strategies in middle-income countries.



72. The Director for the **Regional Bureau Panama (Latin America and the Caribbean) (OMP)** spoke of the danger that soaring food prices could push millions more people below the poverty line. Recent studies pointed to sharp rises in the number of people falling into extreme poverty; food costs accounted for a disproportionate share of poor people's expenditures, and malnutrition in Central America was seriously affecting children under 5. In Haiti, where soaring food prices, plummeting purchasing power and the related political instability were serious concerns, the international community, including WFP, was doing its utmost to stabilize food supplies. The region was also severely affected by hurricanes and other climatic problems; disasters invariably hit the most vulnerable populations hardest. WFP was working in close cooperation with the region's governments to speed up food distribution and strengthen social programmes, in particular to improve nutrition for children under 5. Regional talks had recently resulted in commitments to increase South-South cooperation, with emphasis on protecting the most vulnerable children, and the Inter-American Development Bank had also shown a keen interest in responding. It was important for WFP to have greater and more secure resources in order to carry out more preventive activities in the region.
73. The Board was unanimous in its appreciation of the detailed accounts given by the Regional Directors and of the unstinting work being done by WFP staff in challenging situations. Board members warmly approved the partnerships being developed, for example with ASEAN, to respond to emergencies and address development and nutrition issues in the longer term. The Board expressed its appreciation of the generous donations made by several countries and organizations.
74. WFP was urged to explore the potential of countries in Eastern Europe, and work with governments to find ways in which national capabilities could be of service in humanitarian activities. The Secretariat was encouraged to consider the efficacy of strategies such as cash payment systems and local procurement as means of alleviating food insecurity and developing local markets. Board members asked to be kept informed about issues such as WFP's plans for addressing funding gaps in its operations.
75. In response, the OMC Regional Director stated that needs were being assessed to identify ways of assisting refugees in Iran and Jordan and to scale up work in the Occupied Palestinian Territory. The OMB Regional Director noted that negotiations with regard to humanitarian access were ongoing and that new partnerships in the region augured well for future cooperation. The OMP Regional Director observed that the long-term nutritional effects of high food prices were being assessed.

### **Humanitarian Access (2008/EB.A/16)**

76. Board members noted the challenges described by the Regional Directors. Several Board members were concerned that in some countries WFP's access to beneficiaries was constrained by government policies, and proposed that the Board adopt a statement on the need for unrestricted humanitarian access to people in need.
77. It was suggested that the Board, on the basis of United Nations General Assembly Resolution 60/1 of September 2005, recall and communicate the importance of respect for the humanitarian principles of neutrality, independence, impartiality and humanity, in accordance with which safe and unhindered access to populations in need of essential humanitarian relief would be ensured. Some Board members were concerned about adopting a decision which was not foreseen in the agenda. After lengthy formal and informal discussions, a text was agreed upon and approved by consensus while several members voiced their remarks.



## WEST AFRICA REGIONAL PORTFOLIO

### Draft Country Programme Niger 10614.0 (2009–2013) (2008/EB.A/13)

78. The Secretariat presented the draft country programme, noting that Niger was particularly vulnerable to food insecurity and problems arising from the current global food and fuel price crisis. The country programme sought to increase access to education, especially for girls; address food insecurity during the lean period; and support patients living with HIV/AIDS and tuberculosis.
79. The Board expressed support for the draft country programme. In response to the comments made and questions asked, the Secretariat elaborated on joint training programmes that had been carried out with several other agencies on cereal banks; women were often the focus of that training and were often the managers of cereal banks. Cooperation with the Japan International Cooperation Agency (JICA) had been particularly successful, and JICA's work with the school management committees had proved a considerable asset to the school feeding programme. It was planned to develop further the successful project on school gardens as part of the plan to step up cooperation with partners in schools benefiting from WFP assistance. The final version of the country programme document would include a set of indicators and would take into greater account the new context of soaring food and fuel prices.
80. The Secretariat assured the Board that the excellent partnership with UNICEF would be continued in order to ensure that the essential assistance package reached the largest possible number of schools. WFP would be leading a number of projects adopted by the national food security coordination body led by the Prime Minister's Office. WFP would target primary schools in areas suffering the greatest food insecurity and with low school enrolment rates, especially among girls. Whereas cooperation with the Government and local communities was very strong, only 10 percent of schools were currently being reached. There was much to be done in capacity development; hand-over of the programme was not foreseen in the near future.

### Projects for Executive Board Approval –

#### Development Project Liberia 10733.0 (2008/EB.A/14)

81. The Secretariat presented the development project for Liberia, one of the poorest countries in the world and, like Niger, particularly vulnerable to food insecurity and problems arising from the current global food and fuel price crisis. The development project focused on school feeding and additional take-home rations for girls. Attention was drawn to the fact that the Board session was attended by the Minister for Education of Liberia.
82. The Board expressed its support for the project. The Secretariat said that WFP was currently exploring the possibility of resuming school feeding in Monrovia, as it believed that schoolchildren in urban areas would be the most affected by rising food prices; cooperation with JICA would be most useful in that regard. The feasibility of increased local food procurement was being studied with a view to reducing WFP's costs and to working towards hand-over to the Liberian Government. The development challenges facing the new Government after many years of war and poor governance were so deeply entrenched and wide-reaching that it was difficult to predict when WFP could contemplate a hand-over of its operations.



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## SOUTHERN, EASTERN AND CENTRAL AFRICA REGIONAL PORTFOLIO

### Draft Country Programme Kenya 10668.0 (2009–2013) (2008/EB.A/15)

83. The Regional Director briefly introduced the document, noting that the draft country programme addressed malnutrition through school feeding in partnership with other actors. It was geographically targeted and gender-sensitive, and aligned with the current United Nations Development Assistance Framework (UNDAF). The programme had been developed with the full consensus of its stakeholders with a view to making it coherent with national policies and as cost-effective as possible.
84. Board members observed that Kenya was suffering the effects of increasing food prices, combined with flooding in some areas and drought elsewhere, and noted that support for primary school feeding under the country programme would help to reduce regional gender inequalities and increase school enrolment in the targeted areas. The intention to procure resources locally was welcomed, provided that markets were not disrupted. The Board urged continued work with the Government to address food insecurity in arid areas where rain-fed crop production was barely feasible and to develop capacity with a view to eventual hand-over, in line with the recommendations of the 2007 evaluation. Board members recommended that successful strategies developed in previous programmes be adapted for use in the programme under consideration.
85. Responding to questions from Board members, the country director for Kenya noted that rising food prices made resource availability uncertain, and the numbers of beneficiaries would have to be kept to a level that could realistically be supported. Some re-targeting would be required as the programme developed, and outcome criteria would be introduced. The activities were not expected to become self-sufficient in the short term. The country programme components would be operative in different areas: the HIV element would be concentrated along transport routes, and school feeding in the arid areas. Every effort would be made to avoid disruption of local markets.

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## ADMINISTRATIVE AND MANAGERIAL MATTERS

### Report on Post-Delivery Losses for the Period 1 January–31 December 2007 (2008/EB.A/17)

86. The Secretariat introduced the document, noting that post-delivery losses accounted for 0.4 percent of the 4.17 million mt of food commodities handled by WFP in 2007, the third successive annual decrease. Theft/pilferage, the main cause of losses, accounted for 23 percent, mainly in cereals and blended food. Tracking systems and supply-chain management had been improved, and more trained staff had been assigned to logistics units and field offices. The Secretariat assured the Board that it took the issue of losses very seriously, bearing in mind the need for transparency with donors.
87. The Board welcomed the document and expressed appreciation for WFP's work in keeping losses to a minimum. Questions were raised as to staff safety during deliveries in insecure areas, why food had in some cases been lost through deterioration in WFP storage, what could be done to use food that was no longer fit for human consumption and what effect the introduction of IPSAS was expected to have on loss rates.



88. Responding to the Board's questions, the Secretariat stressed that WFP followed up all cases of loss, even very small quantities, and assured the Board that staff safety was the priority consideration in all insecure areas. WFP was working with governments to find opportunities for legal disposal of food that had deteriorated; the option of conversion to fertilizer would call for technical cooperation from FAO. Work was in progress to improve accounting and information management; IPSAS and WINGS II implementation would make positive contributions to this. Compliance and effectiveness teams had been established to assess pipeline management in the field and suggest improvements to procedures. Food had deteriorated in WFP storage because delays and interruptions of deliveries for reasons beyond the control of WFP had caused stocks to accumulate to the point where storage conditions were no longer adequate. The issues involved were being addressed.

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## OTHER BUSINESS

### Address by Mrs Laura Bush, First Lady of the United States of America

89. The President of the Board and the Executive Director welcomed Mrs Laura Bush, First Lady of the United States of America, who came to WFP as a special guest. The Executive Director spoke of the First Lady's work fighting hunger and promoting health, education and humanitarian issues, and of the support provided by the United States to WFP. She drew parallels between Mrs Bush's promotion of literacy and WFP's work to feed hungry children.
90. Mrs Bush thanked WFP for receiving her and for the work it did feeding the hungry and helping the hungry feed themselves. She cited President Bush's call to Congress to increase support for food assistance and development programmes at a time of soaring food prices, and to purchase more food from farmers in the developing world. She made reference to a new United States voucher programme to support agricultural production in developing countries and to its humanitarian assistance for countries recovering from disasters. The need for food was a global problem requiring a global response; the United States would continue to coordinate its relief efforts with WFP, all of the United Nations and other stakeholders in their work to eradicate hunger in the world.
91. The President of the Executive Board then thanked Mrs Bush for her visit, lauding her work on behalf of literacy, health and women's empowerment. He cited the contribution of the United States to alleviating hunger, supporting people with AIDS and malaria and providing clean water, especially in Africa. He emphasized the need to place agriculture at the centre of WFP's activities, striking a balance between humanitarian and development activities, and paid tribute to WFP staff. Communicating gratitude on behalf of the Board for the work of the Executive Director and for the donations made to WFP by the United States and a number of other countries, he expressed his hope that United States support for WFP would continue to be strong.
92. The Executive Director closed by thanking Mrs Bush for her visit and for whatever the United States could do to provide WFP with secure and flexible funding.



## **Report of the Joint Field Visit to Haiti of the Executive Boards of UNDP/UNFPA, UNICEF and WFP, 1–9 March 2008 (2008/EB.A/19)**

93. Members of the Board who had participated in the joint field visit gave an account of their observations of WFP's work in Haiti in response to socio-economic, security, environmental and resource challenges. WFP was collaborating with the Government, United Nations agencies, the United Nations Stabilization Mission in Haiti (MINUSTAH) and the United Nations Resident Coordinator on programmes such as school feeding, vulnerable group feeding and human rights training, food for patients in hospital and food for work. The overall aim was to help Haiti to achieve stability and to initiate sustainable development.
94. The members of the team had been particularly impressed by the dedication of all staff working in Haiti, and by the high levels of coordination and cooperation among the many different agencies. WFP's logistics operations were notable for the support they gave to the work of all partners. The participants expressed their appreciation of the full support given to the mission by the Government of Haiti.
95. Board members emphasized the value of observing WFP's field work at first hand, and commended WFP for its collaborative and flexible approach.





## ACRONYMS USED IN THE DOCUMENT

ACABQ	Advisory Committee on Administrative and Budgetary Questions
APR	Annual Performance Report
ASEAN	Association of Southeast Asian Nations
COMPAS	Commodity Movement Processing and Analysis System
DPRK	Democratic People's Republic of Korea
DSC	direct support costs
ECOSOC	Economic and Social Council of the United Nations
FAO	Food and Agriculture Organization of the United Nations
IDP	internally displaced person
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISC	indirect support costs
JICA	Cooperation with the Japan International Cooperation Agency
MINUSTAH	United Nations Stabilization Mission in Haiti
OMB	Asia Regional Bureau
OMC	Middle East, Central Asia and Eastern Europe Regional Bureau
OMD	West Africa Regional Bureau
OMJ	Southern, Eastern and Central Africa Regional Bureau
OMP	Latin America and the Caribbean Regional Bureau
OSD	Oversight Services Division
PRRO	protracted relief and recovery operation
PSA	Programme Support and Administrative
RBM	results-based management
UNDAF	United Nations Development Assistance Framework
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WINGS II	WFP Information Network and Global System