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**Executive Board
Second Regular Session**

Rome, 27–30 October 2008

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5



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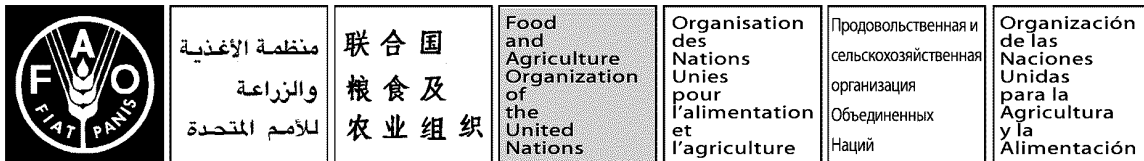
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REPORT OF THE FAO FINANCE COMMITTEE

The Executive Director is pleased to submit herewith the report of the FAO Finance Committee pertaining to WFP. The report covers the following agenda items:

- Update on the WFP Management Plan (2008–2009)
WFP/EB.2/2008/5-A/1
- Managing for Results: A Second Review of Progress in Implementing Results-Based Management – Report by the External Auditor
WFP/EB.2/2008/5-B/1
- Response of the Secretariat to the Report by the External Auditor on Managing for Results: A Second Review of Progress in Implementing Results-Based Management
WFP/EB.2/2008/5-B/1/Add.1
- Programme of Work of the External Auditor for 2008–2009
WFP/EB.2/2008/5-C
- Update on the WINGS II Project
WFP/EB.2/2008/5-D/1

October 2008



FINANCE COMMITTEE

Hundred and Twenty-Third Session

Rome, 6 – 10 October 2008

Report of the 123rd Session of the Finance Committee on WFP matters

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**REPORT OF THE HUNDRED AND TWENTY-THIRD SESSION OF THE
FINANCE COMMITTEE**

6 – 10 October 2008

Introduction

1. The Committee submitted to the Council the following report of its Hundred and Twenty-third Session.
2. The following representatives were present:
Chairperson: Mr Yasser A. R. Sorour (Egypt)
Vice-Chairperson: Mr Lee Brudvig (United States of America)
Members: Mr MOUNGUI MÉDI (Cameroon)
Mr LI ZHENG DONG (China)
Mr SØREN SKAFTE (Denmark)
Mr JEAN-JACQUES SOULA (France)
Mr ECKHARD W. HEIN (Germany)
H.E. JORGE E. CHEN CHARPENTIER (Mexico)
Mr AAMIR A. KHAWAJA (Pakistan)
H.E. EUDORO JAÉN ESQUIVEL (Panama)
Mr ROBERT SABIITI (Uganda)
3. The Committee noted that, despite repeated requests to the World Food Programme (WFP) Secretariat in the past, and included in the previous reports of the Finance Committee, the WFP documents were not provided to the Committee in accordance with the established deadlines. The Committee expressed their deep concerns on the impact of these continued delays on the efficient functioning of the work of the Committee and noted that, in future, the Committee may consider deferring discussion on documents not received in time. The Committee also agreed that the Executive Director should be informed in writing by the Chairperson of the Committee's concerns with a view to finding a solution.
4. In the same manner, the Committee also agreed that the President of the Executive Board of WFP should be approached in order to examine the possibility of presenting the report of the Committee to the Executive Board of the WFP as a standing item.

World Food Programme Matters

UPDATE ON THE WFP MANAGEMENT PLAN (2008-2009)

5. The Committee welcomed the detailed and transparent nature of the document and noted the extensive consultation process that had taken place with the Executive Board of WFP.
6. The Committee observed that 85 of the 87 additional Programme Support and Administrative (PSA) professional posts planned were for Headquarters (HQs) functions, including a large proportion for Management and Administration. Some members felt that there should be a balance in generating additional capacity between HQs and the field functions. Several members suggested the need for a more concrete risk management and contingency plan to assure surge capacity is provided to flexibly respond to priority emergencies in a sustainable



manner that matches staff increases to actual level of activities in 2009. They emphasized a need to use PSA resources in an innovative manner to possibly reduce Direct Support Costs (DSC) in an environment of limited resources.

7. The Secretariat explained that the nature of PSA is mainly for support funding in Headquarters and that many of the field capacities would be funded from the main operational part of the Programme of Work. In regards to distribution of posts, the Secretariat explained that many of the posts were to support country offices in new types of work arising from the food crisis and contained in the Strategic Plan.
8. Some members of the Committee inquired about Strategic Objective 3 activities and noted the emphasis expressed by WFP management on the importance of cooperation between FAO, IFAD and WFP, as well as cooperation with the World Bank on activities relating to long-term response to high food prices.
9. The Committee supported the supplemental PSA proposals contained in the document.

**MANAGING FOR RESULTS: A SECOND REVIEW OF PROGRESS IN
IMPLEMENTING RESULTS-BASED MANAGEMENT:
– REPORT BY THE EXTERNAL AUDITOR
– RESPONSE OF THE SECRETARIAT**

10. The External Auditor introduced the report noting that this was a follow-up report to that issued in 2006 on Results-Based Management (RBM) in WFP. The External Auditor and the Secretariat responded to questions from the Committee on the External Auditor's report and the Secretariat responses and confirmed the commitment of the WFP Management to RBM while recognising the challenges faced.
11. The Committee noted that the implementation of RBM in WFP should be considered as work in progress and that further substantial efforts were needed. The Committee recommended that an evaluation of all aspects and implications of RBM should be considered and reiterated the importance of implementing the recommendations within the deadlines indicated by the Secretariat.

UPDATE ON THE WINGS II PROJECT

12. The Committee took note of the updated information contained in the report and noted the risks highlighted by the Secretariat regarding the roll out in January.
13. The Committee welcomed the Secretariat's statement that implementation timelines were challenging, but overall on schedule, and that contingency plans were in place should these be needed.

PROGRAMME OF WORK OF THE EXTERNAL AUDITOR FOR 2008-2009

14. The External Auditor advised that the document which was for information was still under preparation but that he hoped to complete the document in time for submission to the Executive Board at its October session.
15. The Committee expressed concern that the document for this item was not available for review by the Committee and were concerned that the document would be submitted to the Executive Board without their advice.



APPOINTMENT AND RE-APPOINTMENT OF THE EXTERNAL AUDITOR

16. The Secretariat explained that the document had not been released by the Bureau of the Executive Board and would not be submitted to the October session.
17. The Committee expressed concern that this document was once again withdrawn without a fuller explanation.