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## **SUMMARY OF THE WORK OF THE FIRST REGULAR SESSION OF THE EXECUTIVE BOARD, 2002**

In accordance with the methods of work of the Executive Board, the present document reflects the main points of its deliberations to be taken into account by the Secretariat in the implementation of the Board's decisions and recommendations, contained in document WFP/EB.1/2002/12.

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## CURRENT AND FUTURE STRATEGIC ISSUES

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

1. The Executive Director made an oral presentation on the current and future strategic issues of the Programme, reviewing a variety of topics related to WFP, the Executive Board and the Rome-based agencies. She also spoke about challenges facing the 777 million hungry poor currently living in developing countries.
2. The Executive Director reported that WFP broke many records in 2001. The Programme received a record US\$1.9 billion in total contributions last year, the highest amount in its history. It shipped 3.9 million metric tons of food, meeting 83 percent of overall commodity requirements for its projects in 2001. She stated that contributions in 2001 were 11 percent higher than in the previous year.
3. The highest-ever level of contributions was recorded for protracted relief and recovery operations (PRROs)—some US\$510 million in 2001. At US\$53 million, contributions for Special Operations (SOs) were at their highest level since 1995, and more than double the amount given last year. The United States gave a record US\$1.2 billion—the largest amount from a single donor since the Programme's inception, and a 48-percent increase compared with last year. The Executive Director stressed that the challenge ahead was to maintain these levels of resourcing.
4. The Executive Director pointed out that although many changes had occurred in the past decade, such as the fall of the Berlin wall and the economic growth generated by globalization and technological advances, there were still far too many hungry poor people. The last decade had seen the largest number of conflicts in the history of humanity. Natural disasters were on the rise as well. WFP was regarded by the donor community as a competent and responsible partner in responding to these crises. The Executive Director emphasized that the international community's confidence in WFP had to continue. But WFP had a dual mandate, and its job was also to respond to chronic hunger, hunger that persisted even in conditions of relative peace and stability. The Executive Director stressed that this was one of WFP's greatest challenges—making sure that its development portfolio was large enough to respond to needs in non-emergency situations. But this would be difficult, given the general trends in development funding. Since 1992, multilateral Official Development Assistance had declined by 24 percent, whereas emergency humanitarian aid had almost doubled over the course of the decade. The decline in development funding and in multilateral donations was of concern to WFP, and an issue that the Executive Board would have to focus on in the future.
5. Referring to the fight against hunger, the Executive Director stressed the importance of making sure that food was placed in the hands of women. To continue to be efficient and effective in combating hunger, WFP needed to continue to target food to women, making sure that women were involved in both the design and management of its food assistance programmes. The Executive Director underlined the importance and difficulty of ensuring that WFP was women-friendly in terms of hiring practices and personnel issues. Although WFP had more than doubled the proportion of female professional staff, it was still only 37 percent. Greater efforts were also called for to increase the percentage of women among national staff.



6. The Executive Director mentioned the need to rethink WFP's programming categories. She pointed out that suffering from hunger was the same in any country, whether that hunger resulted from civil war or from desperate poverty. Moreover, WFP needed to continue its advocacy on behalf of the hungry poor by using its vulnerability analysis and mapping (VAM) capacity to identify marginalized areas, and to get other providers of assistance to focus on those areas. In this context, the Executive Director urged the Executive Board to focus on strategic issues rather than on individual programmes and projects. It was suggested that the Secretariat, rather than the Executive Board, become more involved in the details of country project and programme documents. The Executive Director also suggested that the Board review WFP's Resource and Long-term Financing (R&LTF) policies.
7. The Executive Director urged Board members to focus their attention on using food aid to help the hungry poor, rather than on making food aid a topic of trade and agricultural policy discussions. She stressed that surpluses in the Organization for Economic Cooperation and Development (OECD) countries should be used to feed those who were hungry.
8. The Executive Director spoke about working with other partners in the United Nations. She said that secondments of staff between the Rome-based agencies in particular should be encouraged. She noted that demographic shifts in the world meant that the focus of food insecurity and hunger was moving to urban areas, however, possibly reducing opportunities for Rome-based agencies to work together. In speaking of partnerships with the World Bank, she encouraged member countries to discuss increased partnering with World Bank representatives.
9. The Executive Director urged the Executive Board to re-examine the question of whether WFP should be required to have another United Nations entity endorse its emergency operations over US\$3 million. Although this procedure had not hindered WFP's emergency response in recent years, the Executive Director stressed the need to review the procedure's validity, given the Programme's emergency portfolio, and current financial management.

## FINANCIAL AND BUDGETARY MATTERS

### Cash and Investment Management: Level of Financial Investment and Investment Policy (2002/EB.1/2)

10. The Board welcomed the report on cash and investment management, which was presented in response to the Board's request for a paper on investment levels and policies. The report covered investment levels and how they are determined; policies and strategies; interest received and how it is used; and improvements in cash management adopted by the Secretariat since taking over the treasury function. The cash-management improvements were:
  - oversight mechanisms to manage cash resources: the Investment Advisory Committee of the Food and Agriculture Organization of the United Nations (FAO), the Internal Committee and an external investment adviser;
  - investment by five professional managers of US\$120 million each in accessible, high-quality, fixed-income investments;



- establishing investment objectives: security, liquidity and rate of return;
  - monitoring of investment managers by the Treasury branch, overseen by WFP's Internal Investment Committee following the withdrawal of the offer of monitoring services by the International Fund for Agriculture and Development (IFAD);
  - improvements in cash management: daily monitoring of cash balances, adopting cash consolidations, zero-balance bank accounts, cash forecasting in country offices, limiting country office cash balances and prompt bank reconciliations.
11. It was pointed out that, at the end of 2001, the amount invested was US\$732 million, representing 85 percent of total cash. This included funds for long-term liabilities and special and trust accounts, cash not required for operations and a portion of operational cash, which was estimated as a three-month requirement.
  12. The Board noted that the outcome of improved cash management over the past 22 months was additional interest of US\$10.9 million more than if the funds had been in bank accounts.
  13. The Secretariat was focusing on faster disbursement of funds to operations as a means of managing a large cash balance.
  14. Immediate steps were identified as: (i) analysis of surplus cash from fund balances reprogrammed by the Executive Board; (ii) identification of closed projects migrated into WINGS to determine balances for donors to dispose of. This is the subject of a separate document.
  15. The point was made that cost-containment strategies included more rigorous review of landside transport, storage and handling (LTSH) rates, and budget proposals including variances between standard and actual costs.
  16. The Board expressed satisfaction for the report's transparency and comprehensiveness and commended the Secretariat for the innovative investment strategies, the studies and the steps undertaken for managing cash resources, investments and employment of external managers.
  17. Some members expressed concern about risk levels and investment safety and requested clarification; they advised the Secretariat to be aware of the changing economic situation. The Secretariat assured the Board that it continued to be alert to such issues and that it responded promptly in advising the Executive Director, who was responsible for policy. WFP would not invest aggressively and would not compromise security of principal. Investment instruments were of high quality and allowed immediate withdrawal.
  18. Some members advised the Secretariat to continue to work with other Rome-based agencies. WFP participates in the annual FAO Investment Advisory Committee meeting; IFAD is an external member of the WFP Internal Investment Committee.
  19. The central concern of most of the members was the cash balance issue, and it was emphasized that WFP should work towards reducing these cash balances by disbursing the cash resources for project implementation.
  20. Other members were of the view that very high cash balances could send a wrong message regarding the Secretariat's capacity to respond to project implementation.
  21. Noting that the figures were provisional, the Board requested more detailed analysis and an outline of the steps that had been taken to reduce unnecessary balances. This study should provide the Board with better responses to questions regarding large cash balances



and optimum Programme cash levels. The Secretariat would determine what the cash balance consisted of and why, and what the optimum level was for effective operation. This would include analysis of cash flows for effective operation, turnover and cost categories.

22. Results of this analysis would be reported to the Board in October 2002, when the audited financial statements for the 2002–2003 biennium were submitted.
23. The Board wished the External Auditor to review cash balances and urged the Secretariat to implement the recommendations of the Advisory Committee on Administrative Questions (ACABQ). The Board approved the proposals in paragraph 47 of document WFP/EB.1/2002/4-A/1 and decided to review the investment activities of the Programme at the time of the review of the audited biennial financial statements.

### Balances of Projects Closed Prior to 2001 and Migrated to WINGS (2002/EB.1/3)

24. The Board commended the Secretariat for its work in WINGS and for its openness regarding surpluses and deficits in project budgets. It expressed hope that WINGS would continue to be accurate, offer improved information and strengthen financial management.
25. Some members expressed concern about the financial status of projects in which confirmed contributions exceeded expenditures. The Secretariat explained that analysis of contributions and expenditures was in hand.
26. Other members urged the Secretariat to continue to collect confirmed contributions in cases where expenditures were higher than income.
27. Board members appealed to donor countries to consider reprogramming unspent balances for underfunded activities. Some members expressed willingness to reprogramme unspent balances, but others, unable to agree to automatic reprogramming because of regulatory restrictions, agreed that the Secretariat should confer with donors on a bilateral basis. The Board looked forward to completion of the analysis of closed projects and to the report to the Executive Board at the October session.

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## EVALUATION REPORTS

### Summary Report of the Mid-term Evaluation of Country Programme— Mauritania (1998–2002) (2002/EB.1/4)

28. The Board welcomed the comprehensive and constructive evaluation report of the current Mauritania Country Programme, noting that it would provide valuable input for the preparation of the new Country Strategy Outline (CSO) being discussed jointly at the current session.
29. While noting the need for further improvements in partnerships, targeting, provision of non-food items and refinement of monitoring indicators, delegates expressed their satisfaction at the measures already being undertaken to tackle those issues, as outlined in the management response matrix. One delegate stressed the importance of the evaluation recommendations regarding micronutrient supplementation and the establishment of indicators for measurement of results under the new CP.





### Summary Report of the Evaluation of Somalia PRRO 6073.00 (2002/EB.1/5)

30. The Board praised the quality of the summary evaluation report and noted that WFP had already taken steps to address recommendations contained in it. Several members suggested that WFP give further attention to targeting, particularly regarding pastoralists, food distribution mechanisms, monitoring and staff training. Some members noted that findings in evaluation reports were often similar and that the PRRO thematic evaluation would be useful in summarizing findings to the Board and facilitating information sharing and contributions to the emergency development continuum. One member considered that field finance officers would be useful in view of important cost-containment measures that had already been taken. One member enquired why the report was not being presented together with a new PRRO document and suggested that the Board be reminded of this evaluation report when the new PRRO was discussed. The Board commended WFP's work in that difficult situation of pervasive insecurity, and praised the staff for successful implementation of the PRRO.
31. The Secretariat underlined the country office's enthusiastic and prompt response to the mission recommendations. The next PRRO document, which will undoubtedly take the recommendations into account, will be presented later this year following an extension in time of the current phase. The current PRRO evaluation will feed into the PRRO thematic evaluation.

### Summary Report of the Evaluation of Uganda PRRO 6176.00 (2002/EB.1/6)

32. Delegations expressed their satisfaction with the revised procedure for considering PRRO evaluation reports back to back with the new PRRO documents and expressed the wish that the practice be continued. The future participation of UNHCR in PRRO evaluations was encouraged.
33. The Board noted the deficiencies of the Uganda PRRO described in the evaluation report and praised the report's well-written, thorough analysis. Caution was expressed at the large number of recommendations. The Board noted that the design of the new PRRO incorporated many of the key evaluation findings and recommendations and that efforts were being made to effect improvements in important areas as identified in the evaluation report.
34. The Board asked how its views on the revised PRRO guidelines would be reflected after the planned thematic evaluation next year. The Secretariat clarified that any future revised operational guidelines for PRROs could be shared with Board members.

### Summary Report of the Evaluation of Ethiopia PRRO 6180.00 (2002/EB.1/7)

35. The Board expressed its appreciation for the quality and comprehensiveness of the evaluation report and its recommendations. Members commented favourably on the report's beneficial effects and on the fact that many of its key recommendations were being followed up by the country office in the design of the new PRRO. One member thanked the Secretariat for being so open and self critical.
36. One Board member noted that the Summary Report did not contain an analysis of the negative effects of long-term food assistance to refugee populations in Ethiopia. The Board



requested further clarification of the findings that one of the objectives was not being fully achieved, and that in-country donors were not well informed about the PRRO.

37. The Secretariat clarified that while the mission took note of positive developments related to gender programming, the fifth objective had not defined specific activities. Such a definition would have allowed the mission to identify successes. Reference was made to the full technical report, where this finding was explained in greater detail.
38. It was pointed out that donors in Ethiopia were well aware of WFP's in-country activities and that given the focus on the drought emergency, many donors at the time of the evaluation might have been less aware of the PRRO activities. It was pointed out that there was an in-country consultation process, with donors already in place.

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## OPERATIONAL MATTERS

### Country Strategy Outline—Mauritania (2002/EB.1/8)

39. Members encouraged the Secretariat to proceed with preparation of a second-generation Country Programme, taking into consideration lessons learned during the implementation of the first Country Programme and the recommendations contained in the mid-term report. Members agreed that food aid was an appropriate resource for social and rural development activities in Mauritania and noted that the CSO had been prepared in close partnership with the Government, international organizations and NGOs, and was synchronized with the United Nations Development Assistance Framework (UNDAF) process. The Secretariat confirmed that during the preparation of the Country Programme, VAM techniques would be used to determine its geographic focus and indicators would be developed to measure progress in achieving goals. While preparing the Country Programme, WFP would remain cognizant of the key issues and risks highlighted in the CSO.

### Country Programme—Bhutan (2002–2007) (2002/EB.1/9)

40. The Board congratulated WFP on the clarity of the Country Programme, its focus on poverty reduction and its alignment with the Government's Ninth Five-year Plan and the UNDAF. Clarification was sought on targeting, data collection, coordination between donors, the need for advocacy in diet improvement, increased agricultural production and the phase-out of WFP support. The Board appreciated the Secretariat's clarification and approved the Country Programme.
41. In response to a query, the Secretariat explained that WFP's policy on supplementary activities in Country Programmes was determined on a case-by-case basis. For the Bhutan Country Programme, the supplementary activities were an expansion of the basic activities and would be implemented if sufficient resources were available.



### Country Programme—Yemen (2002–2007) (2002/EB.1/10)

42. The Board approved the Country Programme for Yemen and expressed appreciation for the focus on women's social and economic development through empowerment and education. This is in line with WFP's mandate and in harmony with both the CSO and UNDAF.
43. One member suggested that the Government's budgetary allocation for activities related to social services be increased. The member also mentioned Qat consumption, which was creating higher mortality among infants and children under 5. It was felt that this practice should be addressed by the United Nations system.
44. Another member queried food losses in the country. The Secretariat responded that any loss would be minimal, because the new logistics modality had been implemented in collaboration with the Government of Yemen.
45. The Secretariat noted that WFP Country Programmes activities, particularly the health-related activity, will be used as a medium to disseminate information on the negative health effects of Qat consumption.

### PRRO-related Issue

46. One member requested the opportunity to express his grave concern about the nutritional situation of western Saharan refugees located in camps near Tindouf. As PRRO 6234.00 was only 30-percent resourced to date, he appealed for both a rapid response from the donor community and further measures on the part of WFP to ensure a regular and adequate food supply to these refugees.
47. The Board took note of the concern of that member, and two donor countries expressed their support.

### Protracted Relief and Recovery Operation for Executive Board Approval—Uganda 10121.0 (2002/EB.1/11)

48. The Executive Board approved PRRO Uganda 10121.0. Several members noted with satisfaction that the PRRO had evolved with the broad participation of all stakeholders and that donor consultations had been part of the process. They urged that such close consultations and collaboration be continued with the Government, United Nations agencies, NGOs and other partners. A number of delegates pointed out that the situation for internally displaced persons (IDPs) in Uganda continued to be very fragile. One member stated that the number of IDPs, as well as refugees, appeared to be growing in the border areas and urged WFP and other United Nations partners to continue to work closely with the Government to ensure the safety of the most vulnerable population groups and of humanitarian workers. A number of members applauded the PRRO's design, pointing out its emphasis on the self-reliance and resettlement of the beneficiaries. Efforts to increase local purchases were noted with appreciation by several members. Referring to the PRRO's budget, one member observed that the food cost amounted to one United States dollar per refugee per month and inquired if the WFP food cost stated in the budget included in-kind food contributions. The Secretariat confirmed that it did. The Secretariat thanked the Board for its valuable comments on the document and stated that it would follow up on the Board's recommendations.



### Protracted Relief and Recovery Operation for Executive Board Approval— Ethiopia 10127.0 (2002/EB.1/12)

49. The Executive Board approved PRRO Ethiopia 10127.0. Several members noted that the refugee situation in Ethiopia was a complex one that required a diversified response. They praised WFP for its flexible approach, which included environmental projects, support to education through school feeding and, insofar as it was possible, a focus on repatriation. One member cautioned against an over-optimistic repatriation focus, and advised that the repatriation programme be continually evaluated. The Secretariat underlined that the regional aspects of refugee situations were taken very seriously and that the WFP offices in the countries concerned continued to work closely together on these issues. The efforts to address environmental damage in host areas were applauded by several members. The Secretariat responded that the recovery strategies, including those aimed at environmental protection, were identical to the ones undertaken in the Ethiopia Country Programme. This would be reflected in the logframe that was under preparation. Reference was made by some members to the use of local purchases and it was stated that encouragement of this should continue. The Secretariat emphasized that WFP would purchase locally whenever feasible, and to this effect encouraged cash donations. The collaborative approach undertaken in the preparation of this PRRO and in the overall implementation of the WFP programmes was applauded. The Secretariat stressed the importance of working closely with partners and assured the Board that the collaboration and information-sharing would continue. One member noted that health and nutrition issues were well incorporated in the PRRO. Another member welcomed the gender awareness demonstrated in the document. The Secretariat responded that women were very actively involved in all aspects of the PRRO and was pleased to report that WFP and partners had made good progress on this issue. Some members cautioned against the potential negative impact of food aid. The Secretariat responded that the food aid strategy was a subject of continuous discussion in Ethiopia and that WFP would continue to work with the Government and partners on this.

### Protracted Relief and Recovery Operation for Executive Board Approval— Indonesia 10069.0 (2002/EB.1/13)

### Protracted Relief and Recovery Operation for Executive Board Approval— Myanmar 10066.1 (2002/EB.1/14)

### Protracted Relief and Recovery Operation for Executive Board Approval— Nepal 10058.1 (2002/EB.1/15)

### Protracted Relief and Recovery Operation for Executive Board Approval— Sudan 10122.0 (2002/EB.1/16)

### Protracted Relief and Recovery Operation for Executive Board Approval— Federal Republic of Yugoslavia 10116.0 (2002/EB.1/17)

50. The Board approved en bloc the five above mentioned PRROs, with agreement that questions from members could subsequently be addressed to the Secretariat.
51. The following observations were made on the Myanmar and Sudan PRROs:
52. **Myanmar 10066.1.** It was suggested that WFP should remain in contact with the opposition party, the National League for Democracy (NLD). This would keep NLD



informed of WFP activities, and allow the use of its extensive network in the field for secondary monitoring purposes. The Secretariat responded that in line with the guidance of the United Nations Secretary-General, WFP should continue its current dialogue with the NLD.

53. **Sudan 10122.0.** The following one-word amendment in line four of the Executive Summary was suggested: “Civil war has recurred intermittently in the country since **before** independence in 1956”.

## ORGANIZATIONAL AND PROCEDURAL MATTERS

### A Decade of Change: Renewal and Transformation of the World Food Programme, 1992–2002 (2002/EB.1/18)

54. The Executive Director presented the progress report A Decade of Change: Renewal and Transformation of the WFP, 1992–2002. She emphasized that the paper focused on how WFP had built its capacity to serve the hungry poor and respond effectively to some of the great humanitarian challenges of the past decade.
55. She talked of a fundamental change in management, highlighting the areas of responsibility, accountability, oversight, management systems, a focus on the field, decentralization, management training, communications and staff security. She described the emphasis placed on targeting—targeting the hungry poor, targeting countries and targeting women.
56. She paid tribute to the commitment and participation of WFP managers and staff, and to the support she had received from the Committee on Food Aid Policies and Programmes (CFA) and the Board throughout the decade. She reminded the Board that change was an ongoing process. She concluded by saying that from the start her goal had been to position WFP at the top of donors’ priorities so that the Programme could reach as many people as possible, and that she believed that WFP had achieved this goal.
57. Poul Nielson, European Commissioner for Development and Humanitarian Aid, was invited to address the Board. He stated that the Commission looked for complementary and genuine partnerships with United Nations organizations. He referred to specific issues relating to indirect support costs. He then discussed the Commission’s policies on food security and food aid, and suggested that PRROs could be an area for closer cooperation between the European Community and WFP. Turning to the document A Decade of Change, Mr Nielson emphasized the importance of the decentralization process, results-based management and performance indicators. Finally, he briefed the Board on the Commission’s endeavours at international level to promote conditions for sustainable and more equitable development.
58. Many representatives and observers took the floor to congratulate the Executive Director on the progress report and on her skilful, dynamic and committed leadership of the Programme during the past ten years. They found the report to be comprehensive, interesting and thorough, and they suggested that it would be an important reference point for the future.
59. They agreed that WFP had clearly carried out a significant process of transformation and that it had made major improvements in its internal capacity, efficiency and effectiveness, thus enabling it to carry out important programmes for the hungry poor.



60. In commenting on the achievements of the past ten years, representatives mentioned in particular the focus on the hungry poor, organizational responsiveness, management effectiveness, decentralization and empowerment of the field, strategic planning, financial management, oversight, staff security, resourcing and long-term financing, new Headquarters office facilities and staff development and training.
61. One representative requested a report on the development and utilization of VAM.
62. Representatives found the analysis of the future challenges to be of particular relevance. They emphasized the importance of a continuing process of transformation and consolidation, and hence the need for ongoing discussion and reflection on such issues as:
- food security, food aid and development, including “out-of-the-box” thinking on the “crisis-to-recovery” continuum in the context of an integrated response by the international community;
  - continuation and further development of the Board’s governance initiative, including the role of the Board in strategic thinking and policy decision-making;
  - resource mobilization and financing mechanisms, including indirect support costs; and
  - cooperation and partnerships with other United Nations agencies, especially the Rome-based agencies.
63. Representatives encouraged the Secretariat to continue its initiatives in such areas as:
- results-based management and performance indicators;
  - financial management, reporting, accountability and oversight;
  - becoming a more strategic organization, strengthening strategic planning and policy development;
  - advocacy;
  - leadership and management;
  - staff issues, including mobility, security, training and geographical balance;
  - consolidation of the decentralization process, strengthening of WFP’s field presence and the development of normative guidance;
  - coordination in the field, working closely with Office for the Coordination of Humanitarian Affairs (OCHA) in humanitarian coordination, participating actively in the CCA/UNDAF and Poverty Reduction Strategy Paper (PRSP) approaches;
  - knowledge and understanding of food security at the country level.
64. In conclusion, the Board expressed its satisfaction with the substantial reforms that had been carried out by the Secretariat under the leadership of the Executive Director during 1992-2002 and adopted the report.

### Appointment of the Executive Director (2002/EB.1/19)

65. The Board noted the information provided by the Director-General on his and the Secretary-General’s intention to appoint Mr James T. Morris as Executive Director of the World Food Programme.



66. It requested the President to address to the new Executive Director the congratulations of the Board and to inform him of the Board's desire to work with him in close and harmonious collaboration.

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## OTHER BUSINESS

### Upcoming Financial Documents for Review by the Executive Board

67. The Secretariat outlined the financial items to be presented to the Board for review during 2002 and 2003.

### *Review of Indirect Support Costs (ISC) Incurred during the 2000–2001 Biennium*

68. From the 2000–2001 biennium onwards, the revised R&LTF policies would prescribe a single indirect support cost (ISC) rate of 7.8 percent of direct costs for donor contributions in programme categories other than bilateral operations. Information on ISC incurred during 2000–2001 would be reviewed and compared with the ISC levied at 7.8 percent.
69. In May 2002, the Board would review a preliminary report on this study, based on the financial statements for the 2000–2001 biennium. A final report, based on the audited accounts, would be submitted to the Board in October 2002 with the audited financial statements. At that stage, the main issue for the Board would be the appropriate rate for ISC and when it should be applied.

### *Review of the R&LTF Policies*

70. After EB.3/2002, the Secretariat would review R&LTF policies, forming an interdepartmental task force to make recommendations for possible modifications to R&LTF or the regulations. The Secretariat would keep the Executive Board Bureau informed of progress. The report of the task force would probably be ready for review at EB.A/2003, at which time the Board may reach a decision or defer it to EB.3/2003 to allow for further consultation.



### ***Audited Financial Statements for the 2000–2001 Biennium***

71. This package, to be presented at EB.3/2002, would include the following documents:
- report of the Executive Director on the financial affairs of the Programme;
  - opinion of the external auditor;
  - regular financial report of the external auditor, with comments on financial and management matters; and
  - progress reports on the audit recommendations for 1998–1999 and 2000–2001.

### ***Budgetary Performance Report for the 2000–2001 Biennium***

72. This Report, to be presented at EB.3/2002, would consist of an analysis and explanation of contributions, expenditures and other financial and budgetary issues, including the final balances of closed projects.

### ***Analysis of Cash Balances***

73. The Secretariat would prepare a report for EB.3/2002 on reasons for the current level of cash balances, together with steps to be taken to reduce these cash balances to the appropriate level.

### ***Follow-up to ECOSOC and General Assembly Resolutions on Actions to Be Taken by the Executive Boards of the United Nations Funds and Programmes, and Oral Report of the Joint Meeting of the Executive Boards of UNDP/UNFPA and UNICEF, with the Participation of WFP (2002/EB.1/21)***

74. The Board took note of the information contained in the document and agreed that continuous effort should be made to coordinate, simplify and harmonize programming cycles and procedures. It recommended that the report of the Executive Director to ECOSOC include detailed measures taken by WFP following ECOSOC and General Assembly resolutions. It requested the Secretariat to produce an additional and more detailed report on the follow-up action required of the Secretariat and the Board in response to General Assembly Resolution A/56/201, “Triennial Policy Review of Operational Activities for Development of the United Nations System”.
75. The Board stated that WFP’s programmes should take UNDAF and CCA processes into account.
76. The Board welcomed the oral report by its former President, Ms Ulla-Maija Finskas, on the Joint Meeting of the Executive Board of UNDP/UNFPA and UNICEF, with the Participation of WFP, which took place on 25 January 2002. It took note of the importance of such participation for strengthening the relationship between the Rome- and New York-based Boards.





Process of Consultation of the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organization with the Executive Board on the Appointment of the Executive Director (2002/EB.1/22)

77. The Board noted a legal opinion by the Assistant Secretary-General for Legal Affairs of the United Nations and the Legal Counsel of FAO that the procedure that had been followed satisfied the provisions of Article VII.2 of the General Regulations of the World Food Programme, i.e. that “the Executive Director shall be appointed ... after consultation with the Board”.
78. Considering with regret that the current application of Article VII.2 had not made it possible to conduct a clear and satisfactory consultation, the Board proposed that measures be taken to carry out future consultations in a more constructive manner. To that end, it requested the Bureau to examine the matter and to report back to the Board.

Information Paper on Non-food Component of Relief Interventions in the Horn of Africa (2002/EB.1/23)

79. The Board took note of the information paper, which aimed to raise awareness on the issue of resourcing of non-food items (NFIs). In order to achieve the best results from food aid, it was felt that it was important to give proper attention to, and coordinate, the various types of complementary humanitarian assistance. The paper drew examples of the challenges that might arise in the resourcing of humanitarian aid from the experience of the Executive Director of the World Food Programme, in her role as the Special Envoy of the United Nations Secretary-General for the Drought in the Horn of Africa.
80. One member stressed the need to obtain host government commitment wherever appropriate. Another representative suggested that if funding were following a course that was not leading to the best results, donors themselves should be held accountable to explain why they chose to fund some components and not others.
81. It was agreed that a comprehensive analysis of the issue was beyond the scope of WFP. It was felt that the upcoming donors' retreat in Montreux on the Consolidated Appeal Process (CAP) and Coordination in Humanitarian Emergencies would be the first step in determining the terms of reference of a study to be undertaken by OCHA, with the participation of WFP, on the resourcing of humanitarian assistance. The United Kingdom of Great Britain and Northern Ireland had also initiated a major study of humanitarian funding, which would possibly be much broader in scope.
82. In the light of these studies, the Board considered that a review of any WFP-specific documentation on the CAP or NFIs would be premature, and requested the Secretariat to report to the Board orally in May 2002 on the progress of the above-mentioned initiatives.

