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Programme
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Programa
Mundial
de Alimentos

**Executive Board
Annual Session**

Rome, 20–23 May 2002

FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

*For information**

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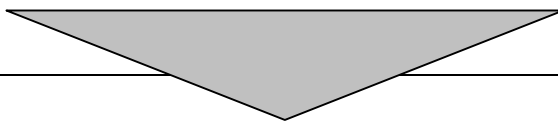
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REPORT OF THE EXECUTIVE DIRECTOR ON THE UTILIZATION OF CONTRIBUTIONS AND WAIVERS OF COSTS (GENERAL RULES XII.4 AND XIII.4 (g))

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

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Note to the Executive Board



This document is submitted for information to the Executive Board.

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

Chief, Contribution and Project Accounting Mr E. Whiting tel.: 066513-2701
Branch (FSC):

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



Draft Conclusion

The Board takes note of the information contained in document WFP/EB.A/2002/6-C/1, and required under General Rules XII.4 and XIII.4, on:

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

INTRODUCTION

1. The purpose of this paper is to report to the Board the following activities as required in the General Rules:

General Rule XII.4: Responsibility for Optimum Use of Resources

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

General Rule XIII.4: Types of Contributions

3. “[...] (e) Governments of developing countries, countries with economies in transition and other non-traditional donors as determined by the Board may make contributions of commodities or services only, provided that:
 - (i) the full operational and support costs are covered by another donor or donors, by the monetization of part of the contribution and/or by resort to the WFP Fund;
 - (ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and
 - (iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme.

(f) Exceptionally, the Executive Director may reduce or waive indirect support costs in respect of any contribution in kind to cover direct support costs of an activity or activities where the Executive Director determines that such reduction or waiver is in the best interests of the beneficiaries of the Programme, provided that:

 - (i) such contributions do not result in any additional administrative or reporting burden on the Programme; and
 - (ii) in the case of a waiver, the indirect support costs otherwise applicable have been determined by the Executive Director to be insignificant.



(g) Contributions under paragraph (e) and reductions or waivers under paragraph (f) above shall be reported to the Executive Board at its Annual Session.”

USE OF UNRESTRICTED CASH RESOURCES TO PURCHASE COMMODITIES (Gen. Rule XII.4)

4. During 2001, the Executive Director authorized the use of US\$529,835 of unrestricted cash resources to purchase commodities. Of this amount, commodities for the value of US\$249,630, or 47 percent, were purchased from developing countries and US\$280,205, or 53 percent, from developed countries. Commodities were purchased for Cameroon, Chad, Egypt, Madagascar, Mozambique, Nicaragua, Rwanda, Sri Lanka, Sudan, Uganda and Zambia, and utilized to meet the annual requested/allocated commitments under development projects. Further details are provided in Annex I. In addition, commodity purchases of over US\$165 million were made from developing countries in 2001, as reported in the Annual Report of the Executive Director.

CONTRIBUTIONS FOR COMMODITIES OR SERVICES (Gen. Rule XIII.4 (e))

5. For 2001, the value of contributions of commodities or services only that were received from governments of developing countries, countries with economies in transition, and other non-traditional donors under General Rule XIII.4 (e) amounted to US\$9,319,800. Annex II provides further details.

WAIVERS OF INDIRECT SUPPORT COSTS (Gen. Rule XIII.4 (f))

6. During 2001, the Executive Director did not reduce or waive indirect support costs on in-kind contributions for direct support costs.



ANNEX I

REPORT ON THE USE OF UNRESTRICTED CASH RESOURCES FOR THE PURCHASE OF COMMODITIES (Gen. Rule XII.4) FOR THE YEAR 2001

Project number	Programme category	Recipient country	Commodity expenditure	Purchased from	Developing countries	Developed countries
100310	DEV	Cameroon	200 010	Cameroon	200 010	
100180	CP	Chad	34 457	Netherlands		34 457
100030	CP	Egypt	48 936	UK		48 936
039361	DEV	Madagascar	8 792	Netherlands		8 792
100100	CP	Madagascar	7 089	Netherlands		7 089
100100	CP	Madagascar	29 200	Switzerland		29 200
100120	CP	Mozambique	48 936	UK		48 936
045151	DEV	Nicaragua	36 594	Nicaragua	36 594	
100760	DEV	Rwanda	4 825	Uganda	4 825	
045211	DEV	Sri Lanka	59 811	UK		59 811
057450		Sudan	38 062	UK		38 062
100190		Uganda	4 922	Netherlands		4 922
100210		Zambia	8 201	South Africa	4 361	
				Zambia	3 840	
			529 835		249 630	280 205
Percentage					47.1	52.9



ANNEX II

REPORT ON CONTRIBUTIONS FOR COMMODITIES AND SERVICES ONLY (Gen. Rule XIII.4 (e)) FOR THE YEAR 2001

Donor	Programme category	Recipient country	Contribution	Value	Costs covered by other donors	Costs covered by gen. fund	ISC waived
Kenya	EMOP	Kenya	Maize, LTSH	5 325 000	–	1 400 000	617 760
Kenya	EMOP	Kenya	Maize, LTSH	3 216 400	1 558 817	–	–
Czech Rep.	EMOP	Balkan Cluster	Sugar, ext. trans., LTSH, ODOC, DSC	100 400	–	–	7 831
Thailand	EMOP	Afghanistan	Rice, ext. trans.	678 000	682 650	–	106 131
Total				9 319 800	2 241 467	1 400 000	731 722

