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Programme
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de Alimentos

**Executive Board
First Regular Session**

Rome, 20 - 22 January 1999

FINANCIAL AND BUDGETARY MATTERS

Agenda item 4

PROPOSED REVISIONS OF WFP'S GENERAL REGULATIONS, GENERAL RULES AND FINANCIAL REGULATIONS

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NOTE TO THE EXECUTIVE BOARD

**This document contains recommendations for consideration
by the Executive Board.**

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

The WFP focal point for this document is:

Strategic Planner: J. Bailey tel.: 066513-2398

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2641).



1. At its Second Regular Session in May 1998, the Executive Board established a Formal Working Group to review and recommend necessary changes to WFP's Resource and Long-term Financing (R<F) policies. The Board agreed at its Third Regular Session, in October 1998, to defer formal action on the Working Group's report and the revisions to policies contained therein to its First Regular Session of 1999, and instructed WFP to undertake such preliminary steps as may be appropriate so that the changes may be implemented with minimum delay following the approval.
2. One of the preliminary steps to implement the policy changes is the revision of certain parts of the General Regulations, General Rules and Financial Regulations. Amendments to the General Regulations require the approval of ECOSOC and the FAO Council and adoption by the UN General Assembly and the FAO Conference. The General Rules may be amended directly by the Executive Board. They must be submitted to ECOSOC and the FAO Council for information. Amendments to the Financial Regulations may be adopted by the Executive Board. The proposed changes, provided below, have been drafted in consultation with the FAO Legal Office.
3. General Regulation XIV.4 requires that the views of the ACABQ and FAO Finance Committee on proposed amendments to the Financial Regulations be provided to the Board to assist in its consideration. These will be provided as soon as they are available in documents WFP/EB.1/99/4-C/ADD.1 and WFP/EB.1/99/4-C/ADD.2.
4. The proposed amendments to the WFP General Regulations, General Rules and Financial Regulations follow.
5. The Executive Director recommends that the Executive Board:
 - a) **Approve the amendments as set out below; and**
 - b) **Request WFP to forward the proposed amendments to the Economic and Social Council, the Council of FAO, The General Assembly and the FAO Conference, as required by the WFP General Regulations, for approval or information, as appropriate.**











CURRENT GENERAL REGULATIONS

General Regulation XIII.2

Donors may contribute appropriate commodities, cash and acceptable services in accordance with the general rules made pursuant to these General Regulations. Each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions. Governments of developing countries may make commodity-only contributions, provided that the full operational and support costs are covered by another donor. In exceptional cases, these costs for the commodity-only contributions from IDA-eligible countries may be met from the WFP Fund.

PROPOSED GENERAL REGULATIONS

General Regulation XIII.2

Donors may contribute appropriate commodities, cash and acceptable services in accordance with the general rules made pursuant to these General Regulations. Except as otherwise provided in such general rules in respect of developing countries, countries with economies in transition and other non-traditional donors, or in respect of other exceptional situations, each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions.

CURRENT GENERAL RULES

General Rule XIII.4

Types of Contributions

In accordance with General Regulation XIII.2, the following shall apply to the various types of contributions to WFP:

- a) Food commodities. Donors contributing food commodities shall provide sufficient cash, acceptable services, or acceptable non-food items to fully cover the operational and support costs related to their commodity contribution.

- b) Designated cash. Donors contributing designated cash, such as cash in lieu of commodities (CLC), shall provide sufficient cash, acceptable services, or acceptable non-food items to fully cover the operational and support costs related to their cash contribution.

- c) Non-Food items. Donors contributing acceptable non-food items not directly associated with other contributions shall provide sufficient cash or acceptable services to fully cover the operational and support costs related to their contribution.

PROPOSED GENERAL RULES

General Rule XIII.4

Types of Contributions

In accordance with General Regulation XIII.2, the following shall apply to the various types of contributions to WFP:

- a) **Donors contributing food commodities and cash in lieu of food commodities shall provide sufficient cash, acceptable services, or acceptable non-food items to cover the full operational and support costs related to their commodity contribution, using the following criteria for the calculation of operational and support costs;**
 - i) **commodities: to be valued in accordance with General Rule XIII.6;**
 - ii) **external transport: estimated actual cost;**
 - iii) **landside transportation, storage and handling (LTSH): average per ton rate for the project;**
 - iv) **other direct costs: pro-rata share of the budgeted amount for the project as in force at the time the contribution is made, based on tonnage;**
 - v) **indirect support costs: percentage of direct costs as determined by the Board.**

- b) **Donors contributing acceptable non-food items not directly associated with other contributions shall provide sufficient cash or acceptable services to cover the full operational and support costs related to their contribution.**

- c) **Donors contributing acceptable services not directly associated with other contributions shall provide sufficient cash or other acceptable resources to cover the full operational and support costs related to their contribution.**

CURRENT GENERAL RULES

- d) Acceptable services. Donors contributing acceptable services not directly associated with other contributions shall provide cash or other acceptable resources to fully cover the operational and support costs related to their contribution.

- e) Untied cash. Donors providing cash contributions which are not designated in any way or designated to the Immediate Response Account (IRA) shall not be required to provide additional cash or services to fully cover the operational and support costs related to their cash contribution.

PROPOSED GENERAL RULES

- d) Donors providing cash contributions which are not designated in any way or are designated to the Immediate Response Account (IRA) or to Programme Support and Administration (PSA) or related activities shall not be required to provide additional cash or services to cover the full operational and support costs related to their contribution, provided that such contributions do not result in any additional reporting burden to the Programme.**
- 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 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) 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.**

CURRENT FINANCIAL REGULATIONS

Financial Regulation 1.1

...

...

“Multilateral contribution” shall mean a contribution, for which WFP determines the Country Programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to an appeal made by WFP for a specific operation. In such cases, the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.

...

“Operational costs” shall mean the costs of commodities, ocean transportation and related costs, and landside transportation, storage and handling (LTSH).

...

Financial Regulation 4.5

Each donor contributing commodities or non-food items shall be responsible for related transportation costs as well as all associated operational and support costs. The donor shall also be responsible for the costs of unloading and internal transport and any necessary technical and administrative supervision, and all associated operational and support costs, where the responsibility of the government of the recipient country for these costs is waived by the Executive Director in accordance with General Regulation XII.3.

PROPOSED FINANCIAL REGULATIONS

Financial Regulation 1.1

...

[New Term]

“Broad-based appeal” shall mean an appeal made by WFP or by WFP jointly with other programmes, funds or agencies for a regional project or for a number of separate country programmes, projects, or activities.

...

“Multilateral contribution” shall mean a contribution, for which WFP determines the Country Programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to a broad-based appeal for which WFP determines, within the scope of the broad-based appeal, the Country Programme or WFP activities in which the contribution will be used and how it will be used, and for which the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.

...

“Operational costs” shall mean the costs of commodities, ocean transportation and related costs, landside transportation, storage and handling (LTSH), and any other input provided by WFP to beneficiaries, the government of the recipient country or other implementing partners.

...

Financial Regulation 4.5

Except as otherwise specified in paragraph 4 of General Rule XIII, each donor contributing commodities or non-food items shall be responsible for related transportation costs as well as all associated operational and support costs. The donor shall also be responsible for the costs of unloading and internal transport and any necessary technical and administrative supervision, and all associated operational and support costs, where the responsibility of the government of the recipient country for these costs is waived by the Executive Director in accordance with General Regulation XII.3

