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Programme

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**Executive Board
Annual Session**

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ANNUAL REPORTS

Agenda item 3

ANNUAL REPORT OF THE EXECUTIVE BOARD TO ECOSOC AND THE FAO COUNCIL ON ITS ACTIVITIES IN 1997



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NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration and approval to 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.

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INTRODUCTORY NOTE

1. As in 1996, the format of the present report responds to the efforts of the United Nations Programmes to adopt a common format for reporting to the United Nations Economic and Social Council (ECOSOC), and takes into account the Executive Board's decision of keeping documentation concise and decision-oriented, and the Board's call for complementarity and avoidance of duplication.
2. The report further takes into account provisions concerning the control and limitation of documentation, and equal treatment of the official languages of the Organization contained in General Assembly resolution 52/214, in particular paragraph 7, which invites all intergovernmental bodies to consider, where appropriate, the possibility of reducing the length of their reports.
3. Issues related to follow-up to General Assembly and ECOSOC resolutions are included in the Executive Director's Annual Report. Since the Annual Report of the Executive Director, once approved by the Board, is also transmitted to ECOSOC and the FAO Council (and in order to avoid duplication), the present report concentrates exclusively on the activities of the Executive Board.
4. The present report is to be considered under provisional agenda item 3 c) of the ECOSOC substantive session of 1998: "Operational activities of the United Nations for international development cooperation." The report will also be considered at the Hundred and Fifteenth Session of the FAO Council under provisional agenda item "World Food Programme: the Annual Report of the WFP Executive Board."

BACKGROUND

5. In 1997, the 36 members of the Board, elected by the United Nations Economic and Social Council (ECOSOC) and the FAO Council, were:

Algeria, Angola, Bangladesh, Belgium, Brazil, Burundi, Cameroon, Canada, China, Cuba, Denmark, El Salvador, Ethiopia, France, Germany, Haiti, Hungary, India, Indonesia, Iran, Italy, Japan, Jordan, Mauritania, Mexico, the Netherlands, Nigeria, Norway, Pakistan, Paraguay, Senegal, Slovakia, Switzerland, Tunisia, United Kingdom and United States of America.
6. In accordance with the rules of procedure and methods of work adopted by it in 1996, the Executive Board elected a Bureau of five members, chosen from among the country representatives on the Board, one from each WFP electoral list A to E: France (list D) as President; India (list B) as Vice-President, and the representatives of El Salvador, (list C); of Hungary (list E); and of Mauritania (list A).
7. In 1997, the Board held four sessions—one Annual and three Regular Sessions. Each was preceded by an open-ended informal meeting to brief all members and observers on those agenda items that required policy guidance and/or decision-making.
8. In keeping with the established methods of work, the Board appointed a Rapporteur for each session. At the end of each session, a paper containing all decisions and recommendations was verified by the members of the Board. A brief summary of the discussion was also prepared by the Rapporteur, and endorsed by the Board at its



first subsequent session. These documents are being forwarded to ECOSOC and to the FAO Council as attachments to this report.

GOVERNANCE MATTERS

Revision of WFP's General and Financial Regulations

9. During 1996 and 1997, the General Regulations of WFP were subjected to extensive and detailed examination by an open-ended working group established by the Executive Board. The purpose of the review was threefold: to bring the General Regulations into line with the most recent decisions of the United Nations and FAO (in particular General Assembly resolutions 48/162 of 20 December 1993 and 50/8 of 1 November 1995), to remove clearly outdated or superseded provisions and to update the General Regulations in order to reflect the decisions of the Executive Board, and the responsibilities and functions which WFP is called upon to discharge.
10. The Open-Ended Working Group conducted its business in close dialogue with the Secretariat and relied on the assistance of the FAO-WFP Legal Counsel. It also benefited from the advice and comments of the United Nations Office of Legal Affairs, through the FAO-WFP Legal Counsel.
11. At its Second Regular Session of 1997, the Board considered the report of the Open-Ended Working Group on the Revision of WFP's General and Financial Regulations, and the text of the proposed WFP General Regulations and Rules. The Board decided by consensus:
 - to request the United Nations Economic and Social Council and the FAO Council to endorse the proposed General Regulations and recommend them for approval by the General Assembly and the FAO Conference; and
 - to approve the proposed General Rules on a provisional basis, subject to the final approval of the proposed General Regulations by both the General Assembly of the United Nations and the FAO Conference. The General Rules could be applied provisionally from that date and confirmed by the Board at its first session thereafter.
12. Later in the year, at its Third Regular Session, the Board considered the Report of the Open-Ended Working Group on the Revision of WFP's Financial Regulations, and the text of the proposed Financial Regulations. It commended the efforts of the Chairman and the Working Group, and approved the proposed Financial Regulations provisionally, effective 1 January 1998. The Board decided that the Financial Regulations would be reconfirmed once the General Regulations were adopted by the United Nations General Assembly and the FAO Conference.
13. The proposed WFP General Regulations were endorsed by the United Nations Economic and Social Council (Decision 1997/217 of 8 July 1997) and by the FAO Council at its Hundred and Twelfth Session, and adopted by the FAO Conference (Resolution 11/97 of 17 November 1997) and by the General Assembly (Decision 52/449 of 18 December 1997). They entered into force on 1 January 1998.

Appointment of WFP's External Auditor for the term July 1998 to June 2002

14. The Board decided to re-appoint the Cour des Comptes of France as the External Auditor of WFP for a second term covering the 1998–99 and 2000–2001 biennia. It also decided



that the audit fee should not be increased, and if possible, reduced. The Board endorsed the Executive Director's recommendations that the appointment of the External Auditor will be based on competitive selection, the Bureau of the Board will establish procedures and criteria to be followed in future competitive selection and oversee the evaluation of proposals, and that the Board will decide by consensus or, failing that, by secret ballot. The Board also decided that the field of competitors for appointment should be widened and developing countries in particular should be encouraged to bid.

POLICY ISSUES

Annual Report of the Executive Director

15. The Board approved the Annual Report of the Executive Director for 1996 and noted the need to have a debate on the issue of the increase in directed contributions which was eroding the multilateral nature of the Programme.
16. The Board commended the new structure of the Report and highlighted some issues of particular significance:
 - the increase of directed contributions;
 - the need to maintain an adequate level of resources for development;
 - the importance of inter-agency collaboration, especially at the field level, and the relationship with NGOs;
 - the importance of targeting; and
 - the usefulness of WFP's advocacy and communication efforts.
17. The Board encouraged the Programme to continue efforts to meet its objective of providing at least 90 percent of its development assistance to low-income, food-deficit countries and at least 50 percent to least developed countries.
18. The Board welcomed the Report's emphasis on the role of women in WFP-supported activities. The Programme was also commended for its ongoing reform and decentralization process, and for its efforts to increase financial accountability. It recommended that future annual reports incorporate the suggestions made in the course of the Board's discussions.

Other policy issues

19. During the year, the Board debated four important topics, on the basis of papers prepared by the Secretariat:

WFP support to countries in establishing and managing national food assistance programmes

20. The Board expressed its satisfaction with what was considered to be an appropriate follow-up to both the WFP Mission Statement and the World Food Summit Plan of Action. It agreed with the proposed measures for providing support to national food assistance programmes, while noting the need for WFP to adopt a careful, demand-driven approach, taking into account the specific circumstances of individual countries.



21. The Board also noted that the advisory role and technical assistance of WFP were particularly important in the context of phasing-out strategies, and in facilitating local purchases and triangular transactions. WFP was encouraged to play an active role in facilitating regional exchange and promoting mutual learning from national experiences with food assistance programmes.

Policies on the use of WFP food aid in relief and development activities: monetization

22. Considering that much had changed since the governing body had last discussed the issue of monetization, the Board had requested that this issue be revisited during 1997. At its Annual Session, the Board endorsed the Secretariat's recommendation that monetization would be the exception rather than the rule in the future. The Board also decided that:
- In accordance with the Resource and Long-term Financing policies, open-market monetization to cover support costs of a directly distributed WFP food intervention should, normally, no longer be necessary. However, where some donors do not have the flexibility to provide sufficient or timely cash resources for this purpose, and in the absence of any alternative funding, some monetization may still need to be undertaken.
 - The open-market sale of food commodities to finance the purchase of locally produced food for direct distribution to beneficiaries should be managed in the same way as open-market sales for other purposes and must be demonstrably cost-effective. The initial commodities sale must not disrupt the normal markets of recipient countries.
 - WFP would monetize on behalf of donors as a bilateral service as long as the intervention is consistent with WFP's ongoing programmes and its Mission Statement, and does not distort local markets, cause import displacements or price disincentives, nor infringe FAO Principles on Surplus Disposal.
23. The Board decided that Country Strategy Outlines should demonstrate the rationale for monetization and its operational modalities, in all cases where monetization is likely to feature in a Country Programme; that WFP would not undertake projects involving full open-market monetization to fund activities that were not related to direct food assistance, and where the generation of funds was the primary objective; and that in line with past practice, WFP should continue to use closed-circuit monetization, where it was considered the most appropriate modality. Commodity exchange arrangements were to be considered a distinct category and would not be regarded as monetization.
24. The Board further decided that in emergency operations, WFP would consider monetization where it was clearly demonstrable that the monetization process itself had benefits over and above the income transfer to the beneficiaries, and where the generation of funds was not the primary objective of commodity sales.

Measures to enhance WFP's programming in the poorest countries

25. The Board welcomed the analysis of obstacles to increased programme concentration in the poorest countries and stressed that food aid was likely to be most effective in situations where recipient countries promoted food security objectives. WFP's commitment in building national capacity to effectively implement food assistance programmes was strongly supported. A more thorough analysis of expected counterpart inputs and costs would contribute to a better examination of capacity requirements and assist in the identification of suitable partners.



26. The Board decided that WFP should selectively apply the following strategies in least developed countries (LDCs), based on appropriate supporting analyses in future Country Programmes and subject to prior approval by the Board: a) invest in the capacity of LDCs to utilize food assistance programmes effectively; b) make more use of food-fund facilities and experimental projects; c) support the maintenance and upkeep of basic public services and infrastructure through food assistance in situations where such interventions are crucial for addressing the problems of the poor and vulnerable; and d) work closely with other United Nations organizations, bilateral donors and NGOs to strengthen WFP's programming in development and make the best use of food aid in LDCs.

Reaching mothers and children at critical times of their lives

27. The Board welcomed this paper which, in accordance with WFP's Mission Statement, argued that adequate nutrition is of particular importance for young children, and expectant and nursing mothers. The Board underlined the importance of working in partnership with other United Nations organizations, bilateral donors and NGOs; and the need to identify suitable exit strategies, based on indicators such as mortality rates, economic growth rates and regular assessments of the national capacity to gradually assume a higher share of financial and other support for the feeding programme. The Board also advised that supplementary feeding interventions should be complemented by measures that increase overall household food security to the extent possible.
28. On the basis of the policy and operational principles set out in the above-mentioned document, the Board requested the Secretariat to develop operational guidelines which take into account such key issues as the optimum use of fortified foods, the local production of appropriate blended foods where feasible, measures to encourage breast-feeding, arrangements for measuring the effectiveness of the supplementary feeding component, and feedback mechanisms that ensure learning from WFP's experience.

Further reform and revitalization measures in WFP

29. At its Annual Session, the Board considered a document on Reform and revitalization measures in the World Food Programme. It expressed its satisfaction for the extensive reforms and improvements that had been introduced, and urged that such efforts continue. It noted in particular the negotiation of a revised Memorandum of Understanding with UNHCR; the work in progress on a Memorandum of Understanding with UNICEF; WFP's participation in the Inter-Agency Standing Committee under the leadership of the Emergency Relief Coordinator, and the decentralization of staff and delegation of authority. The Board expressed interest in subsequently receiving an assessment of the impact of decentralization upon operational effectiveness.

EVALUATION REPORTS

30. In line with WFP's overall strategic priorities, work undertaken by the Office of Evaluation (OEDE) over the period under review reflected a shift in focus from evaluation of development projects to relief operations and to thematic studies of development and relief interventions. These evaluations have been organised in close cooperation with WFP country offices and government authorities, and conducted jointly and/or in collaboration with other United Nations organizations and NGOs.



31. The Board took note of and commented extensively on nine evaluation reports of which four dealt with emergency or protracted relief operations, two with development interventions, and three with thematic studies. Furthermore, it noted the recommendations of these evaluations and endorsed the Secretariat's plan to continue integrating the lessons learned into WFP's strategies and operations.
32. In particular, the Board noted that the following positive trends transpired from the evaluation reports: a) greater emphasis was given to a people-centred approach and to enhanced community participation, while still ensuring basic standards of technical soundness; b) significant progress had been made in ensuring more focused attention to gender issues in WFP-supported activities; and c) the percentage of women as direct food aid beneficiaries had increased considerably, together with women's participation in food management and planning.
33. Some lessons learned from the evaluations undertaken during 1997 were: food aid is particularly important and preferable to cash when food is unavailable (for instance in case of market failure); it is effective in tackling specific nutritional and micronutrient deficiencies and in those cases in which intrahousehold distribution is unequal.
34. Food aid has proven to be a useful incentive to undertake natural resource management projects, particularly when beneficiaries participate in identifying, planning and executing project activities. This has clearly increased their readiness both to adopt the necessary measures and implement the works themselves, thus greatly enhancing the sustainability of the whole programme.
35. Clear formulation of objectives and adequate targeting, based on accurate assessment of national capacity and government commitment, as well as effective monitoring and impact assessment, facilitates the implementation of projects and programmes. Likewise, early identification of performance indicators permits monitoring and rigorous evaluation of programmes or projects. In order to build on improvements already achieved, monitoring and ongoing evaluation should incorporate critical qualitative indicators which help to better assess people's perception of the project and benefits acquired.
36. The Board further noted that planning and implementation of rehabilitation activities at an early stage of the relief operation in the host country of refugees as well as in their countries of origin enhanced the success and impact of the operation. To this end, a proper balance between food and non-food resources was needed at the earliest possible stage of the operation.

RESOURCE AND FINANCIAL MATTERS

Strategic and Financial Plan

37. The Board endorsed the general orientation of the Strategic and Financial Plan, 1998-2001, noting that it presented WFP's strategic priorities in clear terms, and that it addressed appropriate issues. It confirmed its endorsement of the strategic priorities for a people-centred approach to programming food aid, while underlining the importance of issues such as: increasing the programming of WFP's development activities in least developed countries; negotiating cost-sharing arrangements with recipient countries and de-earmarking commitments in full consultation with recipient governments; and further



elaborating, in concrete terms, collaboration with other United Nations agencies and partners.

38. The Board emphasized the need for further discussion on the multilateral character of WFP in the context of the forthcoming review of its Resource and Long-term Financing policies. It also noted that addressing the fundamental issues of hunger and poverty was a central theme of the Rome Declaration on World Food Security, and that development was a critical aspect in the prevention and mitigation of emergencies.
39. The Board approved the preparation of a consolidated budget of approximately 2.6 billion dollars,¹ including appropriate Programme Support and Administrative (PSA) costs, for the period 1998–99.
40. The Board recommended that, in preparing the subsequent Strategic and Financial Plan, WFP incorporate those aspects commented upon by the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee.

Budgetary performance report for 1996

41. In taking note of the Budgetary performance report for 1996, the Board, at its 1997 Annual session, recommended that a full budgetary performance report be prepared for all WFP activities every two years. This report should include detailed explanations on the PSA funding and expenditures in a format that would permit the Board to assess how the original proposals were implemented and the reasons for deviations from the original estimates, and explanations on shortcomings during the implementation phase of the operations.
42. The Board requested the Executive Director to present a paper on the use of interest income at a later session and reaffirmed the need for WFP to pursue full implementation by all donors of the principle of full recovery of indirect support costs, in accordance with the decision of the Fortieth Session of the Committee on Food Aid Policies and Programmes (CFA) regarding Resource and Long-term Financing policies.

Pledging target (1999–2000)

43. At its Annual Session, the Board endorsed the Executive Director's proposal for a pledging target for 1999–2000 relating to development programmes and amounting to one billion dollars (2.1 million tons). It decided to recommend such a target to ECOSOC and the FAO Council for endorsement and subsequent presentation to the United Nations General Assembly and the FAO Conference for approval.
44. Later in the year, in its resolution 52/203 (4 December 1997), the United Nations General Assembly authorized the governing bodies of UNDP, UNICEF, UNFPA and WFP to adopt a specific and achievable target for core resources for the period, taking into account the relationship between their programme arrangements and financial plans.

Progress report on the implementation of the External Auditor's recommendations, 1992–93 and 1994–95

45. The Board took note of the Progress report on the implementation of the External Auditor's recommendations and of the fact that the report had been sent to the Advisory Committee

¹ All monetary values are expressed in United States dollars.



on Administrative and Budgetary Questions (ACABQ) and FAO Finance Committee for their comments. It commended the Secretariat for the clarity of the new presentation and the progress made.

OPERATIONAL MATTERS

46. In 1997, nine Country Strategy Outlines (CSOs), of which five from the Africa Region and four from Latin America and the Caribbean Region, were submitted to the Executive Board for review and advice, bringing the number of CSOs considered by WFP's governing body to a total of 31. The Board also examined and approved the Country Programmes (CPs) for Egypt, Ghana, Haiti, India, Mauritania, Mozambique, Yemen and Zambia. A total of 12 CPs have thus been approved so far by the Executive Board.
47. During the year, the Board considered and approved a total of seven development projects at a cost to WFP of 98 million dollars to assist 1.3 million people. The Board also approved two budgetary increases to ongoing development projects for a total of 19.5 million dollars to assist 837,000 persons. It further considered and approved six protracted relief operations (PROs) at a cost of 206 million dollars, to deliver humanitarian assistance to 2.9 million displaced and war-affected persons. A total of 559,380 tons of food was committed, at an overall cost of 324 million dollars.
48. In addition, the Board was informed of five development projects and budget increases to ongoing development projects, and of seven PROs and three budget increases to PROs approved by the Executive Director during the period 1 July 1996 and 30 June 1997.
49. WFP's extensive experience in protracted or complex emergency situations has demonstrated that traditional relief responses are often inadequate in addressing the real needs of people who are trying to stabilize and secure their livelihoods in a conflict situation. The Board is of the opinion that development activities in support of a humanitarian effort can help prevent further deterioration in social and economic structures, and establish foundations for recovery and reconciliation.
50. Another consideration guiding the Board's deliberations when examining programmes and projects for approval has been the scarcity of resources for development activities. Following guidance by the Board and to ensure that only the most vulnerable populations within the poorest countries are targeted for WFP's assistance, the Programme's vulnerability mapping capacity has been strengthened and collaboration with other United Nations organizations such as FAO, WHO, UNDP and UNICEF strengthened. Guidelines on the utilization of food aid as a tool for development within social sectors such as health and education have been elaborated to assist country offices to better design programmes, fitting within a common United Nations system framework for assistance.
51. Over the next two years monitoring and evaluation (M&E) work will continue in the same general direction, with certain additions and shifts in emphasis, as follows:
- enhanced capabilities at the field level, notably by establishing M&E posts in WFP's regional offices;
 - work towards the adoption of standard performance indicators will continue, with emphasis on WFP's activities in the post-emergency recovery phase;



- emphasis will be placed on M&E at the programme rather than the project level; guidance will be provided through the Programme Design Manual currently under preparation;
 - elaboration of additional sectoral guidelines, notably in the areas of mother and child health and food for work;
 - incorporation of mechanisms for enhanced participatory monitoring and evaluation; and
 - increased efforts to develop common monitoring methodologies and performance indicators within the United Nations system, as well as sharing of information and experience with bilateral donors and organizations and NGOs.
52. In 1997, WFP allocated 93 percent of its development assistance to low-income, food-deficit countries (LIFDCs) and over 50 percent of such assistance to least developed countries (LDCs), consistent with the directive given by the Executive Board.

Visit of WFP-assisted projects in China

53. As a follow-up to a donor visit to WFP-assisted development projects in China during 1996, the Ministry of Agriculture and WFP arranged an additional visit in 1997, with broader representation from the Executive Board. The purpose of the visit was to expose mission members to the magnitude and nature of poverty in China, and to show how China and WFP were cooperating to alleviate poverty and hunger through integrated agricultural projects. The mission included representatives of eight Member States and was accompanied by WFP staff. It began with a one-day workshop in Beijing, attended also by the United Nations Resident Coordinator and representatives of the three Rome-based United Nations organizations, and followed by field visits to the provinces of Qinghai and Gansu.
54. The mission found that food aid in China was well targeted to the poorest beneficiaries. Projects managed to combine economic and agricultural development with environmental improvement, particularly through massive and successful afforestation and fruit-tree planting. There was evidence that the benefits and the infrastructure were sustainable, that activities had a positive impact on the environment and could be replicable. It was positively noted that although education, health and gender issues were not specifically addressed in older projects, special efforts were being made to address these issues in newer projects. The important financial contribution of local administration bodies and government was identified as one important success factor of the projects. WFP and IFAD were encouraged to continue to implement projects jointly, striving to enlarge their cooperation with FAO and with as many United Nations partners as possible.
55. In discussing this visit, the Board felt that this kind of mission was very useful and requested the Secretariat to include further visits in its programme of work for 1998, possibly to Africa and Latin America.

