

برنامج
الأغذية
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Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
Annual Session**

Rome, 21–24 May 2001

FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

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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 different agenda items as follows:

- Item 5 a)—Budgetary Performance Report for 2000
- Item 5 b)—Strategic and Financial Plan (2002–2005)
- Item 5 c)—Amendments to the WFP Financial Regulations on the Operational Reserve
- Item 5 d)—Report of the Executive Director on the Utilization of Contributions and Waivers of Costs (General Rules XII.4 and XIII.4 (g))
- Item 5 e)—Cash Management Report

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FC 96/WFP Report

May 2001



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

Food
and
Agriculture
Organization
of
the
United
Nations

Organisation
des
Nations
Unies
pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

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FINANCE COMMITTEE

Ninety-sixth Session

Rome, 7 – 12 May 2001

Final Report – World Food Programme

WFP REPORT OF BUDGETARY PERFORMANCE 2000

1. In reviewing the report (FC 96/17; WFP/EB.A/2001/5-A/1), the Committee commended its clarity and noted WFP's efforts to reduce the redundancy of information that was included in other documents. It sought and obtained clarification from the WFP Secretariat on several matters. The WFP Secretariat clarified the distinction between amounts shipped and amounts delivered. It also clarified how the information provided in the annual budgetary performance report would be reported in the future under WFP's new governance arrangements, i.e., in the new Annual Performance Report. The Committee thus accepted the Secretariat's proposal that this annual report be the last of the annual reports presented in this format.

WFP STRATEGIC AND FINANCIAL PLAN

2. The Executive Director of WFP introduced the WFP Strategic and Financial Plan (SFP) for 2002 to 2005. She informed the Committee of the Plan's central focus: feeding as many as possible of the nearly 800 million hungry people throughout the world.

3. She emphasized that the SFP is in transition to a Strategic Plan as required by the Executive Board in its measures to strengthen governance. The transition changes included adding the results-based objectives and indicators that were Section II of the document. The Committee commended WFP for its efforts in incorporating results-based management and thinking into its planning and operations.

4. The Committee discussed with the Executive Director her views on the robustness of the SFP's resource projections, the security of humanitarian workers, the Financial Management Improvement Programme, results-based management and the implementation of the Resource Mobilization Strategy. The Committee asked the Secretariat if the views of the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the SFP were available. It was informed that, as ACABQ had met only the previous week, its report had not yet been distributed.

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5. The Committee endorsed the WFP Strategic and Financial Plan 2002-2005.

AMENDMENTS TO THE WFP FINANCIAL REGULATIONS ON THE OPERATIONAL RESERVE

6. The proposed amendment to the WFP Financial Regulations on the Operational Reserve (FC 96/19) was submitted in response to the recommendation by the External Auditor and the Board's decision. The proposed amendment was to include in the Financial Regulations a provision for the restoration of the Operational Reserve to its approved level in situations when confirmed contributions did not materialize. The Committee agreed to endorse the approval by the Executive Board of the proposed amendment to the Financial Regulations and to take note of the relevant changes in the Financial Rules.

REPORT OF THE EXECUTIVE DIRECTOR ON THE UTILIZATION OF CONTRIBUTIONS AND WAIVERS OF COSTS

7. The Committee took note of the Report of the Executive Director on the Utilization of Contributions and Waivers of Costs (General Rules XII.4 and XIII.4 (g)) (doc FC 96/22 (a)), and made no further comments.

CASH MANAGEMENT REPORT

8. The Cash Management Report (FC/96/22b) that set out the policies, systems and procedures adopted by the Secretariat since taking over the treasury function from FAO in January 1999 was being submitted in response to a request of the Board in its Third Regular Session in October 2000.
9. The Committee requested and the Secretariat provided clarification on the level of cash resources; how this was managed; and what was considered as an appropriate level given the fluctuations in the emergency operations of WFP. The Committee also sought the External Auditor's opinion, who informed the Committee that cash management would be a subject of their upcoming audit. She also explained that fluctuations in income associated with WFP's emergency operations meant that it was difficult to establish an appropriate target level for the Programme's cash resources.
10. The Committee requested additional clarification on foreign exchange exposure and the status of the common services agreement with IFAD on investment management, for which the Secretariat informed the Committee of actions taken after consultation between the internal audit offices of IFAD and WFP.
11. The Committee agreed with the Secretariat's proposal that the Cash Management Report be submitted as part of the audited biennial accounts.

