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PROCEDURES AND ARRANGEMENTS FOR THE WORLD FOOD PROGRAMME

Report of the United Nations/FAO Intergovernmental Committee

Pursuant to General Assembly resolution 1714 (XVI), the Secretary-General submits to the Council the attached report on the United Nations/FAO Intergovernmental Committee on its first session held in Rome from 12 to 20 February 1962.

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FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS

ORGANISATION DES NATIONS UNIES
POUR L'ALIMENTATION ET L'AGRICULTURE

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Rome, 20 February 1962

WORLD FOOD PROGRAM
INTERGOVERNMENTAL COMMITTEE

First Session
Rome, 12 - 20 February 1962

REPORT TO
UN Economic and Social Council
and to
FAO Council

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WORLD FOOD PROGRAM - INTERGOVERNMENTAL COMMITTEE

First Session

Report to Economic and Social Council
and
Council of FAO

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I. INTRODUCTION

1. The Intergovernmental Committee (IGC) established by UN General Assembly Resolution 1714 (XVI) and FAO Conference Resolution 1/61 held its First Session in Rome from 12 to 20 February 1962.

a. Attendance

2. The representatives of the following 19 countries participated in its proceedings:

Argentina	Ghana	Thailand
Australia	India	United Arab Republic
Brazil	Indonesia	United States of America
Canada	Morocco	Uruguay
Colombia	Netherlands	Yugoslavia
Denmark	New Zealand	
France	Pakistan	

Nigeria had also been appointed to the Committee but was not represented at the Session.

3. Representatives of five UN Specialized Agencies and other intergovernmental bodies also participated in the Committee's work. The list of delegates and observers attending the meeting is annexed to the present report (Annex I).

b. Election of Chairman, Vice-Chairman and other officers

4. H.E. Mr. Julio Pons (Uruguay) and Mr. Soesilo H. Prakoso (Indonesia) were unanimously elected Chairman and Vice-Chairman, respectively, for the Session. The Chairman of the Committee also presided over the Working Group of the Whole and the Steering Group appointed by the Committee. Mr. Nazir Ahmed (Pakistan) was appointed Rapporteur for the Session.

c. Adoption of Agenda

5. The Committee adopted the following agenda for the Session:

- (1) Election of Chairman for Session
- (2) Adoption of Agenda
- (3) Adoption of Rules of Procedure
- (4) Consideration of the Conditions and Procedures for the Establishment and Operation of the World Food Program
- (5) Adoption of Report and Recommendations by the Committee
- (6) Other Business
- (7) Time and Place of the next Session of the Committee

d. Observers

6. The Committee was informed by the Director-General that a number of countries had asked to send observers to the Session. The Committee invited the Director-General of FAO and the Acting Secretary-General of the United Nations to inform the Diplomatic Missions of Member States of the United Nations and Member Nations of FAO that they may send observers to the plenary meetings of the Session if they wished to do so.

e. Terms of Reference

7. The Committee noted the provisions of the United Nations General Assembly Resolution 1714 (XVI) and FAO Conference Resolution 1/61, and in particular those laying down its terms of reference 1/.

8. The Committee interpreted its terms of reference for the present Session as being primarily to prepare recommendations and procedures for the establishment and operation of the World Food Program and to submit its recommendations and conclusions to the UN Economic and Social Council and to the FAO Council for their review and decision.

f. Rules of Procedure

9. The Committee decided that the General Rules of FAO should apply mutatis mutandis to the conduct of its business during its first Session. The Committee decided to adopt its own Rules of Procedure at a later session, on the basis of a draft to be submitted to it at its next session by the Secretariat in consultation with a small working party composed of the following members of the Committee: Canada, Colombia, Morocco, Pakistan, United States of America and Uruguay.

g. Groups and Committees established during the Session

10. A Steering Committee and a Working Group of the Whole were established during the Session. The Steering Committee was composed as follows: Chairman, Vice-Chairman, Australia, Canada, France, Ghana, Netherlands and United States. A Working Group on Studies was also established with three members (France, India and United States).

h. Time and Place of the Second Session

11. The Committee decided that its Second Session shall be held at such time and place as may be determined and called by the Secretary-General and the Director-General.

1/ The General Assembly instructed "the United Nations/FAO Intergovernmental Committee, in preparing recommendations on the conditions and procedures for the establishment and operation of the program for the review and approval by the Economic and Social Council and the Council of the Food and Agriculture Organization of the United Nations to proceed on the basis of the present resolution and the resolution of the Conference of the Food and Agriculture Organization of the United Nations of 24 November 1961, taking into account the joint proposal by the United Nations and the Food and Agriculture Organization of the United Nations regarding procedures and arrangements for multilateral utilization of surplus food (A/4907 and Add. 1 and 2), statements made during the debates in the General Assembly and in the Conference of the Food and Agriculture Organization of the United Nations and such other conditions and procedures as may seem to it appropriate." (para. I/10 of UN General Assembly Resolution 1714 (XVI)). The FAO Conference resolved that "the Intergovernmental Committee meet in Rome early in 1962 to develop detailed procedures and arrangements for the program on the basis of this Resolution, taking due account of the joint report of the Secretary-General and the Director-General and giving consideration to the views expressed in reports of meetings related to this subject held under the auspices of FAO and the United Nations." (para. I(5), FAO Conference Resolution 1/61).

II. CONSIDERATION OF THE CONDITIONS AND PROCEDURES FOR THE ESTABLISHMENT AND OPERATION OF THE WORLD FOOD PROGRAM

12. The Committee considered in detail the provisions of UN General Assembly Resolution 1714 (XVI) and the Resolution No. 1/61 of the Conference of FAO on the World Food Program. In its consideration, the Committee took into account the joint proposal by the United Nations and the Food and Agriculture Organization regarding procedures and arrangements for multilateral utilization of surplus food (A/4907 and Add.1 and 2) 1/ and statements made during earlier debates in the UN and FAO bodies on this subject. In addition, the Committee received preliminary draft proposals submitted by the Canadian delegation, 2/ a statement on proposed consultative procedures in the operation of the World Food Program submitted by the CCP Consultative Sub-Committee on Surplus Disposal, 3/ and a working paper prepared by the Director-General in consultation with the Secretary-General.

13. The Committee unanimously adopted the present report which embraces:

- a. some observations on specific matters for information of the UN Economic and Social Council and of the Council of FAO;
 - b. recommendations on preparatory measures and on studies to be undertaken; and
 - c. a draft of general regulations or recommendations on arrangements and procedures for the establishment and operation of the World Food Program.
- A. Observations on Specific Matters for Information of the UN Economic and Social Council and the Council of FAO

Appointment of Executive Director

14. The Acting Secretary-General and the Director-General agreed to inform the members of the Committee of their choice for a candidate to the position of WFP Executive Director and to consult informally with the Committee on this matter before making the appointment.

Payment by WFP for Services Provided by Organizations and Agencies

15. In connection with the supply of technical and general services of FAO, the UN and other intergovernmental organizations, as available and when appropriate, the Committee considered that such cooperation would involve costs to the organizations making available such services. The Committee decided that it will consider at its next session the basis upon which such costs should be met. For this purpose, the Committee invited the Secretary-General of the United Nations and the Director-General of FAO to place their suggestions before the Committee.

1/ Also circulated as FAO document C 61/18.

2/ Circulated at the meeting as WFP/Conference Room Series No. 2 under the title: "Canadian Preliminary Draft Proposals for Conditions and Procedures for the Establishment and Operation of the Program".

3/ Circulated as WFP 3/1/62, together with transmittal letters by the Chairman of the CCP-CSCD and the Director-General, under the title: "Consultative Procedures in the Operation of the World Food Program, Note to the Intergovernmental Committee of 20 Nations from the Consultative Sub-Committee on Surplus Disposal, Washington".

Travel Expenses of Delegations to IGC Sessions

16. The Committee decided that all expenses connected with the attendance of government delegates to the IGC Sessions shall be met by the governments concerned. The Committee considered that a provision to this effect may be included in the Rules of Procedure of the IGC.

Reservations by Delegations with Regard to some Recommendations

17. The Committee decided to recommend the evaluation of country contributions on the basis of average commercial world market prices. The French delegation, however, pointed out that in its opinion such evaluation did not take into consideration either the marginal character of these world prices or the actual costs to donor countries of the participation in the Program. This delegation suggested that contributions should be evaluated on the basis of domestic prices or, preferably, the accounting of the Fund should be established on an "in kind" rather than "in cash" basis. Such accounting in kind would meet the needs of the administration of the Program and those of receiving countries.

18. The Canadian Delegation pointed out that the minimum amount of contribution for the initiation of the Program, if set at one half of the \$100 million goal, might be reached under conditions where the multilateral aspect of the undertaking would be considerably impaired. In its opinion, it would be desirable, in order to ensure successful attainment of objectives, to set a higher threshold of cash, commodities, and/or donor country participation before formal commencement of the Program.

B. Recommendations on Preparatory Measures and Studies

Preparatory Measures

19. To meet the cost of the initial steps of the World Food Program, the Director-General was authorized by the Eleventh Session of FAO Conference to borrow \$100,000 from the FAO Working Capital Fund, to be reimbursed from the first receipts of cash contributions to the World Food Program. The Committee recommends that these preparatory steps, before the next meeting of the Committee, include the following.

20. The Secretary-General and Director-General should:

- (a) Appoint or assign a few key officials to WFP, and have them prepare tentative plans for its administration and operation.
- (b) Send one or two small exploratory teams to visit developing countries, in one or two regions. These initial teams would be very small, two or three men, including as far as possible staff already in the field. They would discuss possible projects in each country with appropriate officials and where appropriate, encourage them to begin the planning of one or more projects for future submission to WFP.
- (c) Provide such assistance as can be afforded to member countries having tentative projects under preparation through UN-TAB resident representatives, FAO country representatives, where present, and regional technical officers, and other international personnel and technical assistance experts, to develop projects for possible submission to WFP.

21. The Director-General would delegate to the Executive Director, as far as possible, operational responsibility for administering the Director-General's existing international famine relief and emergency feeding functions and the new staff would begin to develop specific arrangements for handling relief operations.

22. The Executive Director, together with help from regular FAO and UN staffs, would prepare a draft Program of Work and Budget and submit it with the approval of the Secretary-General and the Director-General, for the consideration and approval of the Intergovernmental Committee, along with a summary of activities to that date.

23. The Committee considered it advisable that the Secretary-General and the Director-General make available to countries, considerably in advance of the Pledging Conference, a list of commodities considered most appropriate for the purposes of the Program. It was understood, however, that such a list should not be construed as being simply a list of surplus commodities or that commodities not appearing on such a list were necessarily to be excluded from contributions. The purpose of this list was merely to serve as a guide for providing broad indications to countries of the commodities which, in the view of the Secretary-General and the Director-General, would appear to be most useful for the Program.

Studies

24. The UN General Assembly and the Conference of FAO considered in their resolutions that, together with experience in the field obtained through WFP operations, some more information had to be obtained on the main aspects of multilateral food programs. On the basis of the views already expressed by the Committee on Commodity Problems and by the Council of FAO, the Intergovernmental Committee suggested that such further studies should be concentrated in fields such as the following:

- (a) The relationship between the expansion of food aid and of aid under other forms.
- (b) The relative merits of food aid and other forms of aid within a given volume of total aid.
- (c) The scope for food aid in relation to (i) maintenance and expansion of commercial markets and (ii) desirability and possibilities of developing consumption.
- (d) Food aid in relation to agricultural production and agricultural development programs in recipient countries.
- (e) The economic and technical implications of possible policies for reorientation of the commodity composition of agricultural output in order to meet the requirements of food deficient countries.
- (f) The respective merits of food and other forms of aid in relation to economic and social development.

25. It was understood that these studies would be carried out with the help of the UN and FAO Secretariats and, where appropriate, of other intergovernmental organizations and bodies. The studies indicated should be carried out and be available to governments in time for the general review provided for in FAO Resolution para. IV and UN Resolution paras. I, 14 and II,3. Other relevant point concerning food aid may be included as experience indicates desirable. The Committee expressed the view that the concurrent sessions of the ECOSOC and FAO Council would give further guidance on this subject.

C. World Food Program - Draft General Regulations or Recommendations on Arrangements and Procedures for its Establishment and Operation

26. In pursuance of the provisions of the United Nations General Assembly Resolution 1714 (XVI) and the FAO Conference Resolution No. 1/61, the UN/FAO Intergovernmental Committee on WFP submits, for the review and decision of the Economic and Social Council and the FAO Council, the following detailed procedures and arrangements for the World Food Program:

Part A

GUIDING PRINCIPLES AND CRITERIA

- (1) There shall be established a World Food Program (WFP) on an experimental basis, for a period of three years, commencing from such date as the Intergovernmental Committee in consultation with the Secretary-General and the Director-General may determine.
- (2) The WFP shall be undertaken jointly by the FAO and UN in cooperation with other interested United Nations agencies and appropriate intergovernmental bodies.
- (3) Participation in WFP shall be open to any States Members of the United Nations, or Members and Associate Members of FAO.

Contributions

(4) (a) The World Food Program shall aim at contributions totalling approximately \$100 million; contributions to be on a voluntary basis. They may be pledged by countries in the form of appropriate commodities, acceptable services and cash aiming in the aggregate at a cash component of at least one-third of the total contributions. Countries shall give due regard to the importance of achieving this over-all objective, when determining the cash element in their contributions.

(b) The value of contributions of commodities will be computed on the basis of world market prices prevailing at the time of pledging, as estimated by the Executive Director of the Program. Should these prices have changed at the time of delivery, there will be a corresponding adjustment in the quantities to be delivered, so that their current value corresponds to the sum pledged. Contributions of shipping services would be similarly valued.

- (c) (i) Commodity contributions shall be held in the contributing country until called for by the Executive Director, and then be delivered at export ports FOB at the cost of the contributing country.
- (ii) The ocean freight and ocean insurance to the port of recipient countries shall be made available from pledged services or paid for by WFP. In absence of such a port, the cost of unloading in the port of call and of transport to the border of the recipient country shall also be paid for by WFP.
- (iii) Any ocean transportation (including insurance) contributed to the Program shall be arranged by the contributing country at the request of the Executive Director, but any paid by the WFP shall be arranged at the request of the Executive Director by the recipient country. In exceptional circumstances, the Executive Director may make shipping and other transportation arrangements.

(d) Cash contributions to the Program shall be made only in convertible currencies, in order to provide the necessary flexibility. Developing countries may, however, in exceptional circumstances, make their cash contributions in currencies readily usable in the Program, in agreement with the Executive Director.

(e) Countries shall pay their cash contributions in three equal annual instalments except as otherwise agreed with the Executive Director. Pledged commodities and services shall be made available as and when requested by the Executive Director.

(f) The first annual instalment of cash pledges shall be payable, as far as possible, within sixty days from the date of the firm pledge, and thereafter within two months after July 1st of each year. Countries which for domestic legal and budgetary reasons are not in a position to meet these time limits may announce at the Pledging Conference the times at which they intend to make their contributions in either cash or commodities available to the WFP.

(g) The pledged contributions shall be available for commitment to recipient countries until three years after the date of commencement of the Program. In the case of unforeseen circumstances such as domestic crop failure, donor countries may cancel or withdraw, at the end of each WFP operating year, any part of their pledged commodity contributions which has not yet been committed by WFP for distribution to a requesting country. After appropriate notice to the Executive Director, convertible cash may be a substitute for an equal value of commodities pledged. The Executive Director shall keep donor countries fully informed with respect to both contemplated and final commitment of commodities pledged by them.

Part B

TYPES AND FIELDS OF ASSISTANCE

(5) The WFP shall, on request, provide aid for:

- (a) meeting emergency food needs and emergencies inherent in chronic malnutrition (this could include the establishment of food reserves),
- (b) assisting in pre-school and school-feeding and
- (c) implementing pilot projects, using food as an aid to economic and social development, particularly when related to labour-intensive projects and rural welfare.

(6) For purposes of operation during the first year up to 25 percent of the commodities shall be earmarked for use by the Director-General in emergencies including the establishment of national food reserves. For subsequent years this figure shall be reviewed by the IGC in consultation with the Director-General.

Part C

ORGANIZATION AND MANAGEMENT

(7) The organs of the WFP shall be:

- (i) a UN/FAO Intergovernmental Committee (IGC) of twenty States Members of the United Nations or Members of the FAO;
- (ii) a joint UN/FAO Administrative Unit located at FAO Headquarters in Rome and reporting to both the Secretary-General and the Director-General.

Powers and Functions of the Intergovernmental Committee

- (8) Intergovernmental supervision of the Program shall be exercised by the IGC.
- (9) The IGC shall provide general guidance on the policy, administration and operations of the WFP. It will examine programs of work, indicating the activities to be undertaken and containing social and economic development projects, submitted to it by the Executive Director. The Committee will also authorize, as it deems appropriate, the implementation of these programs and projects.
- (10) At an early stage the IGC shall delegate authority to the Executive Director to implement certain types of projects (e.g. school feeding projects, limited projects) without the prior approval of the IGC.
- (11) The IGC shall report annually to the ECOSOC and to the Council of FAO on the progress made in the development of the WFP and its administration and operation.
- (12) The IGC shall examine and approve the annual budget of the WFP.
- (13) The IGC shall adopt its own Rules of Procedure. These Rules shall, *inter alia*, provide that decisions of the IGC on important questions shall be made by a two-thirds majority of the members present and voting. Important questions shall include questions of policy, the approval of projects and the allocation of resources. Doubt, if any, as to what are important questions shall be resolved through a majority vote of the members present and voting. Similarly decisions of the IGC on questions other than important questions shall be made by a majority of the members present and voting.
- (14) The IGC shall meet in regular sessions twice a year and such special sessions as deemed necessary.
- (15) The Intergovernmental Committee shall ensure, in the programs under its supervision, that
 - (i) in accordance with the FAO Principles of Surplus Disposal and with the consultative procedures established by the CCP, and in conformity with the UN General Assembly Resolution 1496 (XV), particularly paragraph (9), commercial markets and normal and developing trade are neither interfered with nor disrupted,
 - (ii) the agricultural economy in recipient countries is adequately safeguarded with respect both to its domestic markets and the effective development of food production,
 - (iii) due consideration is given to safeguarding normal commercial practices in respect to acceptable services.

Joint UN/FAO Administrative Unit

- (16) (a) The WFP will be operated by a Joint UN/FAO Administrative Unit with status equivalent to an FAO Department, headed by an Executive Director with the status of an Assistant Director-General.
- (b) The Executive Director shall be appointed by the Secretary-General and the Director-General after consultation with the IGC.
- (c) The Executive Director would operate through two divisions (one on program development and the other on operations). The first-named division would be responsible for program development and appraisal, and the other division would be responsible for administrative arrangements and project operations, including commodity management and shipping.

(d) Key officials would be chosen in agreement between the Secretary-General and the Director-General and in consultation with the Executive Director or on his initiative although some would be drawn from food and agricultural backgrounds (with main responsibility for the choice being on FAO) and some from general economic and development backgrounds (with main responsibility for the choice being on the United Nations).

(e) General financial and administrative services would be provided through the regular FAO Administration Service. To the fullest extent possible, the Administrative Unit shall rely on the existing staff and facilities of FAO, the United Nations and or other intergovernmental agencies where appropriate. The additional cost involved would be reimbursed from the WFP Fund.

(f) Every effort should be made to keep the cost of management and administration of the Program to a minimum. Initially only a few key officials would be selected and appointed or assigned to WFP. Gradually the recruitment will be made of more staff and of filling out of the planned organization as the requirements of the expanding Program make it necessary. WFP staff shall not be appointed for periods exceeding the duration of the Program.

Part D

PROCEDURES

For Executive Director

(17) (a) The activities under the program should be of a practical nature aimed at developing actual projects desired by countries, aiding countries to develop, propose and carry into operation those that seem most feasible in the light of all considerations, learning from experience in implementing these projects and from studies. To secure a wide experience, efforts should be made to see that initial projects include in addition to emergency activities as needed, one or more projects of each broad type.

(b) The Executive Director, in consultation with the Secretary-General and Director-General, shall prepare once a year a program of work. This will indicate activities underway, new activities to be undertaken, and development (or proposed development) of different kinds of pilot projects, and results of completed projects and their appraisals, and submit this program with the approval of the Secretary-General and Director-General, for the consideration and approval of the Intergovernmental Committee. Any revisions or amendments considered necessary subsequently shall be submitted to the next session of IGC for approval.

(c) The determination of what are appropriate commodities and acceptable services which are available and are to be used will be worked out by discussions between the Executive Director and the donor countries, in the light of requirements and needs as the Program develops.

(d) If the Executive Director encounters difficulty meeting requirements for a specific commodity or service, he is authorized to request contributing governments to substitute that commodity or service for some other already pledged. Contributors shall give careful consideration to such requests.

(e) A portion of the cash contributions may be used for the purchase of essential commodities where not enough has been pledged or otherwise made available to WFP, and where such commodities may be needed to improve the nutritional balance among the commodities supplied to the recipient countries.

For Contributing Countries

(a) When contributing countries wish to substitute one commodity for another in their pledge, the concurrence of the Executive Director shall be required.

(b) Governments, when pledging, should if possible, offer to provide the WFP with a choice of appropriate commodities and acceptable services.

(c) Any participating government which initially pledges more than one-third of its total contribution in cash may, in agreement with the Executive Director and to the extent that it specifies at the Pledging Conference, at any time during the three-year period offer appropriate commodities or acceptable services up to a value limit of two-thirds of its total, initially pledged contribution. To the extent that such additional commodities or services are utilized by the Executive Director, their value at prevailing world market prices or rates, shall be offset against any unpaid portion of the country's initial pledge.

(d) Where WFP is contemplating a food utilization project, the recipient countries should as far as feasible provide the Executive Director of WFP with any relevant information on other aid programs that would assist WFP in coordinating its activities with such other programs. When this is not possible, the donor countries or organizations may supply the relevant information.

Cooperation of WFP with other agencies or organizations

(18) WFP will consult with, and seek advice and cooperation from appropriate units of FAO and the UN and other interested and cooperating international agencies and bodies, in the examination and planning of individual projects or aspects of them coming within their respective fields of competence. Interested and cooperating international agencies and bodies shall be invited to send representatives to attend meetings of the IGC. The Executive Director, in consultation with the Secretary-General and the Director-General, shall give special attention to developing these and other means of cooperation with these agencies and organizations, and will report to the Committee on the progress made.

Development and operation of projects

Initiation of projects

- (19) (i) Countries desiring to establish food aid programs or projects shall apply to the Executive Director through the UN Resident Representative, keeping the FAO Country Representative fully informed where such country representative exists.
- (ii) If, after examination of the application or the draft project in WFP it appears feasible within the resources available, the Executive Director shall proceed to collect additional information necessary for its consideration. He may then, if necessary, dispatch a survey team to examine the project on the spot in consultation with the country concerned. Such a team should normally include a UN general economist, and, where appropriate and available, also representatives of such other UN agencies as may be directly concerned and agree to participate in the field investigation. After study and consultation on the spot, supported by consultation where needed with the Secretariat of the UN Regional Economic Commission as appropriate, the survey team will prepare a report and submit it to the Executive Director.

Completion of Project Agreement

- (20) (i) Upon approval of a proposed project, an agreement will be prepared by the Executive Director in consultation with the country concerned. It will cover the terms and conditions of the proposed activities; will indicate any supplementary aid for the same project being provided by other agencies or institutions; the obligations of the country with respect to ways the food aid is to be utilized, including the use of any local currencies arising therefrom; domestic mechanisms to be created, if any, for storage, internal transport and distribution, and for preventing domestic price fluctuations; and other relevant conditions, including data to be collected on the manner of food distribution and its effects on the improvement of the nutritional status and the economic and social development of the country on a longer-term basis; and other conditions mutually agreed upon as necessary, for the execution of the development project.
- (ii) The primary responsibility for project execution shall rest with the recipient country in accordance with the provisions of the project agreement. The Executive Director shall, however, be responsible for supervision and assistance and shall utilize the services of the United Nations, FAO or other intergovernmental agencies where feasible under such arrangements as may be mutually agreed.

- (iii) As the agreement is carried into effect, the recipient country shall give full cooperation to WFP in observing operations from time to time, in checking their effects, and in completing its appraisal of the results of each project. Analysis reports for each project will be submitted to the recipient country concerned for its comments before the final report is submitted to the Intergovernmental Committee.
- (iv) Project agreements shall provide for the delivery of commodities to the country as grants without repayment; or on condition that when the food is sold internally for local currency, that currency shall remain the property of the government of the recipient country, but shall be used for the particular purposes and activities specified in the project agreement.
- (v) Before accepting a project which requires additional external financing in cash to make the project a feasible one (as for many economic development projects), the Executive Director shall assure himself by appropriate means that such financing is available. It shall be the responsibility of the recipient country to obtain and arrange for such financing with such assistance as is available from multilateral and other sources.

Safeguarding Other Exporters, International Trade, and Producers in Recipient Countries

- (21) In the appraisal of prospective economic and social development projects, including the work of project teams, and in their implementation and subsequent appraisal, full consideration shall be given to the prospective and actual effect of the project upon local food production, including possible ways and means of increasing such production, and upon the markets for agricultural products produced in the recipient country.
- (22) Adequate consideration shall also be given to safeguarding commercial markets and the normal and developing trade of exporting countries in accordance with the FAO Principles of Surplus Disposal as well as safeguarding normal commercial practices in respect to acceptable services.
- (23) As a means of safeguarding commercial markets:
 - (i) At an early stage in the development of the plan for a project which may be of such significance as to threaten to interfere with or disrupt commercial markets or normal and developing trade, the Executive Director shall consult with the countries likely to be affected.
 - (ii) The Executive Director shall inform the Chairman of the CCP Consultative Sub-Committee for Surplus Disposal (CSD) of such plans.
 - (iii) If questions concerning any proposed project of WFP are raised before the CSD, its views should be promptly reported to the Executive Director, who shall take them into account before proceeding with the project.
 - (iv) To facilitate the consideration of policies within the field of surplus disposals, the Executive Director shall from time to time make available to the CSD WFP documents relevant to these subjects.

Part E

FINANCIAL ARRANGEMENTS

- (24) The Director-General shall establish a Trust Fund under Financial Regulation 6.7 of FAO to which all contributions to WFP shall be credited and from which the cost of administration and operation of the program will be met.
- (25) Commitments of funds, commodities and services for the operation of projects may commence as soon as more than half of the goal of \$100 million has been pledged, provided that country participation and the distribution of the pledged amounts as between commodities and cash are such, in the opinion of the IGC in consultation with the Secretary-General and the Director-General, as to justify such commitments.
- (26) The financial operations of the WFP shall be carried on in so far as possible under the existing Financial Regulations of FAO. The Director-General, in consultation with the FAO Finance Committee and the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ), will develop, for the approval of IGC, such additional financial procedures as are necessary to meet the special needs for the administration of the Program.
- (27) The financial reports and the annual budget of WFP shall be reviewed by the FAO Finance Committee and the ACABQ and submitted together with their reports to IGC for approval. The advance review by one or both committees may, however, be dispensed with in regard to the first budget of WFP should this be found impracticable for reasons of timing.
- (28) Project agreements with recipient countries will normally provide that costs of unloading and internal transport, and of any necessary technical assistance and supervision, will be borne by the recipient country, where feasible. This general provision may, however, where necessary be waived by the Executive Director in the case of countries unable to meet these costs themselves or arrange for them to be met from sources other than WFP.

Part F

FUTURE STUDIES

- (29) As soon as feasible, the Secretary-General and the Director-General shall ensure that expert studies are undertaken which would aid in the consideration of the future development of multilateral food programs. In developing these studies, they will arrange for as much as possible of the investigations to be made as part of the regular staff activities of FAO and the United Nations, and of other interested and competent intergovernmental organizations.

APPENDIX I - ANNEXE I - APENDICE I

WORLD FOOD PROGRAM
PROGRAMME ALIMENTAIRE MONDIAL
PROGRAMA MUNDIAL DE ALIMENTOS

UN/FAO INTERGOVERNMENTAL COMMITTEE
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