

برنامج
الأغذية
العالمي



Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
Annual Session**

Rome, 6–10 June 2011

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

*For information**

E

Distribution: GENERAL
WFP/EB.A/2011/6-G/1
10 May 2011
ORIGINAL: ENGLISH

FIFTH UPDATE ON THE WFP MANAGEMENT PLAN (2010–2011)



* 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.

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://www.wfp.org/eb>).

NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for information

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 points indicated below, preferably well in advance of the Board's meeting.

Chief Financial Officer and
Deputy Executive Director, RM* : Ms G. Casar tel.: 066513-2885

Deputy Chief Financial Officer and
Director, RMB** : Mr S. O'Brien tel.: 066513-2682

Chief, RMBB*** : Mr J. Crisci tel.: 066513-2704

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Resource Management and Accountability Department

** Budget and Programming Division

*** Organizational Budgeting Service

EXECUTIVE SUMMARY

This fifth update of the WFP Biennial Management Plan (2010–2011) gives an overview of changes in the programme of work since the approval of the biennial budget, with a focus on the main changes since the previous update. It presents a programme of work totalling US\$12.0 billion for the 2010–2011 biennium.

This document provides in-depth analysis of the impact of food and energy price changes on WFP's budget, an overview of the Programme Support and Administrative Equalization Account and its components for 2011, an update on WFP's hedging arrangements, an overview of the projected resource level, and an update on the utilization of WFP's advance financing mechanism and extra-budgetary resources.

DRAFT DECISION*

Having considered “Fifth Update on the WFP Management Plan (2010–2011)” (WFP/EB.A/2011/6-G/1), the Board takes note of the projected programme of work of US\$12.0 billion for the 2010–2011 biennium, excluding any provision for unforeseen requirements.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

INTRODUCTION

1. When the Board approved the WFP Biennial Management Plan (2010–2011), the Secretariat affirmed its commitment to providing regular updates on its implementation. This fifth and final update for the 2010–2011 biennium includes information available as of March 2011.
2. The next Management Plan will be presented for approval at the Board's 2011 Second Regular Session.

BACKGROUND

3. The original WFP Biennial Management Plan (2010–2011) outlined a programme of work for the biennium of US\$8.95 billion – US\$4.6 billion in 2010 and US\$4.35 billion in 2011 – excluding any provision for new humanitarian emergencies and other unforeseen requirements or additional changes in food and fuel costs. Since the approval of the original Management Plan (2010–2011) at the 2009 Second Regular Session, the Secretariat has provided the Board with regular updates at each Board session.
4. The programme of work is compiled from projects designed on the basis of assessment findings in collaboration with governments and other partners. It is a “needs-based response plan” and constitutes an appeal for resources based primarily on needs.¹ The level of actual operational activity depends entirely on the contributions received for the period.
5. In accordance with WFP's General Regulations, the proposed programme of work comprises total operational requirements, inclusive of indirect support costs (ISC). WFP's financial policies, business processes and controls ensure that expenditure is limited to the level of resources contributed by donors.
6. After the Management Plan (2010–2011) had been approved, there was an increase of US\$2.2 billion in the 2010 programme of work: new requirements arising from the earthquake in Haiti, floods in Pakistan and drought in the Sahel and the Horn of Africa accounted for 84 percent of this increase.² An overview of the changes in the 2010 Programme of Work since the approval of the Management Plan (2010–2011) is provided in Annex I. Furthermore an analysis of unforeseen requirements for 2010–2011 and a comparison with past biennia are given in Annex II.
7. An overview of all revisions to the 2011 programme of work since the last update is provided in Annex III, as requested by the Board during its 2011 First Regular Session.
8. A glossary of the terms used in this document is provided in Annex IV.

¹ The programme of work is based on needs except for development (General Rule II.2).

² WFP/EB.1/2011/5-A/1, para. 7.

BIENNIAL OPERATIONAL BUDGET OVERVIEW

9. Since the last Management Plan update, WFP's 2010–2011 programme of work³ has increased by a net amount of US\$189.6 million: a decrease of US\$3.1 million for 2010 and an increase of US\$192.7 million for 2011. The total programme of work for 2010–2011 now stands at US\$12.0 billion, of which US\$6.8 billion is for 2010 and US\$5.2 billion for 2011.

Changes to the 2011 Programme of Work since the Fourth Update

10. As shown in Table 1, the latest 2011 foreseen programme of work of US\$5.2 billion reflects a net increase of US\$192.7 million since the fourth update, with decreased requirements in 13 countries totalling US\$104.2 million and increased requirements in 40 countries totalling US\$296.9 million.

| TABLE 1: MAJOR CHANGES TO THE 2011 PROGRAMME OF WORK SINCE THE FOURTH UPDATE (US\$ million) | |
|----------------------------------------------------------------------------------------------------|----------------|
| 2011 programme of work as reported in the fourth update | 5 014.4 |
| <i>Major decreases since the fourth update</i> | |
| Sudan | -86.9 |
| Uganda | -4.6 |
| Others | -12.7 |
| Subtotal of major decreases for 2011 | -104.2 |
| <i>Major increases since the fourth update</i> | |
| Haiti | 50.4 |
| North Africa emergency | 39.4 |
| Liberia and Côte d'Ivoire | 39.0 |
| Pakistan | 21.9 |
| Ethiopia | 14.4 |
| Niger | 13.9 |
| Others | 117.9 |
| Subtotal of major increases for 2011 | 296.9 |
| Net increase 2011 programme of work (see Annex III) | 192.7 |
| Revised programme of work for 2011 | 5 207.1 |

³ The programme of work constitutes an appeal for resources based on needs; the level of actual operational activity depends entirely on the contributions received for the period.

11. The main increases and decreases in the programme of work since the last update are provided in the sections below. An overview of approved project budgets and budget revisions since the fourth update is provided in Annex III.

⇒ *Major decreases since the fourth update*

12. **The Sudan.** While operational requirements have increased during the biennium, the Sudan Regional Bureau has extensively reviewed its operation support costs which resulted in a reduction in direct support costs and landside transport, storage and handling (LTSH) totalling US\$81.2 million, as reported in previous updates. In addition, the programme of work for the Sudan decreased by US\$86.9 million since the last update. Indications of a good harvest and related improvements in the food security situation reduced food requirements for the emergency operation (EMOP) by 98,000 mt on the basis of the annual needs and livelihood assessment and the recent crop and food supply assessment missions by the Food and Agriculture Organization of the United Nations (FAO) and WFP. As a result, general food distributions (GFD) for 634,000 residents in Southern Sudan will be reduced from five to four months. The reduction in food distribution and associated costs has reduced operational requirements for the EMOP by US\$109.8 million.
13. As a result of the positive evaluation of the 2010 food voucher programme, the budget revision for the EMOP includes an expansion from an initial caseload of 200,000 to 730,000 at a cost of US\$33.4 million.
14. The revised 2011 programme of work for the Sudan includes an additional special operation (SO) for the construction of feeder roads in post-conflict Southern Sudan at a cost of US\$22.9 million to reduce transport costs and ensure timely and efficient deliveries of food assistance.
15. **Uganda.** Because of above average harvests in Karamoja and adjacent regions, operational requirements for the PRRO in 2011, which had included GFD for 100,000 internally displaced people in northern Uganda, fell by US\$4.6 million. Above-average crop and rangeland conditions in late 2010 have improved food availability and access for most households in Karamoja.

⇒ *Other*

16. Further decreases in requirements for 2011 were made in 11 other countries, including Cameroon, Guinea-Bissau and Rwanda, amounting to US\$12.7 million. A list of decreases in the 2011 programme of work is provided in Annex III.

⇒ *Major increases since the fourth update*

17. **Haiti.** The EMOP was extended to March 2011 to coincide with the transition to the protracted relief and recovery operation (PRRO), which will run from April 2011 to December 2012. WFP will assist 1.4 million beneficiaries during the extended period in 2011 at a cost of US\$21.5 million. Additional requirements valued at US\$11.7 million for 2011 have been included in the PRRO to continue activities started in the EMOP.
18. Additional needs amounting to US\$13.5 million for the logistics response plan and the emergency telecommunications cluster are included in the revised 2011 programme of work for Haiti.
19. The United Nations Humanitarian Air Services special operation has been extended until March 2011 at a cost of US\$3.7 million.

20. **North Africa region.** In response to the political developments in Egypt and Tunisia and a humanitarian crisis precipitated by the uprising in Libya, WFP provides food assistance for 1 million displaced and vulnerable people under a regional EMOP that initially runs from March to May 2011 to address consumption gaps with 35,166 mt of food valued at US\$39.4 million.
21. **Liberia and Côte d'Ivoire.** To support 125,000 displaced people in western, central and northern areas and Abidjan region, a six-month EMOP for GFD totalling 9,879 mt at an additional cost of US\$6.5 million has been initiated to respond to unrest.
22. The political crisis in Côte d'Ivoire triggered a flow of refugees into Liberia. After immediate and urgent food needs had been met through an immediate response EMOP, assistance is being extended to December 2011 to address the needs of 186,000 beneficiaries with 24,429 mt of food at an additional cost of US\$32.5 million.
23. **Pakistan.** With the extension of the country programme (CP) until June 2011, 3,000 mt of food was made available at an additional cost of US\$3.8 million to compensate for the months during which flood-relief activities received priority and to facilitate the transition into early-recovery activities in areas affected by floods and conflict.
24. In view of the number of organizations in Pakistan currently relying on common humanitarian hubs for logistics and communications, WFP is extending its SO at the request of the humanitarian country team until the end of July 2011 at an additional cost of US\$18.1 million. The SO will help to establish three permanent hubs to support the emergency stockpiling and emergency response capacities of the National Disaster Management Authority and the humanitarian community and to ensure a smooth hand-over.
25. **Ethiopia.** In response to a request by the Ministry of Education to expand food-for-education activities in the Afar and Somali regions, WFP is assisting an additional 188,000 children under this component of the CP. The revised requirements include an additional 10,987 mt of food until December 2011 at an additional cost of US\$14.4 million.
26. **Niger.** A new PRRO was started in April 2011 to maintain the nutritional status of 1.1 million vulnerable people at a cost of US\$13.9 million for 2011. The PRRO focuses on long-term reduction of malnutrition, rebuilding of livelihoods after the 2010 crisis and enhancing national capacities: it will provide blanket and targeted supplementary feeding for young children with additional food distributions totalling 18,700 mt in 2011, and food for work and cash for work to restore and rebuild livelihoods.

⇒ *Others*

27. Further requirements for increases were made in 33 other countries in 2011, including Afghanistan, Iraq and Sri Lanka, amounting to US\$117.9 million. A list of increases in the 2011 Programme of Work is provided in Annex III.

⇒ *Cash and voucher programmes*

28. In the original Management Plan, cash and voucher transfers were projected to account for US\$300.4 million. WFP implemented cash and voucher programmes in 25 countries in 2010 at a cost of US\$139.0 million, and approved projects in 27 countries in 2011 at a planned cost of US\$154.5 million.
29. Since the last update of the Management Plan, WFP has approved additional cash-based intervention worth US\$74.6 million in eight more countries, including Haiti, the Sudan and Zambia.

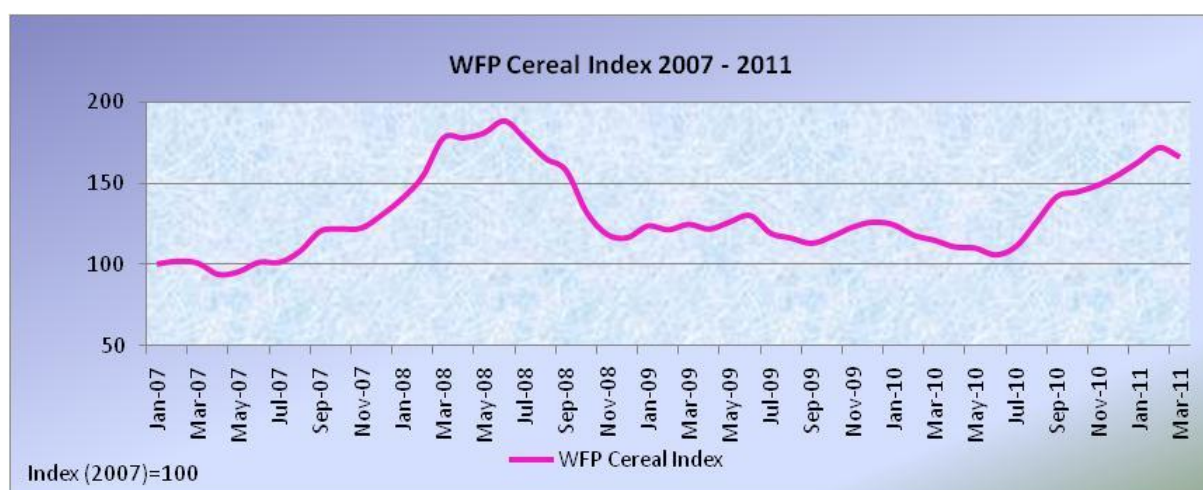
30. The average number of beneficiaries is 60,000 per country: numbers range from 2,000 in the Lao People's Democratic Republic to 1.3 million in Pakistan. Large-scale interventions include Haiti (US\$34 million), the Sudan (currently being deployed, valued at US\$24 million) and Pakistan (US\$21 million).

IMPACT OF FOOD AND FUEL PRICE DEVELOPMENTS ON WFP'S BUDGET

31. WFP established the cereal and fuel index in 2008 to determine the impact of rising market prices for food and fuel on its budget. The Secretariat has updated the Board on changes in the index throughout the 2010–2011 biennium.

The WFP Cereal Index

32. The WFP cereal index, which is based on information from the FAO international commodity database, tracks the price movements of four main cereals in WFP's food basket: rice, maize, wheat and sorghum.
33. Cereal prices have been rising since mid-2010 and although the cereal index decreased by 3 percent in March 2011, it is now just 12 percent below the peak of June 2008. Wheat prices decreased in March 2011 as a result of an improved global outlook for wheat production but cereal markets in general remain volatile, with a slight increase in maize prices.



Impact of Food Prices on WFP's Budget

34. WFP periodically reviews its planned food requirements for 2011 on the basis of prevailing market prices. The Secretariat presented its findings to the Board during the 2011 First Regular Session, outlining an increase in food budgets reflecting rising international prices.
35. Since that time there has been a small reduction in WFP's food budget as a result of the fall in wheat and rice prices. The decrease is also partially attributed to a reduction in market prices for non-cereal food items.

36. To minimize the impact of rising food prices on the budget, WFP is:
- exploring new markets for food procurement;
 - implementing local and regional procurement, which have cost advantages for WFP;
 - utilizing the Forward Purchase Facility (FPF) to exploit favourable market conditions; and
 - seeking further agreements with governments for the procurement of food for humanitarian purposes at prices below the market value.

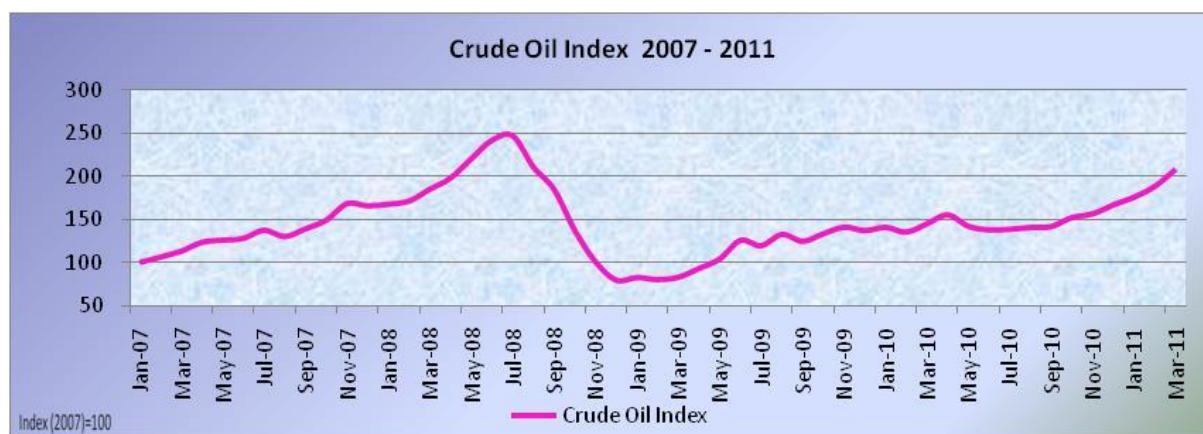
Monitoring of Countries Highly Vulnerable to Global Food Price Volatility

37. Recent developments in food markets indicate that the 2007–2008 food, fuel and financial crises raised grain prices to high levels that are unlikely to return to pre-crisis levels.⁴ The main drivers of global food price volatility are:
- increasingly scarce productive land: substantial investments are needed, especially in Africa, to rehabilitate infrastructures and telecommunications networks;
 - conflict in potential producer countries, which is largely responsible for the precarious food security outlook;
 - increased linkages between energy and food markets;
 - the presence of large institutional investors in futures markets;
 - removal of stabilization policies and reduced public stocks of food grains;
 - increased frequency of extreme weather associated with climate change; and
 - dissipation of international shocks as a result of market integration; this occurs at the cost of importing international volatility and transmitting shocks to international markets.
38. WFP identified countries likely to experience major changes in their food-security profiles on the basis of a price shock and hunger index. The countries most at risk from higher food and fuel prices will be those that:
- depend on food and petroleum imports;
 - are highly dependent on cereal imports;
 - are already experiencing high inflationary pressures;
 - have low current account balances as a percentage of gross domestic product;
 - have low foreign exchange reserves; and
 - experience currency fluctuations against the United States dollar.
39. Of 143 countries reviewed, 40 were identified for monitoring of the impacts of food and fuel price volatility; WFP and its partners have increased food security and market monitoring systems in several country offices.

⁴ WFP Market Monitor, April 2011.

The Fuel Index

40. WFP monitors changes in fuel prices by means of an index based on Brent crude oil futures. The Secretariat has updated the Board on significant changes in the index throughout the biennium, particularly because transport costs are a significant item in WFP's operating costs.



41. The graph shows that the index has increased by 10 percent since the last update, reflecting political developments in some countries, particularly in North Africa; it is currently 16 percent below the peak of July 2008. It is expected that this recent increase will result in a relatively small increase to LTSH costs.
42. There has hitherto been no significant impact on WFP's budget for external transport and overland transport.

PROJECTED RESOURCE LEVELS

43. The original WFP Biennial Management Plan (2010–2011) was based on an income forecast of US\$7.5 billion, which would generate US\$476 million of ISC income. In 2010, WFP reported contributions of US\$3.81 billion from 79 government donors and seven other funding sources.
44. WFP's income forecast for 2011 is US\$3.5 billion against current assessed needs of US\$5.2 billion. To leverage financial support and further increase the reach to vulnerable populations, WFP will continue to engage governments and the private sector in developing multi-year flexible contributions, new funding channels and twinning arrangements.

Resourcing Highlights for 2011

45. Twinning can significantly expand the reach of WFP's existing resources, often tripling the level of assistance for vulnerable people. In a twinning arrangement, WFP matches a donor's funds to support in-kind contributions and involve the host government and emerging donors. WFP is currently seeking cash to be twinned with 350,000 mt of food donated in kind.
46. A major priority for 2011 is to secure flexible and predictable funding to reduce risks to WFP and to generate cost and operational efficiencies. To increase this funding base, WFP is working with donors to develop multi-year arrangements: an example is Australia, which has committed contributions over four years through its Strategic Partnership

Agreement. Other multi-year agreements were signed in 2010 with Canada, Luxembourg, the Russian Federation and the United States. Multi-year agreements account for 4 percent of contributions to WFP in 2010.

47. WFP is diversifying its base of donors, particularly to host governments and emerging economies, and is seeking to mobilize funds from multi-donor sources such as the Central Emergency Response Fund, common humanitarian funds and the Peacebuilding Fund. WFP is also exploring potential new funding channels from OECD/DAC countries.⁵

ADVANCE FINANCING MECHANISMS

Immediate Response Account

48. Between December 2010 and 15 March 2011, US\$62.1 million from the Immediate Response Account was made available for 33 operations. In the same period US\$26 million was received from donors to replenish the account; US\$24.8 million was repaid from projects.
49. Of the amount released, 91 percent was advanced to EMOPs, PRROs and SOs to: i) fund the initial requirements of EMOPs; ii) prevent pipeline breaks and pre-position food in life-threatening situations; and iii) augment logistics capacity in urgent situations. The remaining 9 percent was allocated to immediate response to sudden-onset emergencies and to funding emergency preparedness.
50. The Immediate Response Account provided financing for emergencies such as the crisis in Libya, for which US\$13.6 million was released to provide food assistance for the most vulnerable people.

Working Capital Financing Facility

⇒ *Traditional Advance Financing*

51. Between December 2010 and 15 March 2011, advance financing loans totalling US\$75.9 million were approved for 16 operations through the Working Capital Financing Facility. Of this amount, 62 percent was advanced to EMOPs, 26 percent to PRROs, 3 percent to SOs and 8 percent to development projects, country programmes and corporate services.
52. Since the beginning of 2011, US\$53.1 million in working-capital finance advances for the Kenya and Ethiopia country offices enabled them to avert pipeline breaks. An advance of US\$29 million to the Sudan enabled the country office to avert a pipeline break and to reduce lead times for the procurement and shipment of food within specific projects. The Pakistan EMOP received an advance of US\$14 million to prevent disruptions to operations and ensure that ration levels were maintained.

⇒ *Forward Purchase Facility*

53. WFP is purchasing 18,000 mt of cereals and non-cereal foods through the FPF, utilizing working-capital financing (WCF) and funds from the Canadian International Development Agency. The cargo is destined for the Mombasa supply corridor, from where it will be utilized in the Horn of Africa and the Great Lakes region.

⁵ Organisation for Economic Co-operation and Development/Development Assistance Committee.

54. WFP is developing a strategy to ensure the benefits of the facility are maximized and that the food purchased is in line with operational requirements but also aligns with forecast income to ensure sound risk mitigation.
55. Proposed new features include a global approach to replace the system of addressing needs at the regional bureau level and a move away from the request-based approach toward periodic reviews that will take into account the expected needs and income for operations served by specific logistics corridors. This system will address the main foods in the WFP food-basket, including nutritionally enriched products.

MANAGEMENT OF INDIRECT SUPPORT COSTS

Enhancing Food Quality and Nutrition in WFP

56. WFP has been increasing its knowledge and control structures regarding the quality, safety and content of its food basket. This is particularly critical in a world where food supply chains are under increasing threat of contamination by illegal additives such as melanine and naturally occurring toxins such as aflatoxins. In addition WFP has signed onto global efforts to ensure that all hunger and malnutrition programming ensures that the right food is going to the right people at the right time. This is particularly true for extremely vulnerable groups, such as children during the critical 1000-day window from the womb to two years or people living with HIV.
57. No other humanitarian organization in the world has more exposure on this issue than WFP, as one of the world's largest providers of food to diverse and vulnerable groups, which it does in the most challenging conditions. It is critical that WFP have the right leadership expertise and infrastructure to do this in a way that is cost efficient, minimizes economic losses and reputational risks, protects its beneficiaries from unsafe food and maximizes the nutritional impact of each of the 40 billion meals it provides each year. With thousands of food suppliers in more than 80 nations it is particularly crucial that it ensures robust standards and controls.
58. In recent years, WFP has increased its work on food safety throughout its supply chain, from screening suppliers to testing food onsite, to ensuring proper storage and handling. To address these expanded functions, in 2009 the Food Safety and Quality Assurance Unit (ODPFQ) was established to ensure improvements in food fortification, processing, production, quality, safety and loss control. On the nutrition front, in the past two years the use of these targeted foods has increased fifty-fold, but there is a long way to go to ensure the right food reaches vulnerable groups.
59. These aspects of food quality, food safety and nutrition have been managed by several different divisions in different departments. In order to meet increasing needs, decrease risk and improve efficiency by eliminating gaps and duplication WFP intends to take several actions in the coming months: i) consolidate the food quality, food safety and nutrition functions within Headquarters to ensure robust controls and coordination with operations in the field; ii) improve systems and controls including by standardizing food quality laboratory testing and implementation of food safety standards; iii) develop strategies for the procurement of ready-to-use supplementary food for malnourished people; iv) improve its capacity under the United Nations division of labour on nutrition to effectively and efficiently deliver programmes, including developing efficient delivery channels and robust monitoring and evaluation systems v) coordinate more closely with other United Nations agencies, global partners and governments to assure that its food interventions are well integrated with other nutrition interventions.

60. After careful analysis, it has been decided to merge existing food technology/quality and nutrition units under strong leadership in a cost-neutral manner. To emphasize the importance of these issues and to attract the level of expertise and leadership demanded, WFP foresees the area being led by an Assistant Secretary-General (ASG), whose position will be created by upgrading a vacant D-2 position. The ASG for Food Safety, Food Quality and Nutrition will develop and implement standards and provide needed leadership and expertise to ensure that food meets the highest safety and quality standards and is as nutritious as possible.

Analysis of PSA Equalization Account

61. The Programme Support and Administrative (PSA) Equalization Account is a reserve set up to record differences between ISC revenue and PSA expenses for a financial period. Because PSA appropriation is fixed and ISC income varies with operational levels and contributions received, there may be time gaps between ISC income and PSA expenditure.
62. The 2011 forecast for the PSA Equalization Account outlined in Table 2 takes into account the funding of 2011 staff liabilities, approved PSA expenditure and approved one-time allocations.

| TABLE 2: 2011 FORECAST FOR THE PSA EQUALIZATION ACCOUNT | |
|----------------------------------------------------------------|---------------------------------|
| | 2011 |
| | PSA Equalization Account |
| | <i>(US\$ millions)</i> |
| Opening balance at 1 January 2011 | 145.4 |
| 2011 ISC revenue | 223.0 |
| Approved 2011 expenditure | -241.4 |
| Subtotal | 127.0 |
| Approved Board allocations remaining for 2011 | -37.6 |
| Forecast closing balance at 31 December 2011 | 89.4 |

63. On the basis of projected resources for 2011, PSA expenditures and one-time allocations, the forecast balance of the PSA Equalization Account as of 31 December 2011 is US\$89.4 million. The Secretariat will continue to monitor ISC income and PSA expenditure to ensure that they are in line with projections.

Update on Hedging Arrangements

64. At its 2008 Annual Session, the Board approved a policy for hedging the Euro component of PSA expenses;⁶ this involves buying the right to purchase a determined amount in Euros at a fixed exchange rate. A hedge can result in financial gain or loss: the Secretariat is not in a position to predict market movements, but it intends to minimize foreign exchange risk through hedging to remove one of the uncertainties in PSA budget planning.

⁶ Decision 2008/EB.A/7, para. i.

65. In line with the policy, the Secretariat entered into hedging arrangements for 2009 of €4.8 million per month at an average exchange rate of €1=US\$1.44, and for 2010–2011 of €5.0 million per month at an average exchange rate of €1=US\$1.41. A previous pilot hedging programme was implemented for 2006–2007 involving €4.1 million per month at an average exchange rate of €1=US\$1.22. Cumulative gains and losses have resulted in a small gain since 2006.
66. In line with the policy, the Secretariat intends to continue to hedge Euro expenditure for 2012 and 2013 by entering into hedging arrangements from mid-2011 based on the current level of Euro-related PSA expenditure.
67. The new standard position costs that will be used in the Management Plan will incorporate the average Euro/US\$ rate of the hedging contracts. This will result in certainty of the US\$ value of Euro-denominated PSA expenditure and will benefit the planning process for the next Management Plan.

UPDATE ON EXTRA-BUDGETARY RESOURCES

68. In the original Management Plan (2010–2011), extra-budgetary resources were forecast at US\$506 million. This was revised to US\$637.1 million, taking into account recently confirmed extra-budgetary resources that had not been foreseen: US\$330.7 million in special accounts, US\$293.1 million in trust funds – US\$202.9 million country-specific and US\$90.2 million general – and US\$13.3 million in bilaterals.
69. Against the forecast US\$202.9 million for country-specific trust funds, US\$117.6 million, or 58 percent, has been received; US\$74.2 million has been received against the forecast of US\$90.2 million for general trust funds, or 82 percent.
70. Extra-budgetary resources are a source of investment for innovation and capacity development, and for the capacity development for partners to align them with the WFP Strategic Plan (2008–2013). Extra-budgetary resources received to date amount to US\$464.6 million, 73 percent of the revised forecast requirements for 2010–2011.
71. Approximately US\$266.1 million has been received as income for special accounts, 80 percent of the revised forecast of US\$330.7 million for the 2010–2011 biennium.
72. The 11 new trust funds established since the fourth update of the Management Plan include the “Cash for Change” initiative, private-sector partnerships to develop and produce nutritional products for children under 2 and a Pan-African disaster risk pool for food security and response to climate change.
73. At the country level, eight trust funds were set up to enable joint programming with United Nations partners in Afghanistan, Bangladesh, Ethiopia and Indonesia in food security and nutrition, disaster preparedness, climate change adaptation and urban programming, and to support initiatives in Ghana and Zambia in food security, HIVAIDS and school feeding.

| TABLE 3: REVISED FORECAST OF EXTRA-BUDGETARY RESOURCES FOR THE 2010–2011 BIENNIUM (US\$ million) | | | | |
|---------------------------------------------------------------------------------------------------------|--------------|-------------------------|--------------|--------------------------------------------------|
| Original Management Plan | | Revised forecast | | Increase as % of original Management Plan |
| Special accounts | 280.0 | | 330.7 | 18.1 |
| Trust funds | 214.0 | | 293.1 | 37.0 |
| <i>Country-specific</i> | 170.7 | | 202.9 | 18.9 |
| <i>General</i> | 43.3 | | 90.2 | 108.3 |
| Bilaterals | 12.0 | | 13.3 | 10.8 |
| TOTAL | 506.0 | | 637.1 | 25.9 |

ANNEX I

CHANGES TO THE 2010 PROGRAMME OF WORK

| CHANGES TO THE 2010 PROGRAMME OF WORK (US\$ million) | | | | | | |
|------------------------------------------------------|--------------------------|----------------|----------------|----------------|----------------|-----------------------|
| Country | Original Management Plan | 1st update | 2nd update | 3rd update | 4th update | Final Approved Budget |
| Sudan | 858.9 | 969.4 | 982.8 | 967.9 | 951.5 | 951.5 |
| Pakistan | 75.4 | 316.2 | 427.7 | 816.4 | 810.1 | 810.1 |
| Ethiopia | 302.7 | 352.1 | 618.6 | 626.4 | 628.0 | 628.0 |
| Haiti | 97.9 | 97.9 | 667.8 | 633.4 | 592.3 | 592.3 |
| Afghanistan | 244.9 | 325.3 | 356.0 | 356.0 | 356.0 | 356.0 |
| Niger | 35.6 | 33.2 | 144.3 | 361.8 | 349.6 | 351.1 |
| Somalia | 420.3 | 420.3 | 420.3 | 324.0 | 293.6 | 293.6 |
| Kenya | 245.0 | 245.8 | 245.8 | 277.4 | 278.9 | 278.9 |
| Chad | 210.9 | 208.4 | 208.4 | 258.5 | 258.6 | 258.6 |
| Democratic Republic of Congo | 189.0 | 216.8 | 216.8 | 198.9 | 198.7 | 198.7 |
| Others | 1 925.6 | 2 015.4 | 2 109.5 | 2 093.7 | 2 132.7 | 2 128.9 |
| TOTAL | 4 606.2 | 5 200.8 | 6 398.0 | 6 914.4 | 6 850.0 | 6 847.7 |

ANNEX II

ANALYSIS OF UNFORESEEN REQUIREMENTS

1. As outlined in the original Management Plan (2010–2011), the regular updates of the projected 2010–2011 programme of work take into account only foreseen needs, which consist of existing operations and their logical extensions; it makes no provision for unforeseen requirements.
2. As requested at the 133rd session of the FAO Finance Committee, this Annex presents a comparison of the original approved Management Plans for the past biennia and the final programme of work.
3. Since the approval of the original WFP Biennial Management Plan (2010–2011), WFP's programme of work has increased by US\$3.1 billion, a 35 percent increase compared with the original Management Plan (2010–2011).
4. Table 1 outlines the level of unforeseen requirements compared with the original Management Plan (2010–2011).

| TABLE 1: HISTORICAL UNFORESEEN REQUIREMENTS | | | | |
|----------------------------------------------------|-------------------------------------------|---------------------------------------------------|---------------------------------------------------------|---------------------|
| | Management Plan (US\$ million) | Unforeseen requirements (US\$ million) | Total final programme of work (US\$ million) | Increase (%) |
| 2002–2003 | 2 931 | 2 689 | 5 620 | 92 |
| 2004–2005 | 4 784 | 1 076 | 5 860 | 22 |
| 2006–2007 | 6 198 | 252 | 6 450 | 4 |
| 2008–2009 | 5 792 | 5 987 | 11 779 | 103 |
| 2010–2011[*] | 8 953 | 3 102 | 12 055 | 35 |
| Average 2002–2011 | 5 732 | 2 621 | 8 353 | 46 |

^{*}Excludes any unforeseen requirement of 2011.

ANNEX III

CHANGES TO THE 2011 PROGRAMME OF WORK SINCE THE LAST UPDATE

| Regional Bureau | Country | Project | Programme category | Project Title | Increase | Justification for the Increase |
|-----------------|---------------------|---------|--------------------|-----------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Panama City | Haiti | 200110 | EMOP | Food Assistance to Earthquake-Affected Population in Haiti | 21 509 735 | Extension in time to coincide with the transition PRRO |
| Panama City | Haiti | 108440 | PRRO | Food Assistance for the Relief and Recovery of Vulnerable Groups Exposed to Food Insecurity and Environmental Disasters | 11 721 064 | Review of operational requirements to continue activities started in the EMOP |
| Panama City | Haiti | 200108 | SOP | Logistics and Telecommunications Augmentation and Coordination for Relief Operations in Response to the Earthquake in Haiti | 13 428 226 | Extension in time |
| Panama City | Haiti | 200109 | SOP | Provision of Humanitarian Air Services in response to the Earthquake in Haiti | 3 737 626 | Extension in time |
| Cairo | Libya-Tunisia-Egypt | 200257 | EMOP | Northern Africa Regional Operation | 39 242 964 | Response to the North Africa emergency in Egypt, Tunisia and a humanitarian crisis precipitated by the uprising in Libya (new projects) |
| Cairo | Libya-Tunisia-Egypt | 200254 | EP-EMOP | Northern Africa Regional Operation | 199 812 | |
| Dakar | Liberia | 200225 | EMOP | Emergency Assistance to Ivorian Refugees and Host Population in North-Central and South-Eastern Liberia | 31 850 478 | Provision of emergency food assistance to refugees and vulnerable host population (new projects) |
| Dakar | Liberia | 200227 | EMOP | Emergency Food Assistance to Ivorian Refugees and Vulnerable Host Population | 499 826 | |
| Dakar | Liberia | 200222 | EP-EMOP | Ivorian Refugees Influx Preparation | 197 929 | |
| Sudan | Sudan | 200236 | SOP | Feeder Road Construction in South Sudan | 22 893 388 | Construction of feeder roads in post-conflict Southern Sudan |

| Regional Bureau | Country | Project | Programme category | Project Title | Increase | Justification for the Increase |
|-----------------|-------------|---------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bangkok | Pakistan | 200181 | SOP | Logistics and Telecommunications Augmentation and Coordination in Support of the Humanitarian Community's Response to the Monsoon Floods in Pakistan | 18 067 070 | Extension in time as per request from the humanitarian country team to establish three permanent hubs to support emergency stockpiling and emergency response capacities |
| Bangkok | Pakistan | 102690 | DEV | Country Programme - Pakistan | 3 807 499 | Extension in time to facilitate the transition into early-recovery activities in areas affected by flood and conflict |
| Johannesburg | Ethiopia | 104300 | DEV | Country Programme - Ethiopia | 14 103 733 | Expansion of food for education in the Afar and Somali Regions |
| Johannesburg | Ethiopia | 200231 | EP-EMOP | Sudanese Refugees Influx Preparation | 162 640 | Alignment of operational requirements with project budgets (new project) |
| Johannesburg | Ethiopia | 107130 | SOP | Inter-Agency Passenger Services for the Somali Region of Ethiopia | 119 424 | Ensuring medical and security evacuations for humanitarian community |
| Dakar | Niger | 200051 | PRRO | Maintaining the Nutritional Status of Vulnerable Populations at an Acceptable Level and Reinforcing their Livelihoods | 14 787 072 | Contribute to long-term reduction in malnutrition, rebuilding of livelihoods after the 2010 crisis and enhancement of national capacities |
| Bangkok | Sri Lanka | 200239 | EMOP | Food assistance and early recovery for the population affected by the flood in Eastern Sri Lanka | 8 869 131 | Extension in time |
| Bangkok | Sri Lanka | 106070 | DEV | Development Project - Mother and Child Nutrition | 2 290 637 | Alignment of operational requirements with project budgets |
| Bangkok | Sri Lanka | 200233 | IR-EMOP | Food assistance for flood affected population in Sri Lanka | 496 965 | Alignment of operational requirements with project budgets |
| Bangkok | Sri Lanka | 105390 | SOP | Augmentation of Logistics Preparedness Capacity | 387 394 | Alignment of operational requirements with project budgets |
| Bangkok | Afghanistan | 200063 | PRRO | Enhancing Resilience and Food Security in Afghanistan | 8 230 401 | Alignment of operational requirements with project budgets |
| Bangkok | Afghanistan | 200092 | SOP | Provision of Common Humanitarian Air Services to UN Agencies, NGOs and Counterparts in Afghanistan | 2 507 435 | Alignment of operational requirements with project budgets |
| Cairo | Iraq | 200035 | PRRO | Support to strengthen social safety nets for vulnerable groups in Iraq | 10 047 905 | Alignment of operational requirements with project budgets |

| Regional Bureau | Country | Project | Programme category | Project Title | Increase | Justification for the Increase |
|-----------------|----------------------|---------|--------------------|----------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------|
| Bangkok | Philippines | 200131 | PRRO | Assistance to IDPs, Returnees and other Food-insecure Households in Conflict-affected Areas of Central Mindanao | 9 018 746 | Alignment of operational requirements with project budgets |
| Bangkok | Philippines | 200241 | IR-EMOP | Immediate Assistance to Populations Affected by Flooding in Southern Luzon and Mindanao | 500 000 | Alignment of operational requirements with project budgets |
| Dakar | Mali | 105830 | DEV | Country Programme - Mali | 9 074 008 | Alignment of operational requirements with project budgets |
| Cairo | Syrian Arab Republic | 200042 | EMOP | Assistance to Victims of Drought in Syrian Arab Republic | 16 531 316 | Extension in time |
| Panama City | Honduras | 105380 | DEV | Country Programme - Honduras | 7 028 556 | Alignment of operational requirements with project budgets |
| Dakar | Côte d'Ivoire | 200255 | EMOP | Emergency Assistance to Displaced Populations in Response to the Political Crisis in Côte d'Ivoire | 16 088 168 | Emergency food assistance to displaced persons (new project) |
| Johannesburg | Zambia | 105940 | PRRO | Response to Natural Disasters and Economic Shocks | 3 864 111 | Extension in time |
| Johannesburg | Zambia | 104470 | DEV | Country Programme - Zambia | 3 205 607 | Alignment of operational requirements with project budgets |
| Johannesburg | Malawi | 105810 | DEV | Development Project - Strategic Focus of the WFP Development Project: Support to Education | 5 370 586 | Alignment of operational requirements with project budgets |
| Dakar | Senegal RB | 200234 | SOP | Logistics and telecommunications augmentation in support of WFP EMOPs and PRROs in Côte d'Ivoire and surrounding countries | 4 859 006 | Extension in time |
| Dakar | Senegal RB | 200258 | EP-EMOP | High Food Prices in West Africa | 193 142 | Alignment of operational requirements with project budgets (new project) |
| Cairo | Libya | 200261 | SOP | Logistics Emergency Telecommunications Augmentation and Coordination in response to the crisis in Libya | 4 069 715 | Alignment of operational requirements with project budgets (new project) |
| Cairo | Libya | 200259 | IR-EMOP | Assistance to people displaced by the violence in Libya | 499 328 | North Africa emergency (new project) |
| Dakar | Benin | 200217 | EMOP | Emergency Assistance to Flood-Affected People in Benin | 4 478 756 | Alignment of operational requirements with project budgets |

| Regional Bureau | Country | Project | Programme category | Project Title | Increase | Justification for the Increase |
|-----------------|-------------------|---------|--------------------|----------------------------------------------------------------------------------|-----------|------------------------------------------------------------|
| Panama City | Bolivia | 108360 | PRRO | Recovery of Food Insecure Households Affected by Consecutive Natural Disasters | 2 954 974 | Alignment of operational requirements with project budgets |
| Dakar | Guinea | 105530 | PRRO | Post-Conflict Transition in Forest Guinea Region | 2 882 164 | Extension in time |
| Cairo | Tajikistan | 200120 | DEV | Supporting Access to Education and Social Safety Nets for vulnerable Children | 2 270 381 | Alignment of operational requirements with project budgets |
| Bangkok | Korea, DPR | 200114 | PRRO | Nutrition Support to Women and Children in Democratic People's Republic of Korea | 2 000 064 | Alignment of operational requirements with project budgets |
| Dakar | Burkina Faso | 200196 | EMOP | Post Floods Livelihoods Recovery | 1 832 211 | Alignment of operational requirements with project budgets |
| Johannesburg | Kenya | 106680 | DEV | Country Programme - Kenya | 1 741 431 | Alignment of operational requirements with project budgets |
| Johannesburg | Kenya | 102583 | PRRO | Food Assistance to Somali and Sudanese Refugees | 114 307 | Alignment of operational requirements with project budgets |
| Johannesburg | Congo Brazzaville | 200095 | EMOP | Food Assistance to Congolese Displaced in Likouala Province | 4 379 833 | Alignment of operational requirements with project budgets |
| Johannesburg | Congo Brazzaville | 103121 | PRRO | Assistance to Populations Affected by Conflict and Poverty | 6 033 715 | Alignment of operational requirements with project budgets |
| Bangkok | Indonesia | 100692 | PRRO | Nutritional Rehabilitation in Indonesia | 1 624 818 | Extension in time |
| Other | | | | | 9,400,000 | 24 projects with increases of less than US\$1million each |

| Regional Bureau | Country | Project | Programme Category | Project Title | Decrease since the 4th Update | Justification for the Decrease |
|-----------------|--------------------------|---------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------|
| Sudan | Sudan | 200151 | EMOP | Food assistance to vulnerable populations affected by conflict and recurring natural disasters | (109 754 864) | Good harvest and related improvements in the food security situation led to reduced food requirements |
| Johannesburg | Rwanda | 106770 | DEV | Food Assistance Support for Education in Rwanda | (11 336) | Alignment of operational requirements with project budgets |
| Johannesburg | Congo Brazzaville | 200147 | PRRO | Assistance to Congolese Refugees from DRC and children from host communities including indigenous populations in the Likouala Province of the Republic of Congo | (8 641 554) | Alignment of operational requirements with project budgets |
| Cairo | Syrian Arab Republic | 200041 | PRRO | Protracted Relief and Recovery Operations in North East Syrian Arab Republic | (6 871 472) | Alignment of operational requirements with project budgets |
| Dakar | Côte d'Ivoire | 107590 | DEV | Support to Sustainable School Canteens in Côte d'Ivoire | (4 446 185) | Alignment of operational requirements with project budgets |
| Dakar | Côte d'Ivoire | 200188 | DEV | Nutrition in Côte d'Ivoire | (4 890 498) | Alignment of operational requirements with project budgets |
| Johannesburg | Uganda | 101213 | PRRO | Protracted Relief for Internally Displaced Persons and Refugees | (4 646 011) | Improved food availability and access for most households in Karamoja Region |
| Dakar | Central African Republic | 200191 | DEV | Development Project "HIV" | (3 982 173) | Alignment of operational requirements with project budgets |
| Dakar | Guinea Bissau | 106090 | PRRO | Post-Conflict Relief and Rehabilitation | (3 698 946) | Alignment of operational requirements with project budgets |
| Dakar | Togo | 200194 | DEV | Promotion of social development through support to basic education in the northern regions of Togo | (2 002 936) | Alignment of operational requirements with project budgets |
| Johannesburg | Zambia | 200070 | PRRO | Food Assistance for Refugees in Zambia | (1 657 159) | Alignment of operational requirements with project budgets |
| Cairo | Armenia | 100532 | PRRO | Transitional Relief and Recovery Assistance for Vulnerable Groups | (1 501 134) | Alignment of operational requirements with project budgets |
| Others | | | | | (4 382 248) | 12 projects with decreases for less than US\$1million |
| TOTAL | | | | | 192 686 781 | |

ANNEX IV

GLOSSARY OF TERMS

As far as possible, common United Nations budgeting terminology has been used in this document. In certain cases, WFP's own budgeting and financial terms and definitions have been used.

Crude oil index. WFP monitors oil prices through an index based on Brent crude futures.

Forward Purchase Facility. The Forward Purchase Facility is a subset of the WCF facility with the objective to speed up the delivery of food to beneficiaries and exploit favourable market conditions.

Indirect support costs (ISC). Costs which support the execution of projects and activities but cannot be directly linked with their implementation.

Operational costs. The costs of commodities, ocean transportation and related costs, and of LTSH, any other input provided by WFP to beneficiaries, the government of the recipient country or other implementing partners.

Programme of Work. An appeal for resources based on needs assessed in collaboration with governments and other partners. WFP participates in joint assessments with United Nations organizations, partners and donors.

WFP cereal index. An index composed of four cereals - wheat, maize, sorghum and rice; calculated from 1 June 2007 or any other date required. It is intended to reflect the impact of changing prices on the cost of cereals for WFP.

Working-capital financing (WCF). This is WFP's internal advance financing mechanism; it has two main objectives: i) to maximize the utilization of resources destined to projects; and ii) to improve the timely availability of food. WCF provides field offices access to fund in anticipation of a confirmation of forecasted income.

ACRONYMS USED IN THE DOCUMENT

| | |
|------|---------------------------------------------------------|
| CP | country programme |
| DEV | development project |
| EMOP | emergency operation |
| FAO | Food and Agriculture Organization of the United Nations |
| FPF | Forward Purchase Facility |
| GFD | general food distributions |
| ISC | indirect support costs |
| LTSH | landside transport, storage and handling |
| PRRO | protracted relief and recovery operation |
| PSA | Programme Support and Administrative (budget) |
| SO | special operation |
| SRAC | Strategic Resource Allocation Committee |
| WCF | working-capital financing |