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Programme
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Programme

Programa
Mundial
de Alimentos

Executive Board
Third Regular Session

Rome, 20 - 23 October 1997

WFP BUDGET, 1998-99

Agenda item 4 a)

The biennial WFP budget for the period
1998-99



Distribution: GENERAL
WFP/EB.3/97/4-A
29 August 1997
ORIGINAL: ENGLISH

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The biennial WFP budget for the period 1998–99



NOTE TO THE EXECUTIVE BOARD

This document contains recommendations for review and approval by the Executive Board.

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

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

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WFP ORGANIZATIONAL CHART

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Overview of contents

- This document sets out WFP's biennial budget for the period 1998-99. It defines the programme of work and operational initiatives for WFP for 1998-99 and proposes the specific allocation of funds for approved components of WFP's Strategic and Financial Plan, 1998-2001. The WFP budget document is presented as follows.
- The **Executive Summary** explains the approaches taken in the preparation of this budget in the context of WFP's strategic priorities and operational initiatives, and presents the financial framework under which WFP's operations and activities will be carried out during the biennium.
- The section on **Resource Availability** reviews the situation in 1996-97 and details the projected level of resources and their intended use—WFP expenditures—for the forthcoming biennial period. It reflects WFP operations in financial terms. It is against this expected availability of resources that WFP's proposed Programme Support and Administrative (PSA) budget has been cast.
- The section on **Major Features of the 1998-99 Budget** sets out the strategic priorities to guide WFP's activities and the operational initiatives to be pursued. The combination of strategic priorities and operational initiatives is the foundation for the programme of work and budget, and represents main areas of activity where efforts will be intensified.
- The section on the **Programme of Work and PSA Budget, 1998-99** presents the operational programme of work and the programme support requirements for regional and country offices, headquarters, the management and administration of organization, and statutory requirements.
- The section on **Executive Board Action** contains the Executive Director's recommendations to the Executive Board.
- **Summary Tables** consist of: a) a detailed list of work activities for each organizational unit at headquarters, 1998-99; b) a summary of authorized PSA posts, 1996-97 and 1998-99; c) PSA posts by organizational unit within appropriation line, 1998-99; d) PSA budget by object of expenditure, 1996-97 and 1998-99; e) PSA budget by organizational unit within appropriation line, 1998-99; and f) scenarios for high and low level of activities, 1998-99.
- The three **Annexes** consist of: a) highlights of WFP's Strategic and Financial Plan, 1998-2001; b) terminology and definitions used in the preparation of the budget; and c) the methodology employed to formulate the budget.



Acronyms

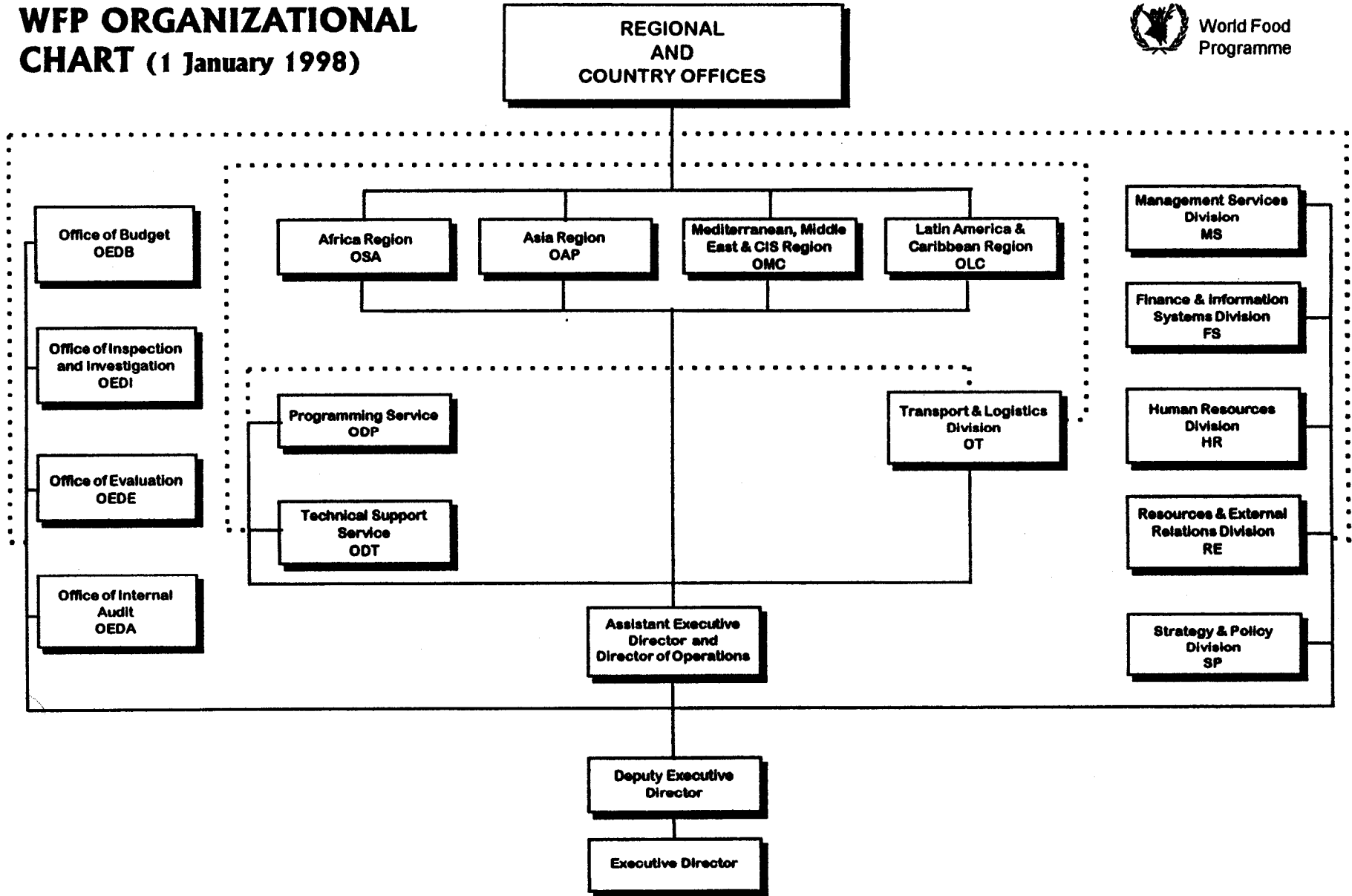
ACABQ	United Nations Advisory Committee on Administrative and Budgetary
ACC/SCN	Administrative Committee on Coordination/Sub-Committee on Nutrition
ALITE	Augmented Logistics Intervention Team for Emergencies
CCSQ	Consultative Committee on Substantive Questions
CCTI	Committee on Commodities, Transport and Insurance
CFA	Committee on Food Aid Policies and Programmes
CIS	Commonwealth of Independent States
CLC	Cash in lieu of Commodities
COPR	Country Office Progress Report
C/S	Client server
CSO	Country Strategy Outline
CTS	Commodity Tracking System
DPRK	Democratic People's Republic of Korea
DHA	Department of Humanitarian Affairs (United Nations)
DSC	Direct Support Cost
EB	Executive Board
ECOSOC	United Nations Economic and Social Council
EMOP	Emergency Operation
ERC	Emergency Relief Coordinator
EU	European Union
FAO	Food and Agriculture Organization
FEWS	Famine Early Warning Systems (USAID)
FMIP	Financial Management Improvement Programme
FMS	Financial Management System
FWG	Formal Working Group
GCCC	Government Cash Contribution towards local operating costs
GIEWS	Global Information and Early Warning System (FAO)
IASC	Inter-Agency Standing Committee
ICC	International Computing Centre
ICRC	International Committee of the Red Cross
IEFR	International Emergency Food Reserve
INTERFAIS	International Food Aid Information System
IRA	Immediate Response Account of the IEFR
ISC	Indirect Support Cost
ITSH	Internal Transportation, Storage and Handling
JCGP	Joint Consultative Group on Policies
JIU	Joint Inspection Unit
JPO	Junior Professional Officer
LAN	Local Area Network
LDC	Least developed country
LIFDC	Low-income, food-deficit country
LTSH	Landside transport, storage and handling
MAP	Management and Appraisal of Performance
MIS	Management Information Systems



MOU	Memorandum of Understanding
NGO	Non-governmental Organization
OR	Operational Reserve
OUNS	Office of United Nations System Support and Services
PC	Personal Computer
PRC	Programme Review Committee
PRO	Protracted Relief Operation
PSA	Programme Support and Administration
R<F	Resource and Long-term Financing Policies
RISI	Request for issuance of shipping instructions
RRT	Rapid Response Team
SCP	Sub-Committee on Projects (of the CFA)
SFP	Strategic and Financial Plan
SO	Special Operation
TA	Travel Authorization
TEC	Travel Expense Claim
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNOIOS	United Nations Office of Internal Oversight
UNPFA	United Nations Population Fund
UNV	United Nations Volunteer
USAID	United States Agency for International Development
VAM	Vulnerability Analysis and Mapping
VSAT	Very Small Aperture Terminal
WFP	World Food Programme
WIS/NOP	WFP Information System/Non-WIS payments



WFP ORGANIZATIONAL CHART (1 January 1998)



WFP - WFP Budget, 1998-99



Executive Summary

OVERVIEW AND STRATEGIC FRAMEWORK

1. The WFP biennial budget for the period 1998–99 is presented to the Executive Board of the World Food Programme (WFP) in accordance with WFP Financial Regulation 6.1. The budget emanates from the mandate, mission and vision of WFP as the food aid organization of the United Nations.
2. The contents, presentation and organization of the document follow the common format for the preparation of biennial support budgets being adopted by other voluntarily funded programmes of the United Nations (UNDP, UNFPA and UNICEF) under the “harmonization of budgets” initiative, with appropriate changes to reflect WFP’s unique cost recovery modalities as defined in WFP’s new resource and long-term financing policies.
3. It is the first WFP biennial budget to be cast in line with WFP’s new resource and long-term financing policies which were introduced for a two-year trial period in January 1996. Thus, this budget reflects for the first time complete information on how the total resources of WFP will be utilized in terms of operational, direct and indirect support costs.
4. In submitting proposals for the 1998–99 budget, the Executive Director was guided by the advice of the Board in relation to the strategic framework set out in the WFP Strategic and Financial Plan, 1998–2001. The general orientation of that plan was endorsed by the Board at its Annual Session in May 1997. In assessing the challenges, constraints and aspirations of WFP in the coming four-year period, the views and inputs of those who manage in the field were reflected. The plan, built on existing priorities, established the principles and priorities for the future organizational capacity and resource forecast to guide WFP over the next two biennia.
5. The principles that underpin the Strategic and Financial Plan embrace: a) increased focus on the hungry poor; b) closer alignment with the people that WFP serves, and being their advocates; c) staying closely tuned to donors and promoting their work; d) shifting resources from headquarters and less-needy countries to regional clusters and LDCs; e) preparing and gearing WFP staff to support strategic priorities and for the future; and f) streamlining working modalities through re-engineering procedures and processes, and increasing delegation to the field.
6. In furthering strategic aims, WFP will, in 1998–99, sharpen its focus and intensify efforts to better understand the lives and the coping mechanisms of the hungry poor. It will improve the means for assessing the impact of its interventions on the lives of beneficiaries and give more prominence to disaster preparedness and mitigation, bearing in mind the need to include national and local capacity-building dimensions. WFP will actively pursue advocacy on behalf of the hungry poor to move the issues of hunger and poverty to the centre of the international agenda. To attain, support and nurture these goals, relevant operational policies, practices and programmes, and information



management systems and public information strategies will be put in place in the coming biennium.

7. The proposals set forth in this document build on the comprehensive and fundamental organizational change process that WFP embarked upon in 1996-97. Central to those initiatives was an overall commitment to become a more people-centred Programme; in strategic terms, this remains a continuing priority in the coming biennium. The underlying theme of organizational change is to decentralize and shift resources and decision-making to the field to bring the organization closer to its clients – the hungry poor.
8. Decentralization allows WFP to put more senior and specialized WFP staff in the field. The increasingly complex operations carried out by WFP, which are often regional in nature and require extensive inter-agency coordination, justify the placement of more senior managers in the field.
9. In 1998-99, WFP will further equip its field offices with the requisite tools of delegation and systems to facilitate decision-making and better operational management. Such initiatives are accorded priority in the 1998-99 budget. The organization has reacted positively to the change process; the proposals for the use of resources in the coming biennial period have been realigned accordingly. WFP is developing a dedicated cadre of staff representing people and countries worldwide and working more effectively to bring food to desperately hungry people.
10. Efforts towards organizational change and improving working modalities to better fulfil WFP's Mission Statement must be carried out in conjunction with the reforms of the United Nations. WFP fully supports the extensive and far-reaching changes that are being introduced in the United Nations. WFP has taken numerous steps to strengthen its leadership and management structure, and introduced a number of management and efficiency measures to do better what is expected of it by the international community. Humanitarian assistance will remain WFP's main activity in the 1998-99 biennium, and WFP will play a major role in shaping United Nations humanitarian assistance policies. The reform proposals, when implemented, will capitalize on WFP's strengths as an agency working in both emergency humanitarian relief and development.
11. The budget document contains comparative data for the current biennium and estimates for 1998-99, showing resources and expenditures for different programme categories, including the programme support and administration (PSA) appropriation line. The document has been forwarded to the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee for their review and comments. Such comments will be submitted to the Executive Board as addenda to this document.
12. The tables and figures below show: a) total budget estimates by cost category and appropriation line (table); b) total budget estimates by cost category and appropriation line (figure); c) PSA posts and direct cost funded personnel by category of staff; d) PSA posts by category of staff; and e) PSA posts by appropriation line.



Table 1: Total budget estimates by cost category and appropriation line, 1996-97 and 1998-99

(In '000 US\$)	1996-1997		Changes		1998-1999	
	Revised estimates	% of Total	Volume Inc/(Dec)	Cost Inc/(Dec)	Proposed estimates	% of Total
BY COST CATEGORY						
1. Direct costs:						
Food	1 483 000	54%	(185 380)	(87 620)	1 210 000	49%
Transport & related costs	295 000	11%	(38 048)	35 048	292 000	12%
LTSH	494 000	18%	(60 572)	52 572	486 000	20%
Direct support costs	184 000	7%	(2 000)		182 000	7%
Other	60 000	2%	2 000		62 000	3%
Subtotal	2 516 000	92%	(284 000)		2 232 000	91%
2. Indirect support costs	226 439	8%	(21 440)	9 445	214 444	9%
TOTAL	2 742 439	100%	(305 440)	9 445	2 446 444	100%
BY APPROPRIATION LINE						
Programme Support & Administration:						
Programme support country offices	99 191	44%	(4 530)	4 725	99 386	46%
Programme support headquarters	41 283	18%	(7 621)	1 889	35 551	16%
Management and administration	84 621	37%	(7 926)	2 831	79 526	37%
Statutory requirements	1 344	1%	1 121	-	2 465	1%
Total PSA	226 439	100%	(11 955)	9 445	214 444	100%
Less: Benefits and savings from streamlining of operations					2 484	
NET PSA					214 444	

* Management and administration refers to the management and administration of the organization which includes Executive Direction, Strategy and Policy, Resources and External Relations, Finance and Information Systems, Human Resources, and Management Services.

Figure 1: Total budget estimates by cost category and appropriation line, 1998-99

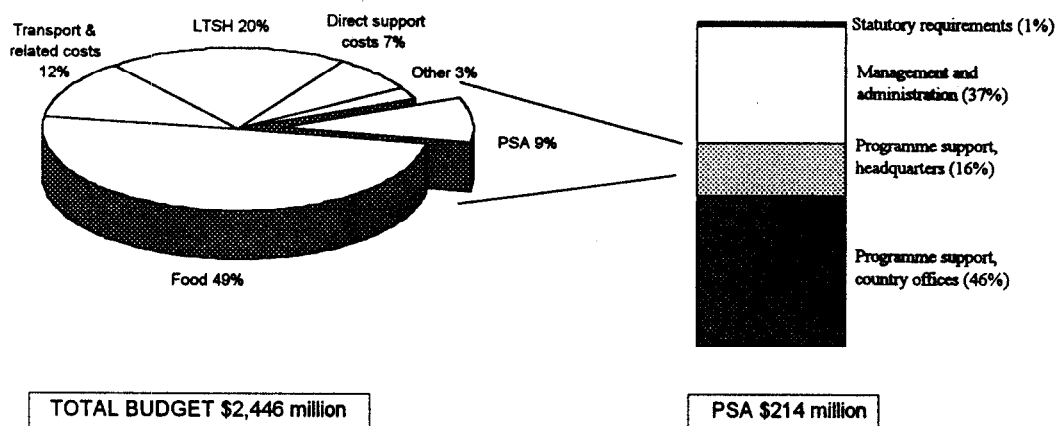


Table 2: PSA posts and direct cost funded personnel by category of staff, 1996-97 and 1998-99

Category	1996-1997 Approved posts/personnel				Changes			1998-1999 Proposed posts/personnel			
	IP ⁽¹⁾	Others ⁽²⁾	Total	% of Total	Increase/Decrease			IP ⁽¹⁾	Others ⁽²⁾	Total	% of Total
					IP	Others	Total				
PSA posts:											
Programme support country offices	202.0	944.0	1 146.0	67%	(18.0)	(69.0)	(87.0)	184.0	875.0	1 059.0	66%
Programme support headquarters	98.0	109.0	207.0	12%	(14.5)	(8.0)	(22.5)	83.5	101.0	184.5	12%
Management and administration	144.5	223.5	368.0	21%	(5.0)	(18.0)	(23.0)	139.5	205.5	345.0	21%
Statutory requirements	2.0		2.0	0%	1.0	-	1.0	3.0		3.0	1%
Sub-total	446.5	1 276.5	1 723.0	100%	(36.5)	(95.0)	(131.5)	410.0	1 181.5	1 591.5	100%
Direct cost funded personnel⁽³⁾	226.0	1 908.0	2 134.0	100%	(18.0)	(194.0)	(212.0)	208.0	1 714.0	1 922.0	100%
TOTAL	672.5	3 184.5	3 857.0		(54.5)	(289.0)	(343.5)	618.0	2 895.5	3 513.5	

⁽¹⁾ IP - International Professionals

⁽²⁾ Others include General Services, United Nations Volunteers, National Officers, and Junior Professional Officers (JPO)

⁽³⁾ Includes JPO under others

Figure 2: PSA posts by category of staff, 1998-99

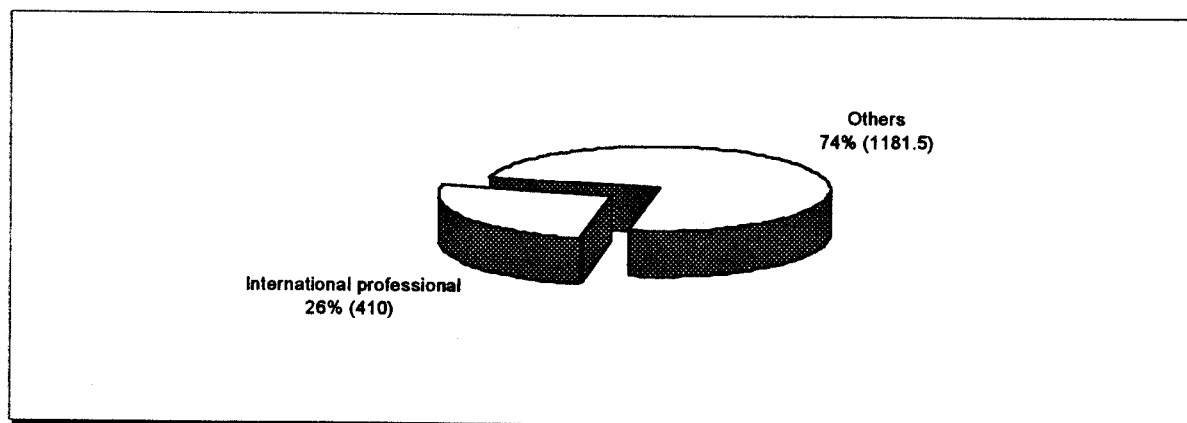
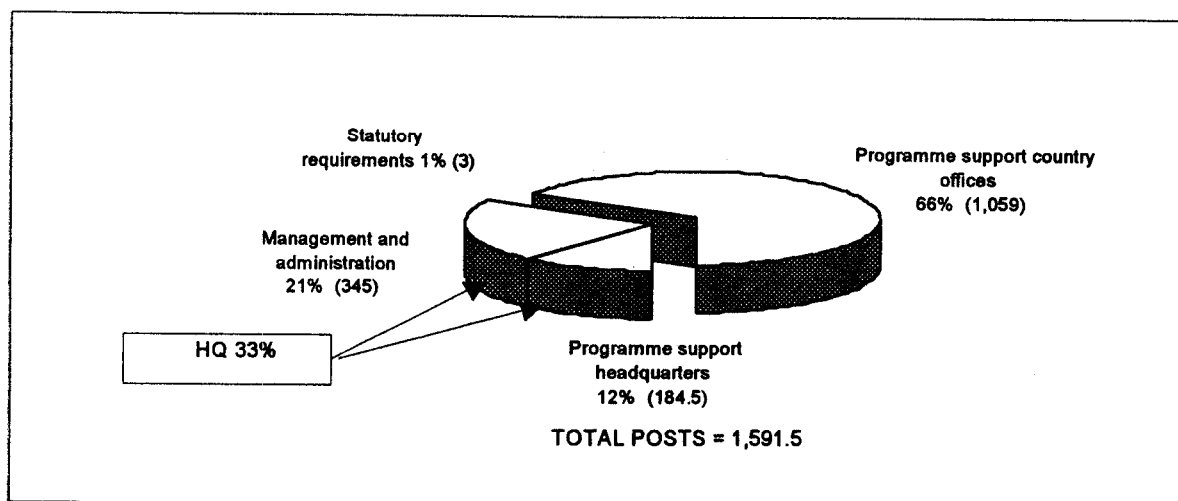


Figure 3: PSA posts by appropriation line, 1998-99



WFP'S MISSION AND MANDATE

13. WFP is the food aid agency of the United Nations. Its mandate is to assist the poor and hungry. Its mission is to save lives in emergency situations, improve the nutrition and quality of life of vulnerable people at critical times of their lives and help build assets that promote the self-reliance of poor people and communities. Its vision is a world where every person has access at all times to the food needed for an active and healthy life, with the ultimate goal of eradicating hunger and poverty.
14. WFP is a member of the international humanitarian response structure with long years of operational expertise in food aid needs assessment, procurement, transport, and logistics, and in handling and programming food on a worldwide scale. As a front-line agency in the battle against hunger, WFP is increasingly required to address complex humanitarian crises characterized by geopolitical problems, massive cross-border displacement of people and collapse of institutional infrastructure.
15. WFP uses food aid for development purposes, often in countries where needs are high, but conditions for programme delivery are extremely difficult. At a time when WFP is moving forward with the Country Programme Approach, linkage of WFP's activities to the national priorities and programmes of recipient countries and to individual United Nations agency programmes and other partners significantly enhances the impact of development food aid. As an advocate for the hungry poor, WFP recognizes that more must be done to convince donors and recipients that food aid in development is a useful and constructive tool, especially where relief and rehabilitation can be integrated.
16. WFP currently handles about 30 percent of global food aid. In 1996, through WFP interventions, over 45 million people were recipients of food aid. As the world's largest international food aid organization, WFP recognizes that it must remain an efficient and responsive operator if it is to retain its competitive advantage. WFP will continue to strengthen inter-agency cooperation and coordination, both with partners in the United Nations system and with NGOs, and to shape policies and strategies to ensure that food aid interventions are effective and timely and used wisely to build self-reliant communities.

HIGHLIGHTS OF OPERATIONAL INITIATIVES, 1998-99

17. Operational initiatives in 1998-99 have been defined under eight separate categories. These are: decentralization, streamlining, communications, resource mobilization and advocacy, training and staff development, United Nations reform, move to a new headquarters premises, and other operational initiatives.

Decentralization

18. Decentralization, and putting in place the people and the required tools and authority to enable the focus of decision-making to be in the field, will be further strengthened in 1998-99. Post reductions at headquarters and other resources to be gained from streamlining processes will be used to bolster the capacity of the regional clusters. Reduction efforts at headquarters identified 18.5 professional posts which would be available for redeployment to the field. In addition, the reduction of general service posts



at headquarters has freed resources to permit the recruitment of capable national officers in the field.

Streamlining

19. Streamlining continues to be a priority for WFP. The driving principle has been to adapt the organization to the lower level of resources that is expected in 1998-99, in line with the flexible modalities for establishing the PSA budget. In the field, as a result of a decrease in resource availability, continued emphasis will be given to target proportionally more food and human resources to LDCs.
20. Streamlining, both at headquarters and in the field, will enable WFP to meet its needs for the coming biennium through redeployment and a redistribution of resources. Over the period 1996-99, WFP will have reduced its operational presence to under 80 countries, concentrating its resources even more on LDCs and LIFDCs. However, WFP will continue to remain alert to the possibility of commencing operations in new countries should food aid interventions be warranted. At headquarters, in 1998-99, further streamlining will result in the reduction of 63 posts, a part of which will be available to bolster clusters and to strengthen priority areas at headquarters.
21. Increased accountability for financial management and operations through the phased development of modern information systems continues to be a major goal for WFP. The Financial Management Improvement Programme (FMIP), which began in earnest in 1996, will, in the coming biennium, be a major contributor to WFP's efforts to decentralize key functions to regional and country offices, through a re-engineering of systems and core operating processes, and providing connectivity to systems from the field.
22. Through FMIP, four central aims will be pursued. Firstly, efforts started in 1996-97 to structurally upgrade financial management and information systems will continue. During the biennium, the new Financial Management System (FMS) will be implemented for headquarters and the field. Secondly, improvements in the systematic and timely provision of information to donors regarding their contributions will be implemented. Thirdly, there will be more decentralization of key functions to regional and country offices. Fourthly, a data warehouse will be further developed to allow managers to gain access to information required for decision-making.
23. WFP has made significant progress in its ability to respond quickly to emergency situations. This has been brought about in part by extensive emergency management training which was provided to many WFP staff in all operational areas. In 1998-99, the need for placing rapid response people in the field will be met from WFP's existing rapid response roster, while one post at headquarters will be dedicated to overseeing the management aspects.
24. As an efficiency initiative in the coming biennium, the principle of travelling via the most economic means will be closely adhered to. This will allow WFP to reduce its travel budget in 1998-99 by one sixth in relation to the amount budgeted in the current biennium. WFP managers are cognizant that they will have to make the best use of the resources placed at their disposal for duty travel.

Communications

25. Reliable and cost-effective communications are essential for decentralization and information exchange and flow. WFP will continue to use the Internet World Wide Web



as a cost-effective means of providing access to Executive Board documents and other important information of relevance to donors and the international community at large. These measures are aimed at building confidence in donors.

26. In 1998–99, efforts will be concentrated on achieving connectivity between headquarters and field systems to facilitate communications and data flow, and in particular to support the development of FMIP information exchange systems (Resources Management, Commodity Tracking, Procurement Management, Finance Management and Programming). In proceeding in this direction, existing systems and processes will continue to be streamlined in order to reduce costs. WFP will also use Internet technology for an internal web site, or Intranet, to improve the flow of information among WFP locations.

Resource mobilization and advocacy

27. In 1998–99, WFP will continue to work towards better mobilization of resources through advocacy and strengthened relations with donor governments. To provide further stability to WFP's funding base, new funding sources will be sought from private corporations, foundations and support groups. Regional and country offices where WFP's activities are carried out will be bolstered to enable a more pro-active approach to advocacy and resource mobilization. In 1998–99, WFP intends to regularize its liaison presence in Brussels, set up a presence in Washington and enhance its presence in Yokohama (Japan) as a means of strengthening ties at the grass-roots level and broaden fund-raising.
28. The Board has affirmed WFP's role as an advocate for the hungry poor. The common aims of advocacy, public awareness and fund raising will be actively pursued in 1998–99. A pro-active information campaign will be mounted in the international media to build and amplify awareness of the needs of the hungry poor. WFP staff, particularly those in the field, will be aided in giving more visibility to the plight of the poor and resource mobilization through the development of information tools, training and other budget resources.

Training and staff development

29. An essential component of WFP's operational initiatives in 1998–99 is an enhanced training and staff development programme to render decentralization and delegation more effective, and to have a better trained and motivated workforce. Key focus areas will include strengthening accountability, delegation of authority, improving capacity-building at the country level, and enhancing skills in the areas of planning, communications and automation. A new staff profile offering mobility to lead major operations and possessing a more solid grounding in emergency management skills will be built. Additional efforts will be made in 1998–99 to increase the numbers and levels of female and developing country staff in WFP's workforce. The WFP staffing goal to attain 50 percent women and 40 percent developing country representation by the year 2000 remains a priority.

United Nations reform

30. To further promote economic and social progress and to address, through development, the root causes of poverty and conflict, WFP will continue to be an active participant in the United Nations reform process. At the country level and with the aim

of enhancing the coherence, coordination and collaboration of United Nations operational activities, WFP supports the United Nations initiative to establish common premises and services and will participate in such ventures when cost-effective, and where WFP has ongoing development programmes.

31. With a dual mandate for both development and humanitarian assistance, WFP is well placed to support the transition from relief to rehabilitation and development in countries emerging from crises. WFP continues to have significant operations focusing on development and attaches significant importance to the need for enhancing coordination and collaboration within the United Nations system and with other partners. WFP is confident that the reform proposals announced by the Secretary-General will strengthen collaboration, particularly at the field level. WFP intends to work closely with the United Nations Development Group in areas relevant to its operations and interests, and will focus its programmes on national priorities in line with General Assembly resolutions.

New headquarters premises

32. In early 1998, WFP will move its headquarters premises to the Parco dei Medici building. A five-year lease covering the rental of the building has been signed. Prior to taking up the new premises, a number of preparations and renovations will be necessary to accommodate WFP staff. To a large extent, the cost of engineering and structural works to the building will be charged to the owner.

Other operational initiatives

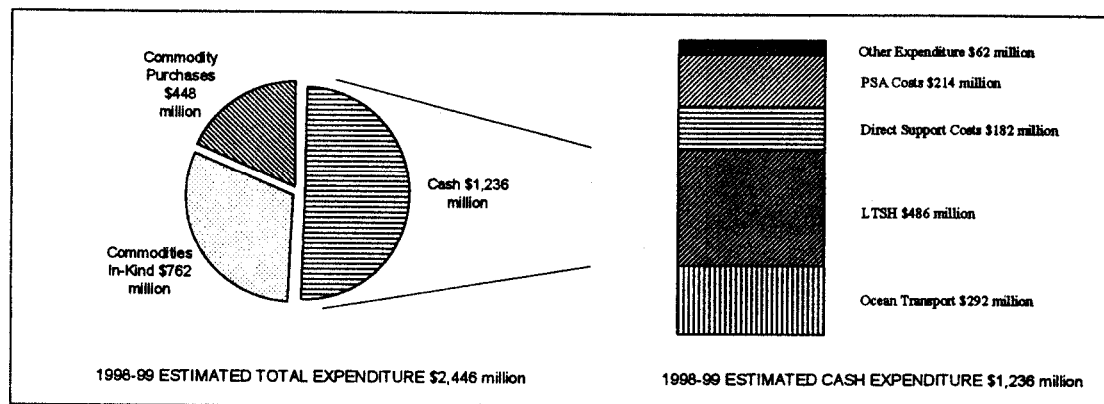
33. Among the other operational initiatives to be pursued in 1998–99 are the continuation of efforts to enhance a gender action plan to increase the effectiveness of targeting, and to increase the availability of food and resources to women. Additional investment will be made in building the capacity of the network of gender focal points at the country level. A base of funds will be provided to support training and technical assistance.
34. WFP's capacity to effectively target and undertake country data collection and analysis to identify areas of vulnerability, food insecurity and coping mechanisms can be significantly strengthened through vulnerability analysis and mapping (VAM). This is a critical element of emergency preparedness and response. Through VAM, WFP's contingency planning for risk analysis in cooperation with other agencies will be improved in 1998–99. As a priority instrument for mounting a rapid response, WFP has incorporated basic VAM support in its 1998–99 PSA budget proposals.
35. Finally, in the coming biennium, the Executive Director has proposed to initiate a programme for members of WFP's Executive Board to undertake visits to developing countries where WFP has operations.
36. In addition to the above, numerous reform measures are under way in the areas of financial and personnel management, programme development, strategic planning, inspection and governing body operations. All these efforts, crossing two consecutive biennia, are aimed at improving the management and quality of field operations. Achieving the full impact of these measures will continue to necessitate a streamlining of WFP headquarters, a further and accelerated commitment to decentralization, and a strengthening of relationships with NGOs and partners in the United Nations system.



FINANCIAL FRAMEWORK

37. WFP is a voluntarily funded organization. This budget document outlines the total resources expected to be made available to WFP for the coming biennium. WFP's turnover (including support costs) for 1998-99 is projected to be \$2,446 million. In proposing this budget, the Executive Director has considered the implications of different resource availability scenarios, ranging from a low of 3,618 thousand tons for the biennium to a high of 4,990 thousand tons for the biennium. The budget is based on the assumption that WFP will deliver somewhere in the mid-region of this range—a delivery figure of 4,381 thousand tons for the biennium.
38. The PSA budget for 1998-99 is foreseen at \$214.4 million. The 1998-99 budget is less than the approved biennial budget for 1996-97 by 12.2 percent in real terms when adjusted for an assumption of a six percent staff cost increase in aggregate. This amount is 8.3 percent less than the current biennial budget in nominal terms.
39. The level of expenditure that WFP expects to handle in 1998-99 is estimated to be \$2,446 million, of which \$2,232 million will go towards commodities, ocean transport, landside transport, storage and handling (LTSH), and direct support costs (DSC); and \$214.4 million for the corresponding PSA budget. Estimated expenditure by cost category in 1998-99 is shown in Figure 4 below.

Figure 4: Estimated expenditure by cost category, 1998-99

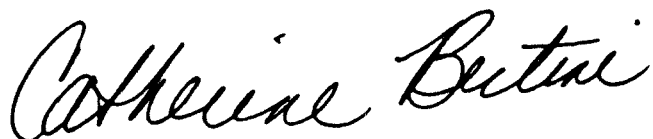


40. Total deliveries (volume to be shipped or purchased locally) are estimated at 4,381 thousand tons. Of these, development projects will account for 32.9 percent, PROs for 23.7 percent, and EMOPs for 43.4 percent. Therefore, relief activities—constituting 67.1 percent of operational volume in 1998-99—will continue to dominate WFP's work.
41. The Africa Region is expected to receive the major share of assistance as WFP increasingly concentrates resources on the poorest people in the neediest countries. About 45 percent of WFP's operational expenditures, will be in that region. The Asia Region will account for approximately 35 percent of WFP's operational expenditure, with significant emergency assistance directed to the Democratic People's Republic of Korea (DPRK), where WFP assistance currently reaches some 4.7 million people. The Mediterranean, Middle East and CIS Region, and the Latin America and Caribbean Region will amount to roughly 11 percent and five percent, respectively, in 1998-99.



About four percent of operational expenditure in 1998-99 will pertain to bilateral and other special operations.

42. The Mission Statement directs WFP to concentrate on what it is best suited to do with the resources available, as cost-effectively as possible. It is against this background that the budget for the biennial period 1998-99 has been formulated and presented to the Executive Board.



Catherine Bertini
Executive Director



Resource availability and utilization

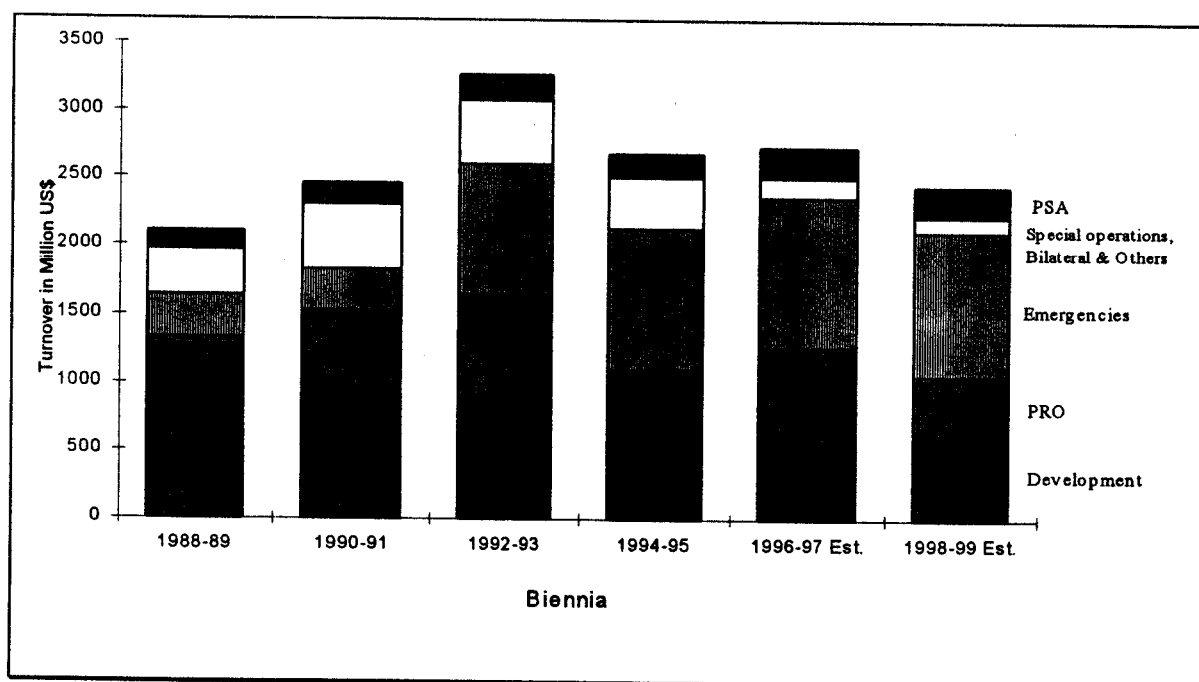
INTRODUCTION

43. WFP is an inter-governmental organization created by Member States to provide food aid for development, protracted relief, and emergency operations. Resources made available to WFP are given on a voluntary basis. Resources handled and expected to be handled by WFP and the composition of those resources have changed over six consecutive biennia, as illustrated in Table 3 and Figure 5 below.

Table 3: WFP turnover for the period 1988-89 to 1998-99 (in million US\$)

Programme Category	1988-89	1990-91	1992-93	1994-95	1996-97 (Est.)	1998-99 (Est.)
Development	1 271	1 039	904	653	643	571
PRO	54	488	750	450	624	491
Emergencies	315	299	957	1 034	1 101	1 054
Special Operations, Bilateral & Others	330	475	477	372	148	116
PSA	134	157	189	182	226	214
Total	2 104	2 458	3 277	2 691	2 742	2 456

Figure 5: WFP turnover for the period 1988-89 to 1998-99



44. At its Fortieth Session in November 1995, the Committee on Food Aid Policies and Programmes (CFA) approved new resource and long-term financing policies for a trial period of two years, starting in January 1996. The WFP budget for 1998-99 is the first



- budget prepared after the implementation of the new policies. These include a resource model consisting of three elements: funding windows, programme categories and costs.
45. Funding windows are classified as multilateral, directed multilateral and bilateral, depending upon the degree of conditionality and flexibility allowed. Resources channelled through these funding windows go, directly or indirectly, through the General Fund, towards any of the currently established four WFP programme categories: Development, Protracted Relief Operations (PRO), Emergency Operations (EMOP) and Special Operations (SO). All contributions to WFP are expected to be on a full cost-recovery basis. This implies that the value of commodities, as well as provisions for ocean transport, LTSH and direct and indirect support costs, are included in each contribution.
 46. Programme and administrative support provided to the different WFP programme categories is classified as either direct or indirect. Direct support costs (DSC) are considered variable and linked with the provision of support to an activity, and would not be incurred should that activity cease. These costs are estimated for each project or operation on a case-by-case basis.
 47. Indirect support costs (ISC) cover the execution of projects and activities, but are not directly linked to an individual project. Rather, such costs are applied on the basis of rates established by the Executive Board. ISC recovery is the main funding source for WFP's PSA budget.
 48. The cost of providing support to operational programmes at headquarters and in regional and country offices, as well as providing management and administrative support to the organization such as executive direction, strategy and policy, resources and external relations, and support services such as finance and information, human resources and administrative management, are included under the PSA.
 49. In addition to contributions for the four programme categories and undesignated contributions to the General Fund made through the three funding windows, WFP also derives income from the investment of cash balances in interest bearing accounts, bilateral services rendered to donors, government cash contributions to local operating costs (GCCC), and through other specific programmes, such as the Junior Professional Officer (JPO) scheme.

REVIEW OF 1996-97

50. The level of operations in the projections made in the 1996-97 budget document referred to both the availability and utilization of resources. Contributions confirmed in writing by donors are considered available resources. The assumption was that the volume in transit, or not called forward in one biennium or year, would be equal to the similar volume in the previous biennium or year.
51. The level of operations in terms of the availability of resources for 1996 was revised in January 1996 from 2,830 thousand tons (as projected in the 1996-97 budget) to 2,660 thousand tons. The availability by the end of 1996 was 2,661 thousand tons, of which 2,113 thousand tons (excluding 85 thousand tons for bilateral donors) were utilized. Availability in aggregate was 94 percent of the original estimate and in line with the revised estimate. The availability by programme category, against the original estimate, was 90 percent for development, 80 percent for PRO and 110 percent for



emergencies. Utilization, however, was only 79 percent of the available resources. The main reasons for the lower utilization was non-confirmation of the 1996 pledge by a major donor until December 1996, and late confirmation of other relief contributions. The carry-over from 1996 has been utilized in 1997.

52. The value of WFP's operations in terms of expenditure, including the PSA component, amounted to \$1,185 million for 1996 and is projected at \$1,557 million for 1997. Hence, the total value of operations in terms of expenditure for the 1996-97 biennium is estimated to be \$2,742 million.
53. The approved biennial budget for 1996-97 was based on a planned operational level of 5,600 thousand tons of commodities and corresponding PSA costs for the two-year period of \$228.9 million. The PSA component was later recosted to \$233.9 million according to the lira-dollar exchange rate fixed by the FAO Conference.
54. In approving the biennial budget for 1996-97, the CFA (document CFA 40/15, paragraph 13) had decided to *authorize the Executive Director to adjust the budget in accordance with the variation in the volume of operations when such variations were more than 10 percent below the planned level*. Accordingly, as reported in the Budgetary Performance Report for 1996 (document WFP/EB.A/97/4-B), the Executive Director reduced the amount of PSA for the biennium to \$226.4 million when it was realized that the level of operations in 1996-97 was to be lower than originally foreseen (from 5,600 thousand to about 5,000 thousand tons).
55. Table 4 below shows a comparison of original estimates with revised estimates for 1996-97.



Table 4: Comparison of original estimates with revised estimates for 1996-97

	1996-97 Original projection	1996-97 Revised estimates
<i>Volume of commodities (In thousand tons)</i>	5 600	5 013
SOURCES OF FUNDS BY PROGRAMME CATEGORY <i>(in million US dollars)</i>		
General Fund	37	76
Development	795	733
PRO	859	672
Emergency	909	1 163
Special Operations	167	93
Bilateral/JPO	324	64
Total	3 091	2 801
USAGE OF FUNDS BY OBJECT OF EXPENDITURE <i>(in million US dollars)</i>		
Food	1588	1483
Transport & related costs	456	295
LTSH	620	494
DSC	164	184
Other	33	60
PSA	229	226
Sub-total	3 090	2 742
Allocation for Development programme		15
Programming of General Fund *	1	44
Total	3 091	2 801

* The General Fund is to be discussed by the Board at its Third Regular Session in October 1997.

Indirect Support Cost Recovery

56. Under the new resource and long-term financing policies, the PSA is mainly funded from indirect support cost recovery, based on the rates approved by the Board.
57. The new rates and policies were not in place at the time the budget for 1996-97 was prepared and approved. Therefore, the sources of revenue for PSA estimated in the document were only provisional. Table 5 below shows the comparison between the original and revised estimates of the sources of funds for PSA.



Table 5: Comparison between original and revised estimates of sources of funds for the 1996-97 PSA budget

Source	1996-97 Original projection	1996-97 Revised estimates*
<i>(in million US dollars)</i>		
Support Cost Recoveries:		
Development	100	90
PRO	60	47
Emergency	42	62
SO and others	7	5
Bilateral and others	11	4
Total Recoveries	220	209
GCCC	2	3
Shortfall to be met from miscellaneous income	7	14
PSA COSTS	229	226

* For 1996-97 revised estimates, the total does not add up due to rounding.

Utilization of the General Fund

58. Income for the General Fund is derived from various sources, including specific multilateral cash pledges, GCCC and miscellaneous "interest" income. GCCC is used as a source of funding for the PSA. A portion of miscellaneous "interest" income is used as an advance to meet the PSA shortfall, pending the recovery of indirect support costs. The balance of the General Fund is available for re-programming. The Executive Director allocated \$15 million in 1997 to purchase commodities for the development programme in accordance with Financial Regulation 7.8(c).
59. At its Annual Session of 1997, the Executive Board requested that a paper be prepared on the use of interest income to be presented at its Third Regular Session of 1997. The Executive Director has prepared such a paper, which will be presented to the Board at its Third Session, in October 1997.
60. At the end of the biennium, a net surplus of \$44 million is projected, accruing primarily from interest income, which will eventually be utilized in the manner decided by the Executive Board in the context of the aforementioned paper.

PROJECTIONS FOR 1998-99

61. For budgetary planning, WFP forecasts the availability of resources in three scenarios of high, medium and low. As in the past, the medium-range scenario is used as the basis for strategic and financial planning and for the calculation of the biennial PSA budget level. WFP's level of operations is expressed in terms of the expected volume of commodities to be delivered. Table 6 below shows the estimated commodity levels by programme category for both years of the 1998-99 biennium. Summary Table D on page 81 shows the volume/scenarios under the high and low level of activities for 1998-99.



Table 6: Estimated level of operations in 1998–99 by volume of commodities and by programme category

Programme Categories	1998	1999	Total
	<i>(in thousand tons)</i>		
Development	737	704	1 441
PRO	520	520	1 040
Emergency	950	950	1 900
Total	2 207	2 174	4 381

62. WFP's resources consist of commodities, cash and acceptable services. The price of commodities and the composition of the food baskets are crucial factors for WFP. The food basket is constructed by aggregating food commodities required by various projects. The commodity prices are projected by taking into account donors' prices and current market prices, as well as the trend in commodity market prices projected by the World Bank. It is always difficult to forecast for the planning horizon with high a degree of precision. In estimating the value of contributions for 1998–99, the food basket of the different programme categories in 1997 is assumed to continue in the coming biennium, together with the commodity price levels established in June 1997. Accordingly, both the volume and the value of commodities have been revised in relation to earlier projected figures that appeared in the WFP Strategic and Financial Plan, 1998–2001.
63. In estimating the 1998–99 levels, the decline in the level of resources required for major relief operations in the former Yugoslavia and in the Great Lakes Region on the one hand, and the great needs in DPRK on the other, have been taken into account.
64. During the 1998–99 biennium, WFP estimates that the total resources available will be in the range of \$2,491 million, including about 4,381 thousand tons of commodities contributed both in kind and as cash in lieu of commodities (CLC); of this total, approximately 1,441 thousand tons will be available for development, 1,040 thousand tons for PROs, and 1,900 thousand tons for EMOPs. In addition, WFP expects to provide procurement and/or transport services to bilateral donors during the biennial period. Income will also be derived from interest earnings on cash balances, and other sources such as the JPO scheme and GCCC. Table 7 below presents the projected resources and their utilization by category for 1998–99.

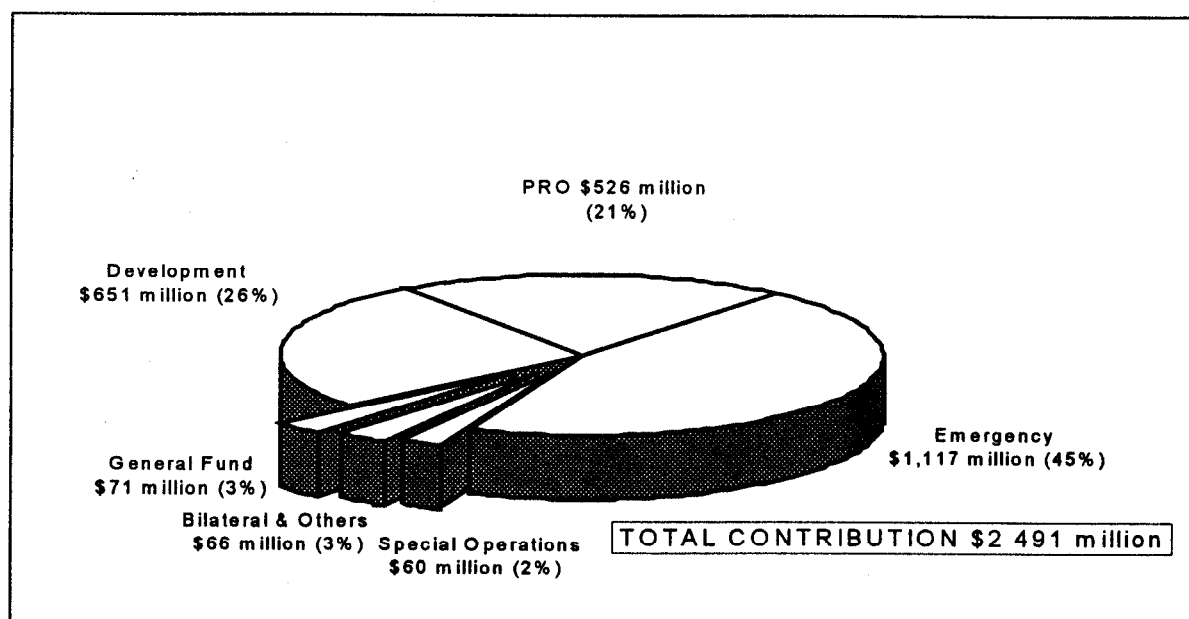


Table 7: Projection of resources and their utilization, 1998-99

	General Fund	Development	PRO	Emergency	Special Operation	Bilateral & Others	TOTAL
<i>(in million US dollars)</i>							
CONTRIBUTIONS AND INCOME							
Commodities in kind		327	144	292	-	-	763
Cash contributions	12	324	382	825	60	66	1 669
GCCC	3						3
Interest and other income	56						56
Total	71	651	526	1 117	60	66	2 491
EXPENDITURES							
Commodities in kind		327	144	292	-	-	763
Commodity purchases		111	112	224	-	-	447
Transport and related costs		87	69	136	-	-	292
LTSH		24	138	324	-	-	486
Other expenditures						62	62
Direct support costs		22	28	78	54		182
Indirect support costs	26	80	35	63	6	4	214
Sub-total	26	651	526	1 117	60	66	2 446
Programming of General Fund	45						45
Total	71	651	526	1 117	60	66	2 491

65. Figure 6 below depicts the estimated contributions and income by programme category for 1998-99.

Figure 6: Estimated contributions and income by category, 1998-99



Development programme

66. The purpose of WFP's development programme is to improve the nutritional status and quality of life of poor and hungry people, especially women and children, at critical times of their lives, and to create assets to help people reach self-reliance. The bulk of contributions for development activities is expected to be directed through the multilateral window.

67. The anticipated level of development contributions for 1998 is estimated at 737 thousand tons. For 1999, the level is expected to be 704 thousand tons, representing a decline of about five percent. Thus, for the whole of the 1998-99 biennium, the level of contributions for development will be 1,441 thousand tons, the value of which is estimated to be \$651 million on a full cost recovery basis. The volume of commodities



estimated is slightly higher than the estimate presented in the Strategic and Financial Plan, 1998-2001 (1,441 thousand tons against 1,365 thousand tons) because of the projected reduction in commodity price levels. The total value is composed of the weighted average (of contributions in kind and purchases) commodity price of \$304 a ton, average ocean transport and related cost of \$61 a ton, and average LTSH (including ITSH subsidy) of \$16.70 a ton, in addition to direct support costs to cover non-food item requirements, technical support, and direct supervision and indirect support costs.

68. In percentage terms, it is foreseen that full costs will consist of 67.3 percent for food commodities, 13.4 percent for ocean transport, 3.7 percent for LTSH, 3.4 percent for DSC and 12.2 percent for ISC recovery (equivalent to the rate of 13.9 percent of direct costs). The amount generated as ISC is estimated to be \$80 million, which will be available to partially fund the approved PSA. A part of the PSA cost will continue to be reimbursed by non-LDC recipient governments through contributions made towards WFP's local operating expenses.
69. Table 8 below illustrates the resources expected to be made available for the development programme in 1998-99 and their utilization.

Table 8: Development programme—source and utilization of funds

	1996-97 Total	1998-99 Total
<i>Volume of commodities (in thousand tons)</i>	1 590	1 441
CONTRIBUTIONS AND INCOME	<i>(in million US dollars)</i>	
Commodities in kind	382	327
CLC contributions	131	111
Total commodity contributions	513	438
Cash contributions	220	213
Total	733	651
USAGE OF FUNDS BY OBJECT	<i>(in million US dollars)</i>	
Commodities in kind	382	327
Commodity purchases	130	111
Transport and related costs	85	87
LTSH	32	24
Direct support and other costs	14	22
Indirect support costs	90	80
Total	733	651

Protracted relief operations (PRO) programme

70. Protracted relief operations (PROs) are meant to provide a more secure food source to longer-term refugees and internally displaced persons (those who have been refugees or displaced for more than a year). A large portion of the contributions for PRO activities is expected to be channelled through the multilateral window.
71. Over the course of 1998-99, the likely level of operations under the PRO programme is estimated to be about 1,040 thousand tons, the value of which is estimated to be \$526 million. The total value is composed of the weighted average commodity price of



\$247 a ton, average ocean transport and related cost of \$66.72 a ton, and average LTSH of \$132.69 a ton, in addition to direct support costs to cover non-food item requirements, technical support, and direct supervision and indirect support costs.

72. In percentage terms, PRO contributions are expected to consist of 48.7 percent for food commodities, 13.1 percent for ocean transport, 26.2 percent for LTSH, 5.3 percent for DSC and 6.7 percent for ISC recovery (equivalent to the rate of 7.1 percent on direct costs). The amount generated for ISC is estimated to be \$35 million, which will be available to partially fund the approved PSA.
73. Table 9 below illustrates the estimated availability and the utilization of PRO funds in the 1998-99 biennium.

Table 9: PRO programme—source and utilization of funds

	1996-97 Total	1998-99 Total
Volume of commodities (in thousand tons)	1 368	1 040
CONTRIBUTIONS AND INCOME	<i>(in million US dollars)</i>	
Commodities in kind	189	144
CLC contributions	179	112
Total commodity contributions	368	256
Cash contributions	304	270
Total	672	526
USAGE OF FUNDS BY OBJECT	<i>(in million US dollars)</i>	
Commodities in kind	189	144
Commodity purchases	167	112
Transport and related costs	82	69
LTSH	163	138
Direct support and other costs	24	28
Indirect support costs	47	35
Total	672	526

Emergency operations (EMOP) programme

74. The International Emergency Food Reserve (IEFR) is the primary mechanism for channelling food assistance in emergency situations. The minimum annual target for IEFR is 500 thousand tons of cereals. The Immediate Response Account (IRA) is a subset of the IEFR which is meant to provide cash for commodity purchases and to meet other related costs for quick interventions in emergency situations. A small portion of contributions for EMOPs is received through the multilateral window, with the larger portion being directed multilateral.
75. WFP expects to handle about 1,900 thousand tons of commodities for EMOPs in 1998-99, the value of which is estimated at \$1,117 million on a full cost recovery basis. The total value is composed of the weighted average commodity price of \$272 a ton, average ocean transport and related cost of \$71.18 a ton, and average LTSH of \$170.52 a ton, in addition to direct support costs to cover non-food item requirements, technical support, and direct supervision and indirect support costs.



76. In percentage terms, the contribution will consist of 46.2 percent for food commodities, 12.2 percent for ocean transport, 29 percent for LTSH, seven percent for DSC and 5.6 percent for ISC recovery (equivalent to the rate of six percent on direct costs). The amount generated as ISC recovery is estimated to be \$63 million which would go towards partially funding the approved PSA.
77. Table 10 below illustrates the expected sources and utilization of emergency funds in the 1998-99 biennium.

Table 10: Emergency programme—source and utilization of funds

	1996-97 Total	1998-99 Total
<i>Volume of commodities (in thousand tons)</i>	2 055	1 900
CONTRIBUTIONS AND INCOME	<i>(in million US dollars)</i>	
Commodities in kind	340	292
CLC contributions	239	224
Total commodity contributions	579	516
Cash contributions	584	601
Total	1163	1117
USAGE OF FUNDS BY OBJECT	<i>(in million US dollars)</i>	
Commodities in kind	340	292
Commodity purchases	275	224
Transport and related costs	128	136
LTSH	299	324
Direct support and other costs	59	78
Indirect support costs	62	63
Total	1163	1117

Special Operations (SO) programme

78. Special Operations (SOs) are operations which, while carried out in support of large-scale food emergencies, do not normally contain a substantial food component. They form a separate programme category covering major activities aimed at rapid response to emergencies, and mitigating disasters by improving, enhancing or equipping infrastructure to permit speedy and efficient food aid delivery or building WFP's capacity effectively to manage the related management information and accounting aspects. The SO category includes FMIP which has secured about \$15 million by mid-1997 (including an allocation of \$5.5 million from WFP) and will require an additional \$17 million in 1998-99.
79. Table 11 below illustrates the expected sources and utilization of SO funds in the 1998-99 biennium.



Table 11: SO programme—source and utilization of funds

	1996-97 Total	1998-99 Total
<i>(in million US dollars)</i>		
CONTRIBUTIONS AND INCOME		
Cash contributions	93	60
Total	93	60
USAGE OF FUNDS BY OBJECT		
Direct support costs	88	54
Indirect support costs	5	6
Total	93	60

80. In 1998-99, contributions for SOs are expected to be mostly directed multilateral, the value of which is foreseen to stay at the present level of \$30 million a year. Contributions are generally categorized as DSC (90 percent) and ISC recovery (10 percent), which is equivalent to the rate of 11.9 percent on DSC.

Other resources

81. WFP will continue, in the coming biennium, to provide services to donors for their bilateral operations. Such services normally include procurement of food, its transport or both. WFP undertakes these operations as complements to its own activities in recipient countries. Donors seeking WFP assistance in this connection are expected to cover ISC in accordance with rates established by the Executive Board. WFP foresees that in 1998-99 it will be requested to perform bilateral services amounting to a value of \$30 million a year. It is expected that ISC will represent five percent of total contributions, i.e., \$1.5 million a year.
82. Likewise, WFP participates in the JPO scheme whereby donor governments provide funding for the training of young professionals assigned to work with WFP. In income terms, the value of such contributions is estimated at \$3 million a year. It is expected that the ISC generated under the JPO scheme will amount to \$500,000 in each year of the biennium.
83. Table 12 below illustrates the expected sources and utilization of other resources in 1998-99.



Table 12: Other resources—source and utilization of funds

	1996-97 Total	1998-99 Total
<i>(in million US dollars)</i>		
CONTRIBUTIONS AND INCOME		
Bilateral services	57	60
JPO scheme	7	6
Total	64	66
UTILIZATION OF FUNDS BY OBJECT		
Other expenditures	60	62
Indirect support costs	4	4
Total	64	66

General Fund

84. In addition to receiving contributions for the four programme categories previously described, WFP receives undesignated contributions which fall under the General Fund. Interest earned from WFP's cash balance is considered as part of the General Fund as well. GCCC, which is also included under the General Fund, is applied exclusively to the PSA. In 1998-99, the total amount of General Fund income is estimated to be \$71 million, as illustrated in Table 13 below. This income will be used for equalizing PSA imbalances and for other applications as per the decisions of the Executive Board.

Table 13: General Fund—source and utilization of funds

	1996-97 Total	1998-99 Total
<i>(in million US dollars)</i>		
CONTRIBUTIONS AND INCOME		
General contributions	12	12
Interest income	61	56
GCCC	3	3
Total	76	71
USAGE OF FUNDS		
Reimbursement of PSA from GCCC	3	3
Advance for meeting the PSA shortfall	14	23
Allocation for development programme	15	
Reallocation to other programmes	44	45
Total	76	71

SUPPORT COSTS - DIRECT AND INDIRECT

85. As stated previously, WFP's new resource and long-term financing policies make provision for two types of support costs - direct and indirect. The policies recognize that certain development-related activities previously incurred as PSA expenditure are better treated as DSC. Accordingly, this is reflected in provisions made for consultants and services obtained from other organizations for project design, technical support and evaluation in the 1998-99 DSC budget. In 1998-99, DSC will account for 46 percent of the total support estimates, while ISC will account for 54 percent. In aggregate, about

two thirds of total support costs will be incurred in regional and country offices, with the remainder being incurred at headquarters.

DIRECT SUPPORT COSTS (DSC)

86. DSC for operations will be programmed upon receipt of specific contributions from donors for specific purposes. Most of these costs will be incurred in country offices, but a portion will be spent at headquarters for those Bureaux with responsibility for large and complex emergency operations, and for FMIP. Estimated DSC in the different regions and the estimated number of personnel to be funded by DSC during 1998-99 are shown in Table 14 below.

Table 14: Estimated direct support costs, 1998-99

	Development	PRO	Emergency	Special Operations	Total	Personnel		
						Prof.	Others	Total
<i>(in million US dollars)</i>								
Regional and country offices								
Asia Region	9.2	8.4	14.1	0.6	32.3	22	255	277
Latin America and Caribbean Region	0.2	-	-	-	0.2		9	9
Mediterranean, Middle East and CIS Region	1.5	0.4	13.1	23.2	38.2	25	351	376
Africa Region	8.2	19.2	47.6	13.0	88.0	133	1 068	1 201
Subtotal	19.1	28.0	74.8	36.8	158.7	180	1 683	1 863
Headquarters								
Asia Bureau	-	-	0.7	-	0.7	3	1	4
Mediterranean, Middle East and CIS Bureau	-	-	1.4	-	1.4	6	1	7
Africa Bureau	-	-	1.1	0.4	1.5	6	2	8
Technical Support	2.9	-	-	-	2.9			
FMIP	-	-	-	17.2	17.2	13	15	28
Others (JPOs)	-	-	-	-	-		12	12
Subtotal	2.9	-	3.2	17.6	23.7	28	31	59
Total	22.0	28.0	78.0	54.4	182.4	208	1 714	1 922

INDIRECT SUPPORT COSTS (ISC)

87. The level of the PSA budget for 1998-99 is determined on the basis of the projected volume of operations following the methodology approved by the governing body in 1995. The proposed PSA budget will be funded primarily through the recovery of ISC. Rates for the recovery of ISC are approved by the Executive Board on the basis of an annual WFP-initiated cost study. The data from the cost study distribute the PSA amount over the total operational expenditure of different programme categories.
88. The rates approved by the Executive Board for the year 1997 have been applied to project the revenue from support cost recovery that will be available to fund PSA in 1998-99. As shown in Table 15 below, the projections indicate that the revenue generated will not be sufficient to meet the PSA requirement and need to be supplemented by about \$23 million from miscellaneous income.
89. However, new ISC-support rates to be approved by the Executive Board are intended to secure the whole of the resources required to cover the PSA for 1998-99, or, should structural imbalances occur, to reduce the need to meet shortfalls from miscellaneous income.
90. The expected sources of PSA for 1996-97 and projections for 1998-99 are shown in Table 15 below.



Table 15: Source of funds for PSA

Source	1997 Rates	1996-97*	1998-99
<i>(in million US dollars)</i>			
Support Cost Recoveries			
Development	13.9%	90	80
PRO	7.1%	47	35
EMOP	6.0%	62	63
SO	11.9%	5	6
Bilateral and others		4	4
Total		209	188
GCCC		3	3
Shortfall to be met from miscellaneous income		14	23
PSA costs		226	214

* For 1997-97, the total does not add up due to rounding.

Financing mechanisms and liquidity

91. WFP receives resources in both cash and commodities. Commodities in kind are delivered directly to the recipient country from the donor country. However, WFP has to make cash advances for operational expenditures until such time that cash associated with confirmed contributions is actually received from the donor. For the purpose of making such advances, WFP has an Operational Reserve (OR). In addition, WFP holds cash balances, which represent contributions received for meeting operational expenditure of food delivery, pending actual disbursement.
92. Operational expenditure in cash are incurred only upon the confirmation of contributions. Therefore, advances from the OR for this purpose are expected to be of a short-term nature. However, PSA expenditures are approved and allotted on the basis of estimated levels of operations. Expenditure for PSA is incurred evenly throughout the year, while the income from indirect support costs flows as and when contributions are made for operational expenditures. Therefore, draw-downs from the OR are likely to be for a longer period of time within a financial period.

Major features of the 1998-99 budget

INTRODUCTION

93. In preparing the biennial budget for 1998-99, the Executive Director was guided by a number of overriding factors. Firstly, as a voluntarily funded organization handling scarce resources, organizational change is of paramount importance if WFP is to continue to carry out its mandate efficiently and effectively and receive the confidence of member governments. Following a thorough review in 1996 of how WFP conducts its business, the Executive Director initiated large-scale fundamental reform measures aimed at streamlining and decentralizing WFP's business practices, and improving the organization's efficiency and responsiveness.
94. Secondly, prior to preparing her budget estimates for the coming biennium, the Executive Director submitted the WFP Strategic and Financial Plan, 1998-2001, to the Executive Board's Annual Session in May 1997 for the Board's guidance and advice. The plan contained key operational strategies for WFP to achieve its Mission Statement as well as the strategies to be pursued to ensure that WFP has the capacity and resources to undertake the required activities in an effective and cost-efficient manner. Within that overall strategic framework, the five major strategic priorities of the Strategic Financial Plan, 1996-1999, were retained. The general orientation of the plan for 1998-2001 was subsequently endorsed by the Board at its Annual Session of 1997.
95. Highlights of the WFP Strategic and Financial Plan, 1998-2001, are shown in Annex I to this document. Summary Table A shows the estimated expenditure from the headquarters programme support and management and administration appropriation lines for strategic priorities in 1998-99.
96. Finally, while change in WFP is a continuing process, it must be carried out in conjunction with overall United Nations reform which entails an extensive and far-reaching set of changes designed to achieve greater unity of purpose, coherence of effort and flexibility in response. WFP fully aligns itself with the principles of such reform and, in line with its strategies for advocacy, it supports the concept that efficiency savings achieved through reform measures should go towards alleviating poverty in and enhancing the prospects of developing countries.
97. Change and reform are continuing processes and are firmly embedded in the operational initiatives to be addressed in 1998-99. These comprise eight categories, i.e., a) decentralization; b) streamlining; c) communications; d) resource mobilization and advocacy; e) training and staff development; f) United Nations reform; g) new headquarters premises; and h) other operational initiatives. Each category and the activities and initiatives to be undertaken in 1998-99 are described below.



OPERATIONAL INITIATIVES

DECENTRALIZATION

98. A broad process of organizational change to better prepare WFP for the future was launched in 1996. Changes were aimed at working closer with people in need, strengthening WFP's field presence, placing more staff and more authority in the field—closer to WFP's client base—and allowing WFP to become a better advocate for the hungry poor. Changes were also put into effect to streamline procedures, and to modernize financial and management information systems. Organizational change is a continuing process and will acquire further dimensions in the coming biennium, with the thrust to further decentralize functions and redeploy staff to the field, including senior managers.
99. The setting up of regional clusters commenced in 1996-97, and further strengthening measures are planned in the coming biennium. In 1998-99, resources will be shifted to the field from headquarters, along with delegation of authority and the systems to facilitate good management and accountability. Nine out of the 11 Regional Offices or clusters will have been created by the end of 1997. The increasingly complex nature of WFP operations and the need for inter-agency coordination call for more senior WFP managers, including at the D-2 level, to be situated in the field.

Redistribution of resources—headquarters and field

100. High priority is accorded to moving further with decentralization in 1998-99. In preparing the 1998-99 budget proposal, a bottom-up review of those functions that could be reduced at headquarters identified 63 posts (27.5 Professional and 35.5 General Service posts). In comparative terms, a reduction of this size would represent more than 10 percent of the current number of authorized post in the 1996-97 budget. From that number, at least 17.5 Professional posts will be available for redeployment to the field to bolster the regional clusters and to allow for the establishment of 11 programme advisor posts at the P-5 level. Additional resources for the field to employ national officers will be available from the reduction in General Service posts at headquarters.
101. The reduction of headquarters staffing by 63 posts allows some scope for the Executive Director to redeploy resources in aid of enhancement initiatives in the areas of resource mobilization and advocacy, rapid response, vulnerability analysis and mapping, communications, and public information planned for 1998-99. It is foreseen that 18.5 posts (10 Professional and 8.5 General Service) will be redeployed to meet these needs. Thus, in considering redeployment in relation to the initial reduction of 63 posts, the net reduction at headquarters in 1998-99 will amount to 44.5 posts.
102. A foreseen reduction in operations in some countries for 1998-99 led to a decision to reduce the number of country office Professional posts. However, in the framework of decentralization and the establishment of the regional clusters where additional resources are clearly required, the reduction paves the way for redeployment to strengthen the capacity in regional clusters and country offices in line with foreseen and defined needs. In the coming biennium, with the redeployment of country office posts and the transfer of resources from headquarters, WFP will be able to meet its human resource requirements for the regional clusters.



Headquarters structure

103. Organizational change at WFP is and must continue to be an ongoing process. It will assume heightened importance in 1998–99 with the sustained drive for decentralization, and more emphasis on streamlining for improved efficiency and simplification of processes.
104. In 1996–97, responsibility for strategic planning at headquarters was moved from the Office of Evaluation to the newly created Strategy and Policy Division, in order to bring together all the elements of strategic planning and policy development under the umbrella of a single division, whereas previously such responsibilities were vested in three separate divisions. The Management Services Division was created in 1996 to provide better administration and management support to headquarters and the field, and to integrate functions of a similar nature such as travel, contracting and procurement. Previously, these functions were spread out over a number of divisions.
105. Under the operational change initiative, the responsibilities of the Office of the Assistant Executive Director, Operations Department were redefined with a view to enhancing the direction and coordination of WFP's operations. Authority to approve EMOPs, PROs and development projects with a food value of up to \$3 million, and revisions to them up to \$3 million, has been delegated from the Executive Director to the Assistant Executive Director. The role of the Programme Review Committee (PRC) was re-aligned to ensure consistency with WFP's overall policies. With the shift in management emphasis to the field, the structure of the Regional Bureaux was streamlined, with higher priority accorded to developing a regional framework of strategies.

Movement of organizational units

106. To reflect revised functions and responsibilities for enhanced focus, the administrative service function of administering telecommunications at headquarters will be transferred from the Financial and Information Systems Division to the Management Services Division, where responsibility for the management of all service utilities lies. The Central Information Management and Statistics Branch, which is responsible for collecting, compiling and disseminating key data on WFP's operations, will be moved to the Strategic and Policy Division to strengthen data collection, analysis and management in support of policy formulation and WFP's reporting obligations. The Branch will serve all of WFP, but as one of its objectives in 1998–99, it will focus on developing a policy on information management.
107. During the 1998–99 biennium, emphasis will be accorded to streamlining the processes of planning, programming and budgeting to better integrate functions of a linked or similar nature, to improve efficiency, to enhance focus and to scale down on management levels. At the start of the biennium, the Budget Service will move from the Finance and Information Systems Division to the Office of the Executive Director to strengthen the process of formulating, implementing and monitoring the biennial programme of work and budget, and to bring it closer to corporate planning at the executive level.



STREAMLINING

Financial Management Improvement Programme (FMIP)

108. In the coming biennium, increased accountability will continue to remain one of WFP's strategic priorities for organizational capacity and resources. The central aims for 1998-99 include: a) structural upgrading of financial management and accountability; b) systematic and timely information to donors regarding contributions and their utilization; c) further decentralization of key functions to regional and country offices; and d) further development of the data warehouse to enable middle and senior management to have access to information they may need in making decisions.
109. The business process of re-engineering systems and core operating processes with a view to increasing accountability and to attain streamlining commenced under FMIP in 1996-97. From the start, the main objectives of FMIP have been to improve WFP's financial management capability, in particular its ability to account for, and report on, in both an accurate and timely manner, the use of the resources placed at WFP's disposal and to help make WFP more operationally effective and efficient. Through the FMIP implementation plan in the coming biennium, further business process re-engineering will focus on information and financial management, and on supporting technologies with a particular emphasis on developing, *inter alia*, effective systems for commodity tracking, resource programming and management, and human resource, project/programme and travel management.
110. Current estimates indicate that the total cost of FMIP over the life of the projects will be about \$31.5 million. Donor contributions towards FMIP have so far amounted to \$8.8 million. WFP contributions to FMIP amounted to about \$6.2 million (\$5.5 million approved for this purpose by the Executive Board and \$0.7 million from within the 1994-95 PSA budget). Thus, so far, contributions towards FMIP have totalled \$15 million. The FMIP implementation plan includes several, distinct, though interrelated, projects that fall under the broad categories of: a) development and coordination projects; b) legacy and tactical systems; c) technical architecture, strategic systems and information exchange projects; d) stand-alone business process improvement projects; e) operational improvement projects; and f) recurrent-process augmentation projects.
111. When FMIP achieves full operational development in 1999, benefits in the order of \$6 million a year are expected to result starting in the year 2000, through increased efficiency, better servicing and improved functionality. Among the benefits will be more accurate and timely donor reports and new functionality such as comprehensive donor contribution capabilities. FMIP, when fully operational, is expected to result in a savings of 32.6 posts at headquarters. Part of the savings resulting from certain FMIP initiatives that have already been implemented have been incorporated in the 1998-99 budget.
112. WFP will continue to seek direct contributions from donors to cover the remaining FMIP implementation costs. As an interim measure until these are realized, the Executive Director proposes to transfer up to \$10 million from miscellaneous income to help complete the projects and activities under FMIP.
113. Streamlining measures in transport and logistics will entail more delegation of authority to the field. In shipping and chartering, further delegation to increase flexibility for commodity flow and storage will be given to Regional Offices. The concept of



WFP-led Joint Logistics Centres as a permanent feature of all future complex emergencies will be further developed. With full implementation of the landside transport, storage and handling (LTSH) model, major improvements are expected in the way that WFP expends and administers LTSH/internal transport, storage and handling (ITSH) funds. Linked to this is the introduction of a new LTSH cost estimation format which will improve considerably the accuracy of rate estimation and enhance transparency in the way LTSH rates are established and applied.

Outsourcing

114. In 1998–99, WFP's office of Internal Audit will expand outsourcing of audit staff when conducting audits in regional and country offices and on highly specialized areas at headquarters in order to achieve more audit coverage with fewer resources. Outsourcing of regional and country office audits will increase audit coverage by 30 to 40 percent using the same level of resources.

Economic air fares for duty travel

115. Throughout 1996–97, WFP staff on duty travel were actively encouraged to travel via the most economical means. The same practice will continue in 1998–99. This cost-saving measure has resulted in a one-sixth reduction in the 1998–99 travel budget in relation to the amount budgeted in the previous biennium. In the coming biennium, WFP managers will be expected to make the best use of the travel resources placed at their disposal, including the use of APEX fares whenever possible.

Decentralization of central budgets at headquarters

116. The move to decentralize central services and related financial processes was initiated in 1996–97. Resources for certain services previously managed centrally were allocated to responsibility centres and managers were held fully accountable for their utilization. In 1998–99, further decentralization of PSA budget lines will be applied to training, computer systems, stationery, furniture and equipment, maintenance and photocopying. This will enable transactions and tracking of expenditure to be managed directly by the end users of such services. It will also lead to a reduction in posts in units with responsibility for centrally-managed services. In comparing the 1996–97 budget with 1998–99 estimates, the effect of such further decentralization of budgets should be taken into account in budget lines.

Phasing down and phasing out of countries

117. In 1995, WFP had development operations in 93 countries. In 1996, WFP phased out of 16 countries. In 1997, WFP expects to close five offices and an additional two offices are slated for closure during the 1998–99 biennium. Phasing down and out of countries that have become graduates of food aid will enable WFP to concentrate its limited resources on higher-priority LDCs. If necessary, WFP will remain positioned to commence new projects, programmes and operations in countries where it has not worked, or where it may have previously phased out its food aid activities.
118. In an era of declining resources, WFP keeps a close watch on the effectiveness and cost-efficiency of its operations, particularly operational expenses in situations where the cost of doing business, both in terms of administrative and delivery overheads, is proportionately high in relation to operational programmes. In cases where the cost of



doing business in a particular country is too high and there are no viable alternatives, WFP may be forced to reduce its presence or as a last measure close down operations. In 1998–99, WFP will continue to seek ways to streamline activities to better help the poorest countries. As a cost-saving measure, the functions of some countries with a low level of operations may be turned over to Regional Offices to manage. In addition, WFP will actively seek contributions to cover local operating costs from non-LDCs and ask those countries with the capacity to share costs to contribute local food or pay the cost of ocean freight for food contributed. These measures are intended to give a larger share of WFP's resources to the countries that need them most.

Rapid response facility

119. WFP's capacity to respond quickly to emergency situations has improved significantly over the past few years with the development of various in-house and external facilities of staff, equipment, and food and management information systems. Rapid response is a cornerstone of WFP's strategic priority of adopting operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance. In 1996–97, two rapid response teams (RRT) with a total of seven posts were deemed to be adequate. However, rapid response has taken on new directions of even greater importance and has become integrated in WFP's operations.
120. The concept of RRT will be restructured in a manner that reduces the posts in 1998–99 to one person at headquarters who will be dedicated to overseeing the management aspects. To better support planning for emergencies and preparedness efforts, capacity will be established within the Technical Support Service to: a) manage the Rapid Response roster and equipment, including prepositioned strategic stores of food and logistics equipment; b) organize rapid deployments of staff/equipment and food; c) manage other in-house and external stand-by arrangements with donors and NGOs for the rapid deployment of emergency and specialized personnel and/or equipment; d) develop office support packages including financial procedures (ensuring that WFP staff on the Rapid Response roster and stand-by staff are adequately trained/briefed in WFP administrative/financial regulations); and e) assist in the development of training programmes for staff on the Rapid Response roster.
121. The need for placing staff rapidly in the field will be met from WFP's existing Rapid Response roster as required. The roster has expanded considerably, including many WFP staff in all major operational areas, following the series of emergency management training sessions organized for staff over the last two biennia. A provision of \$1 million to meet RRT-related travel and equipment costs will be made in the 1998–99 budget; however, funding needs are often met by specific EMOPs.

COMMUNICATIONS

Computer systems, information technology and communications

122. In 1998–99, the development of effective information systems and communications networks to enhance the flow of information will be pursued in tandem with streamlining and cost reduction efforts. New systems, developed under FMIP, will be based on user-identified labour- and cost-savings policies and on a technical environment that is current and supportable. In-house financial processes will continue to be streamlined in



- order to reduce the cost of processing computer-driven transactions and generating reports.
123. WFP's INTERFAIS system of global food aid currently operates on a mainframe computer system, where it was initially developed. The downsizing of INTERFAIS to a server environment will be completed by early 1998. This will result in savings in computation and communications costs in the range of \$200,000 a year. WFP will continue to use the Internet World Wide Web as a cost-effective means of hosting Executive Board documents and other important information of relevance to donors and the international community at large.
124. The newly established Central Information Management and Statistics Branch (SPI) will continue to improve WFP's infrastructure for information management. In 1996-97, WFP set up, with the support of the FMIP, an Internet Web site in order to improve information exchange/flow among WFP, its donors and other partners in the international relief and development community, and the public. The site gives access to policy documents, situation reports, donor alerts, press releases and statistics, which were previously issued in printed form. WFP's Web site address is:
<http://www.WFP.org>.
125. The Central Information Management and Statistics Branch will continue to improve the data content of the Data Warehouse which will form the basis for corporate reporting. It will also implement a WFP Intranet and a computerized Document Warehouse in order to provide on-line access to up-to-date corporate documents and data both at headquarters and in the field. This is expected to improve considerably work productivity and quality in many areas throughout WFP.
126. A key initiative in communications is to ensure that when FMIP information exchange systems come on line, sufficient band width capacity is in place to facilitate communications and data flow between headquarters and the field. A feasibility and cost-benefit study of the various technologies that could support WFP's networking requirements will be undertaken in 1998. The 1998-99 budget for computerization and communications has been set at \$7.5 million. Running communications in the most cost-effective manner, particularly in support of decentralization initiatives and advocacy, will continue to be a priority in 1998-99.

RESOURCE MOBILIZATION AND ADVOCACY

Strengthening the presence in Brussels

127. During the 1996-97 biennium, WFP assigned a professional officer to the United Nations office in Brussels. With a view to building further on this presence, assuring WFP's presence in the European Union (EU) political fora and providing more direct channels for liaison, advocacy and resource mobilization with WFP's second largest donor, WFP intends to regularize a liaison presence in Brussels through the transfer of a professional post previously assigned in Geneva.

Strengthening the presence in Washington

128. The WFP New York office currently covers Washington. Establishing a liaison office in the capital of WFP's largest donor will serve as a conduit for advocacy at both the government and the grass-roots level and strengthen ties and support. Moreover, through



this office, WFP expects to significantly broaden its funding base by actively seeking donations from individual, foundation and corporate sources. This work is currently handled from the WFP New York office so that in 1998-99 staff time will focus solely on the United Nations reform initiatives and constituency building.

Strengthening the Japan liaison office

129. The establishment of a WFP liaison office in Yokohama in 1996-97 led to significant benefits for WFP in terms of advocacy and resource mobilization. To broaden further fund-raising, particularly from the private sector, WFP intends to establish a community-based support component whereby formal associations with community-based organizations and civil institutions will be actively sought to promote WFP's cause and to seek support.

Grants management

130. In times of resource constraints, the management and tracking of donor grants is becoming an increasingly important function within WFP. Using funds within established deadlines necessitates close monitoring; renewals or extensions in the life of grants must, where necessary, be sought within the window of the life of the grant before it expires. Equally important are reporting obligations to ensure that donor reports are prepared accurately and submitted in a timely manner. Good management and tracking of grants are barriers to avoid any potential loss in funds. In the coming biennium, grants management will become a full-time function and WFP will meet the required human resource needs through redeployment.

Public advocacy

131. The Executive Board has affirmed WFP's role as an advocate for the hungry and poor and as an issue requiring continuing special focus. In 1998-99, the common aims of advocacy, public awareness and fund-raising will be actively pursued by headquarters, the field and WFP liaison offices through dialogue with donors and recipient governments and by establishing and strengthening relationships with implementing partners, NGOs and other organizations at the grass-roots level.
132. To build and amplify an awareness of the needs of the hungry poor, WFP intends to mount a vigorous pro-active information campaign in the international media and through public debate in various international fora. It intends to build constituencies and raise WFP's profile in donor countries. In strategic terms, giving visibility to the plight of the chronically malnourished and the acutely hungry will be a big step forward towards putting critical hunger issues at the top of the international agenda.
133. The visibility of the plight of the poor and mobilization of badly needed resources will take on heightened importance in WFP's regional and country offices in 1998-99. The development of informative tools for advocacy, including reports on hunger, food aid and food security and workshops, will receive significant attention and priority in the coming biennium.
134. As stated in the WFP Strategic and Financial Plan, 1998-2001, advocacy must be strengthened in a cost-efficient manner. Under an expanded training programme in 1998-99, opportunities will be given for WFP staff to further develop communication skills, including aspects of media relations, public speaking, and mounting public events



and public awareness campaigns. A provision of \$3 million is made for public information in the 1998-99 biennium.

STAFF TRAINING AND DEVELOPMENT

Training and staff development

135. An enhanced training and staff development programme to render decentralization and delegation effective, to have a better trained and motivated workforce, and to support staff to attain career objectives is a major priority to be addressed in 1998-99. A three-year strategic training plan with separate components for management, professional/technical and administrative support staff is currently under development. The plan aims to put in place an integrated, targeted and people-centred approach to WFP's food aid activities by devising training programmes and strategies at the corporate, divisional, and regional/country office and counterpart levels, each with a different funding mechanism. The focus will be on strengthening accountability, delegation of authority, improving capacity building at the country level through the training of counterparts, strengthening staff skills in critical areas of planning, communications and automation, and providing training to allow staff to adapt to WFP's changing needs.
136. Enhanced staff profiles, linking skills with needs and pro-active planning of human resources, will further contribute to the strategic goal of attaining a better trained and motivated WFP workforce. The training budget for 1998-99 has been set at approximately \$3.2 million to support the parallel efforts of enhanced training and career development.

Upgrading of posts

137. The 1996-97 budget authorized the Executive Director to upgrade 20 posts at headquarters and in the field. The upgradings were applied to support decentralization in the context of organizational change and the shifting of power to the field and to recognize changes in functions at headquarters. Table 16 below shows how those post upgradings were applied in the 1996-97 biennium.

Table 16: Post upgradings in the 1996-97 biennium

Current Grade	New grade	Number
G6	P2	1
P2	P4*	1
P3	P4	5
P4	P5	11
		18

*counted as two upgradings.

138. The Executive Director believes that with the upgradings made in 1996-97, most posts have been properly evaluated and graded to reflect current levels of authority and responsibility. Nonetheless, with the introduction of the regional clusters, further



delegation and decentralization to the field, adjusted staff profiles, and as initiatives under FMIP become fully operational, provision must be made for some post upgradings in the field and at headquarters in 1998–99. Therefore, the Executive Director requests that allocation for a maximum of 10 upgradings be made in the 1998–99 budget.

UNITED NATIONS REFORM

139. WFP will continue to contribute actively to the overall process of reform with the United Nations, which was launched by the Secretary-General of the United Nations on 16 July 1997. WFP, with a mandate for both development and humanitarian assistance, will work with a number of United Nations agencies, funds and programmes to reduce poverty, build long-term security, and effectively provide humanitarian assistance in emergency situations. WFP's dual mandate makes it particularly well placed to support the transition from relief to rehabilitation and development in countries emerging from crises. In both emergency and development situations, enhanced coordination and collaboration will be essential to strengthen the impact and effectiveness of the United Nations. WFP believes that the impetus given by the Secretary-General in his reform proposals will go a long way to strengthen effective collaboration of the United Nations system at the field level, both in development and in humanitarian assistance.

Development cooperation

The Executive Committee on Development Operations will be reconstituted as a United Nations Development Group (UNDG), under the leadership of the Administrator of UNDP. Its membership will consist of UNDP, UNICEF and UNFPA

WFP will be closely associated with the UNDG and "participate in its Executive Committee in areas relevant to its operations and interests". WFP, while operating primarily in the humanitarian field, continues to have significant field operations related to development. The emphasis given in WFP's Strategic and Financial Plan 1998–2001 mirrors the Secretary-General's conviction that focusing programmes on national priorities in line with General Assembly Resolutions will ensure relevance, preserve national ownership and foster the successful development of national capacity. In countries where WFP supports only or mainly development programmes, it will be an active participant in the UNDG. That will include, but is not limited to:

- The UNDG will develop counterpart arrangements at the country level.
- The United Nations programme of assistance will be formulated and presented as part of a single United Nations Development Assistance Framework (UNDAF). Programme funds managed by each organization would be included, but remain clearly identifiable. Preparation would entail collaborative programming and close collaboration with governments.
- All funds and programmes and United Nations information centres will be part of a single United Nations office under the Resident Coordinator as the designated representative of the Secretary-General and leader of the United Nations country team.
- Common premises of the United Nations to be named "UN House".

Humanitarian Affairs

To further strengthen the United Nations capacity to launch coherent and coordinated action, the Secretary-General has focused the role of the Emergency Relief Coordinator



(ERC) on the following three core functions (i) policy development and coordination in support of the Secretary-General; (ii) advocacy of humanitarian issues; and (iii) coordination of humanitarian emergency response.

The ERC will chair the Inter-agency Standing Committee (IASC), which will be strengthened further. To enhance a rapid response capacity based on coherent policy, a Steering Committee of the IASC will be established. WFP will be a member, along with UNICEF, UNHCR, UNDP, ICRC and a representative of the NGO community. The full membership of the IASC will be involved as appropriate.

WFP will remain a member of the Executive Committee on Humanitarian Affairs, and will play an important part in a strengthened United Nations emergency humanitarian structure.

To link more closely to the reform process, a P-4/5 post will be established to serve as WFP's liaison to the Office of United Nations System Support and Services (OUNS). A provision of \$200,000 has been made in the 1998-99 PSA budget to enable WFP to fully participate in the work of the Executive Committee on Humanitarian Affairs and the United Nations Development Group set up by the Secretary-General as part of the United Nations reform process.

140. Central to the aims of United Nations reform is the decision to establish common premises and common services at the country level in order to enhance coherence, coordination and collaboration of United Nations operational activities. A timetable for implementation of common premises arrangements at the country level for all United Nations Funds and Programme is to be established. WFP is currently co-located in shared offices in seven countries and located in common premises in 35 countries. For a variety of reasons including physical constraints, lease commitments and limited duration of presence, WFP is accommodated on its own in 35 countries. WFP is committed to absorbing projected pro-rata costs for the implementation of accelerated common premises through an investment of funds, which would not be part of the 1998-99 PSA budget. Based on preliminary estimates, WFP may have to incur, in the form of an advance, up to \$3 million in common premises costs in 1998-99. Costs incurred for common services will be absorbed from within the 1998-99 budget.

NEW HEADQUARTERS PREMISES

141. At its Second Regular Session in May 1996, the Executive Board recommended that WFP seek alternative premises for its headquarters. After viewing over 30 potential sites, only the Parco dei Medici building was deemed suitable in terms of size, location and basic facilities. The Executive Board, at its Third Regular Session in October 1996, instructed WFP to move out of its current unsuitable building by the end of 1997. The Italian authorities subsequently approved the Parco dei Medici building as WFP's new headquarters.
142. Following successful negotiations with the building owners, a five-year lease covering the rental of the Parco dei Medici building was concluded. It would be the intent of the Executive Director to move into the new headquarters premises during the first quarter of 1998.
143. Costs for all customary obligations, including legal standards and installations for the building are expected to be met by the building's owner. However, the Executive Director seeks through this budget authority from the Board to advance up to



\$10 million to meet the costs incurred for the move. While WFP would absorb some move-related expenses, it would be the intention to recover most of the expenses from the Host Government during the biennium.

OTHER OPERATIONAL INITIATIVES

Gender Action Plan

144. WFP implemented a gender action plan in the 1996–97 biennium to initiate concrete actions on the commitments made at the Beijing World Conference on Women. An allocation of \$700,000 was made for this purpose from the approved PSA budget.
145. Regional and country level gender action plans for 1998–99 will become more specific on the support elements required to meet commitments to women. A gender action fund is to be established to support training activities, technical assistance and exchange of experience to increase WFP staff capacity in applying participatory approaches and gender specific analysis and planning. The main challenge will be to enhance the effectiveness of targeting, investment and implementation strategies to increase the flow of resources to women and address gender-related inequalities.
146. Initially, further investment will be made in building the capacity of the network of gender focal points, established at the country office, regional and headquarters levels, as well as that of the regional programme advisers and the managers to diversify staff skills in the newly established clusters and several stand-alone countries. The senior programme adviser for socio-economics and gender in the Technical Support Service of the Operations Department will support this process throughout the biennium. An allocation in the amount of \$1 million is proposed to ensure sustainability in responsive programming of assistance to women and gender related issues.

Vulnerability analysis and mapping (VAM)

147. Better targeting through vulnerability analysis is closely linked to WFP's strategic priority for a people-centred approach to programming food aid. Moreover, it supports a major component of the World Food Summit Plan of Action adopted in 1996. VAM strengthens WFP's capacity to undertake country data collection and analysis to identify areas of vulnerability and food insecurity and coping mechanisms in support of operational activities. Furthermore, country-specific VAM exercises reinforce counterpart agency capacity to collect and analyse data. Anticipating and planning for impending emergency and protracted relief crises are critical elements to preparedness and response.
148. Through VAM, vulnerability analyses can be incorporated in Country Strategy Outlines (CSOs) and Country Programmes (CPs) as a basis for disaster mitigation to enable better targeting of emergency and development assistance. High priority is attached to improving WFP's contingency planning capabilities with special emphasis on risk analysis, inter-agency cooperation, information technology and other relevant risk factors. To further complement VAM, WFP collaborates with FAO's Global Information and Early Warning System (GIEWS), USAID's Famine Early Warning System (FEWS) and NGOs.
149. WFP currently has nine operational VAM units in the field and an additional five are expected to be operational by the end of 1997. VAM is one of WFP's priority



instruments for mounting a rapid response. Provision to incorporate basic VAM support is made in the 1998–99 PSA budget. This would be supplemented by additional donor contributions for any expansion.

Field visits by members of the Executive Board

150. As a means to provide further insight into WFP's field activities, the Executive Director has proposed to initiate a programme for members of WFP's Executive Board to undertake at least one visit during their term of office to developing countries where WFP has operations. A small provision has been made in the 1998–99 PSA budget to cover the travel costs of Board members from developing countries who would not be able to obtain the required resources for such purposes from within their respective budgets.

SUMMARY

151. The Executive Director will report to the Board on the progress made with operational initiatives during the 1998–99 biennium. The Executive Director seeks the Board's specific approval for the following:

- (Paragraph (112): FMIP—transfer of \$10 million from the General Fund as shown in Table 13 on page (22);
- (Paragraph 138): Upgradings—authority to upgrade a maximum of 10 posts in the biennium, the cost of which would be borne from the approved 1998–99 PSA budget;
- (Paragraph 140): United Nations reform—authority to utilize up to \$3 million from the General Fund as shown in Table 13 on page (22) for costs incurred for common premises;
- (Paragraph 143): New headquarters premises—advance of up to \$10 million from the Operational Reserve to meet fit-up costs.





Programme of work and PSA budget 1998–99

OPERATIONAL PROGRAMME OF WORK, 1998–99

152. Three main categories of programmes—Development, PRO and EMOP—will constitute the bulk of WFP's operational activities in 1998–99. To a lesser extent, WFP will provide bilateral services on behalf of donors for their bilateral programmes in development and relief, and where additional logistic support is required for complex emergencies, WFP will mount SOs. In most cases, for the latter the required resources will be sought through inter-agency appeals made to donors. Other programmes to be administered by WFP include quality improvement, disaster mitigation, women's health facility, VAM and the JPO scheme.
153. By the end of 1997, WFP expects to have operational activities in 77 countries around the world. It is foreseen by end of year that the development portfolio will consist of 11 Country Programmes and some 167 active projects. WFP expects to be supporting 58 relief operations. The table that follows illustrates the estimated volume and value of WFP operations in 1998–99 by region.

Table 17: Estimated volume and value of WFP operations, 1998–99

	Asia Region	Latin America and Caribbean Region	Med. Middle East and CIS Region	Africa Region	Total
Volume of operations (in thousand tons)					
Development	542	152	107	640	1 441
PRO	365	-	46	629	1 040
EMOP	786	12	392	710	1 900
Total	1 693	164	545	1 979	4 381
Value of operations (in million dollars)					
Development	273	122	31	225	651
PRO	188	-	17	321	526
EMOP	382	5	197	533	1 117
SO	4	-	25	14	43
Subtotal	847	127	270	1 093	2 337
Others*					109
Total					2 446

*Others include bilateral services, JPO scheme and special operations.



PSA BUDGET, 1998-99

154. At its Thirty-ninth Session in May 1995, the CFA decided that the PSA budget should follow the principle of a flexible budget. The principle recognizes that there are fixed cost elements in the PSA which do not change in the short term. However, the variable elements in the PSA would be affected with a change in volume. At its Fortieth Session in November 1995, the CFA approved a budget of \$228.9 million (later revised to \$233.9 million when recosted at the approved US\$-lire exchange rates) for 1996-97 at an operational level of 5,600 thousand tons for the biennium. The CFA also authorized the Executive Director to adjust the budget in accordance with any variation in the volume of operations when such variations were above 10 percent.
155. The application of this formula for the operational level of 4,381 thousand tons would have indicated a PSA of \$206 million at the 1996-97 level. However, in view of the fact that the estimates presented in the WFP Strategic and Financial Plan, 1998-2001, amounted to \$205 million for an estimated operational level of 4,305 thousand tons for the biennium, the Executive Director decided to use this ceiling while preparing the PSA budget for 1998-99. Therefore, the PSA budget for 1998-99 is prepared at the amount of \$205 million at the 1996-97 cost level.
156. The Executive Director has decided for the second biennium in a row to absorb all cost increases on non-staff cost items. However, staff cost increases, in line with the policies and pronouncements of the United Nations common system, have been incorporated. As with past biennial budgets, WFP relies on standard staff costs developed by FAO for headquarters Professional and General Service staff. The application of the new staff costs to the post distribution in WFP resulted, in aggregate, in an increase of six percent on staff costs. The PSA proposal for 1998-99 amounts to \$216.9 million.
157. Preparation for the 1998-99 budget started with a review of the functional activities of each unit at headquarters and in the regional/country offices to determine the level of staff and other resources required. This process was essential in view of an overall reduction of the budget.
158. At the time of budget preparation, the full benefits from the streamlining of operations could not be taken into account. Benefits and savings will accrue from the implementation of FMIP as well as from the strengthening of clusters and country offices, but could not be specified to individual units at this time. Therefore, the Executive Director is proposing to reduce the total PSA budget requirements by approximately \$2.5 million and is requesting an authorization of \$214.4 million (including cost increases applied to staff costs) as shown by appropriation line in the table below.



Table 18: PSA by appropriation line

Appropriation Line	1996-1997	1998-1999
	Revised estimates	Proposed estimates
	<i>(In '000 US\$)</i>	
Programme support country offices	99 191	99 386
Programme support headquarters	41 283	35 551
Management and administration	84 621	79 526
Statutory requirements	1 344	2 465
TOTAL	226 439	216 928
Less: Benefits and savings from streamlining of operations	-	2 484
NET	226 439	214 444

PSA BY APPROPRIATION LINE

159. The PSA budget for 1998-99 is divided into four appropriation lines: programme support—regional and country offices; programme support—headquarters; management and administration of the organization; and statutory requirements. The last category includes cost estimates for the external auditor, contributions to other United Nations organizations and contingencies. A description of each appropriation line, including the corresponding estimates for the 1998-99 biennium, are presented below.

Programme support—regional and country offices

160. The PSA budget for WFP is largely determined by the programme of work to be carried out in the regional and country offices where WFP's basic work lies. Strategic planning, advocacy for the poor, resource mobilization, timely and effective operations management, collaboration with partner agencies (UNHCR, UNICEF, DHA, IFAD, UNDP and FAO), the ICRC and international and national NGOs, and harmonization of administrative approaches and standards, are among the main responsibilities of WFP's newly established Regional Offices. In addition, in 1998-99, Regional Offices will have an important role in giving support to countries to establish and manage national food assistance programmes and to strengthen linkages between relief, rehabilitation and recovery/development. In the coming biennium, more focus will be placed on drawing upon and building on national expertise to develop human resource capacity for food assistance programmes.

161. At the country level in 1998-99, activities will mainly centre around assessing food aid needs, assisting counterparts in determining needs, coordinating and collaborating with partner agencies within the United Nations system and others; organizing programmes through which WFP can lend assistance, and the delivery, distribution and monitoring of food aid provided to beneficiaries, with special focus on advocacy and resource mobilization. Regional and country offices will also play a role in the implementation of United Nations reform.

162. All WFP offices in the field will try to identify new and more practical ways of using food aid, with particular emphasis on assessing the extent to which development activities can help to mitigate the effects of disasters, and also to look for opportunities



where food aid used for relief might be better used for both relief and rehabilitation. Field offices will play a major role in analysis and strategic planning, in decision-making and in managing emergency responses. Where there is potential in a region for cost-effective procurement of food and/or non-food items, a procurement function will be established. Regional and country offices will be held fully accountable for the resources they expend.

163. A key initiative of organizational change within WFP is that of grouping most field offices into clusters or sub-regions. This allowed senior management support to get closer to operations and an integrated sub-regional approach to WFP activities. Decision-making will be further facilitated by reducing the number of country offices reporting to a single manager.

164. The estimated 1998-99 budget for regional and country offices amounts to about \$99.386 million, which includes \$74.094 million for staff costs and \$25.652 million for local operating expenses. PSA cost estimates for regional and country offices are shown in Table 19 below.

Table 19: PSA cost estimates for regional and country offices

Region	Posts		1996-97	Posts		1998-99
	Prof	Others	Revised total budget (In '000 US\$)	Prof	Others	Proposed total budget (In '000 US\$)
Asia	31	253	19 265	36	255	20 726
Latin America and Caribbean	23	108	14 344	22	92	13 532
Mediterranean, Middle East and CIS	15	58	8 121	17	65	8 713
Africa	112	420	52 498	109	463	54 415
Unallocated	14	105	2 064			-
Rapid Response Facility	7		2 899			1 000
Gender Initiatives						1 000
Grand Total	202	944	99 191	184	875	99 866

Programme support—headquarters

165. Programme support for headquarters is determined by the level of support that headquarters units provide to activities in recipient countries. This includes backstopping for regional and country offices in terms of technical, thematic, geographic, logistic and administrative support. The whole of the Operations Department is included under this appropriation line.

Operations Department (OD)

166. The Operations Department is responsible for managing, overseeing and coordinating WFP's operations in the field. In 1998-99, the Department will ensure that operational activities are consistent with the Mission Statement and that the priorities and objectives set out in the Strategic and Financial Plan, 1998-2001, are respected. OD will ensure the effective planning and implementation of WFP food assistance interventions, with emphasis on a people-centred approach to food aid programming and increasing the targeting of resources to the poorest beneficiary groups in the poorest countries. The Department will ensure that WFP projects, programmes and operations are well designed and implemented and that food aid is transported in the most cost-effective manner.



167. In 1998–99, the Operations Department will consist of the Office of the Assistant Executive Director (ODD), the Programming Service (ODP), the Technical Support Service (ODT), the Transport and Logistics Division (OT) and the Regional Bureaux for Africa (OSA), Asia and Pacific (OAP), the Mediterranean, Middle East and CIS (OMC), and Latin America and the Caribbean (OLC).

Office of the Assistant Executive Director, Operations Department (ODD)

168. The Office of the Assistant Executive Director, Operations Department (ODD) provides overall coordination and direction to the Operations Department to ensure that WFP's Mission Statement and strategic priorities are reflected in operational policies, practices and programmes, and that they are effectively implemented.

169. In 1998–99, ODD will:

- a) sharpen WFP's focus on countries with the greatest need for food aid; increase targeting of resources to women and children, and strengthen WFP's knowledge base and promote national institutional building and local capacity-building;
- b) adopt operational policies and programmes to deliver effective relief, rehabilitation and development assistance and set standards for WFP programmes, operational activities and documents; and
- c) guide and assist the Operations Department and the field through the process of organizational change and contribute to corporate management and to important strategic, policy and operational issues.

170. A detailed list of activities under the programme of work for ODD during 1998–99 appears in Summary Table A.

171. The functional role of the **Programming Service (ODP)** is to ensure the most cost-effective match between food and non-food needs and available resources, and to monitor their utilization. In 1998–99, the Service will prepare funding proposals and allocation plans for the use of resources and manage overall resource allocation in line with WFP policies. It will manage the related operational data and provide reports to donors and senior management.

172. In 1998–99, ODP will:

- a) oversee global resource levels and allocation plans and provide advice to the Programme Review Committee, design and maintain a computerized global resource mechanism, assign resources by donor/operation/pledge type for development projects and relief operations, and introduce a new programming system and an integrated pipeline management facility;
- b) prepare funding proposals, identify and register cash receipts, administer non-food pledges and direct support cost proposals, register pledges, issue requests for issuance of shipping instructions (RISIs) and monitor pledge utilization;
- c) provide technical advice to other units on pledges/needs, appropriate commodity mixes, feasibility of commodity exchanges and commodity shortfalls; and
- d) prepare reports and compile statistics on planned disbursement, pipeline/commitment levels, actual deliveries, de-earmarkings, delivery performance ratio, resourcing situations, commitments, shipments, and the status of EMOPs and PROs.



173. A detailed list of activities under the programme of work for ODP during 1998-99 appears in Summary Table A.
174. The **Technical Support Service (ODT)** is tasked with providing upstream technical support to the Bureaux and the field. In 1998-99, it will continue to focus on nutrition, gender, and monitoring and evaluation, and will aim to improve and fine-tune the ability to carry out VAM in support of operational activities. The Service will coordinate responsiveness and preparedness, including contingency planning and liaisons with the main United Nations operational partners and serve as the focal point for DHA-related matters. It will manage special project grants and serve as the Secretary to the Programme Review Committee (PRC).
175. In 1998-99, ODT will:
- a) strengthen WFP's knowledge base by preparing operational guidance and briefing kits;
 - b) provide technical support to the clusters, country offices and the Regional Bureaux for better targeting to countries with the greatest need for food aid, increase targeting of resources to women and develop technical inter-agency collaboration in the areas of nutrition, gender, and monitoring and evaluation; and
 - c) manage VAM technical support and facilities, the gender action fund, special grants, and develop and manage technical expertise.
176. A detailed list of activities under the programme of work for ODT during 1998-99 appears in Summary Table A.
177. Table 20 below summarizes the PSA costs estimated for ODD, ODP and ODT for the biennium 1998-99. The reduction of the PSA budget provision for ODD is largely due to the fact that technical support expenditure for development activities is to be met, in 1998-99, from DSC as envisaged in the new resource and long-term financing policies (reference paragraph 85 in the section on "Resource availability and utilization").

Table 20: PSA estimates for ODD, ODP and ODT (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Assistant Executive Director, ODD	7 523 290	4 292 300
Programming Service, ODP	2 719 990	2 367 000
Technical Support Service, ODT	3 185 960	3 372 800
Total	13 429 240	10 032 100

Transport and Logistics Division (OT)

178. The Transport and Logistics Division (OT) is responsible for the overall strategic planning, establishment and management of all transport and logistics activities in support of WFP operations. Implementation, monitoring and reporting of WFP operations in transport and logistics are achieved mainly through the various country offices in cooperation with OT. The Division delegates responsibilities to the field and establishes procedures and guidelines for assisting in the implementation of transport, logistics and insurance activities. It is responsible for ensuring that capacity is maintained to handle foreseen workload in a manner dictated by considerations of cost-efficiency,



while preserving the capacity to respond promptly and effectively to unforeseen but inevitable demands which may arise.

179. The Division consists of four organizational units in addition to the Office of the Director (OTD): the Insurance and Legal Branch (OTI), the Logistics Service (OTL), the Ocean Transportation Service (OTS), and the Freight Analysis and Support Branch (OTF).
180. In 1998-99, OT will:
 - a) endeavour to bring relief food much closer to beneficiaries, coordinate with other United Nations agencies and NGOs for prominent involvement in the distribution of food, and continue to make efforts to identify ways by which local transporters with limited means can be given opportunities to augment their capabilities;
 - b) provide guidance, counsel and support to regional clusters and country offices to ensure that delegation of authority and the decentralization initiative are successfully implemented, and develop further the concept of the WFP-led Joint Logistics Centre as a permanent feature for all future major complex emergencies;
 - c) establish and administer insurance arrangements to cover potential losses and liabilities, provide insurance and legal advice to the field in respect of all aspects of transportation, ensure that the correct details of commodity deliveries, losses and damages are ascertained, serve as the focal point for all problems relating to damages and storage, provide legal advice and assistance to WFP in general on matters other than transportation, and monitor post-delivery losses and prepare the annual report on losses for the Executive Board;
 - d) assist country offices in streamlining logistical operations and continue to delegate functions and responsibilities to the field, provide strategic direction in logistics and provide technical back-up in key areas of transport, including road, rail, inland water and air transport, ports and warehousing, to ensure that WFP is in a position to deliver food down to the beneficiary level;
 - e) ensure proper implementation of WFP's transportation policies and devise relevant policy directions, issue shipping instructions, and pre-plan and consolidate cargo; call forward commodities and negotiate freight rates for both liners and charters, organize loading and discharge of charter vessels, appoint/supervise agents and brokers, and forecast budget freight estimates;
 - f) maintain full knowledge of all WFP's logistics staff in the field in terms of skills and expertise and coordinate their movements; conduct and support regular LTSH reviews;
 - g) continue to focus, through ALITE, on three major components of emergency response - advance knowledge and planning, increased access to inputs for immediate response and improved emergency management - and develop logistics preparedness, including stand-by arrangements, linkages with Military and Civil Defence Assets, contingency planning and pre-positioning of equipment; and
 - h) complete the implementation of the new LTSH model, enhance the Division's capability in respect of strategic planning and transport policy analysis, provide efficient and effective administrative and technical support to OT, continue to enhance the integrity and accuracy of WIS data in respect of commitments and movements, and vet, verify and process contractors' invoices for timely payments.



181. A detailed list of activities under the programme of work for OT during 1998-99 appears in Summary Table A. Table 21 below summarizes the PSA cost estimated for OT for the biennium 1998-99.

Table 21: PSA estimates for OT (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, OTD	1 021 230	1 132 900
Insurance & Legal Branch, OTI	1 999 200	2 191 600
Logistics Service, OTL	4 411 640	4 176 600
Ocean Transport Service, OTS	3 002 240	2 891 400
Freight Analysis & Support Branch, OTF	1 718 980	1 603 700
Total	12 153 290	11 996 200

Regional Bureaux (OAP, OLC, OMC and OSA)

182. The four Regional Bureaux are responsible for developing strategic frameworks and priorities to guide operational activities in their respective regions, including overall management of the resources allocated and used. In 1998-99, the Bureaux will oversee the quality of projects, programmes and operations, and supervise, guide and support the Regional Managers and Country Directors in the field. The Bureaux will be responsible for the operational documents presented to the Executive Board. They will act as a channel of communications between headquarters and the field, participate in corporate-level discussion of policy and operational issues, and represent WFP at relevant inter-agency committees and other meetings. Representational work, including resource mobilization and advocacy, will also be carried out as well.

183. Table 22 below summarizes the PSA costs estimated for the four Bureaux in the biennium 1998-99. A detailed list of activities under the programme of work for each Bureau appears in Summary Table A.

Table 22: PSA estimates for the Regional Bureaux (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Africa Regional Bureau, OSA	8 070 280	6 920 500
Asia and Pacific Regional Bureau, OAP	3 089 020	2 792 800
Latin America & Caribbean Regional Bureau, OLC	2 003 330	1 771 600
Mediterranean, Middle East & CIS Regional Bureau, OMC	2 537 380	2 038 000
Total	15 700 010	13 522 900

Management and administration of the organization

184. Programme support under this appropriation line includes the organizational units whose primary function is the maintenance of the identity, direction and well-being of WFP. The Offices of Executive Direction, Internal Audit, Evaluation, Investigation and Inspection, and Budget, and the Divisions for Strategy and Policy, Resources and External Relations, Finance and Information Systems, Human Resources, and Management Services fall under this category.



Executive Direction (OED)

185. Executive Direction is comprised of five units: Executive Management, Internal Audit, Evaluation, Inspection and Investigation, and Budget.
186. In 1998–99, Executive Management will ensure that WFP is managed effectively and efficiently and that the objectives of the WFP Strategic and Financial Plan, 1998-2001 are met. It will continue to provide policy guidance to WFP's various functional units and liaise with Member States, other bodies of the United Nations, and NGOs at the executive policy level. Executive Management will undertake representational and advocacy duties in support of WFP's strategic priorities, and will continue to participate in deliberations on United Nations reform and oversee their implementation. It coordinates the availability and use of resources at the corporate level and exercises overall budget control. During the biennium, the reorganization and establishment of the regional field structure, together with the relocation to a new headquarters premises, will also be overseen.
187. The Office of Internal Audit (OEDA) conducts reviews of WFP's operations, financial activities, internal control systems and procedures, in accordance with auditing standards adopted by the United Nations organizations and agencies. These are conducted to ensure that adequate controls are in place and working, that financial information and data are accurate and form a reliable basis for decision-making, that implementation of programmes and mandates by managers are in accordance with regulations, rules and policies, and that recommendations for more cost-effective management of programmes and more economic and efficient use of resources are implemented.
188. In 1998–99, OEDA will:
- a) strengthen accountability by putting emphasis on risk management and control emanating from the new decentralized structure of WFP;
 - b) in close consultation with the External Auditor and FAO Internal Audit, design and implement an audit plan that will result in the establishment of audit cycles to achieve greater audit coverage and more frequent audit missions within the limited audit resources of WFP;
 - c) conduct in-depth reviews of selected headquarters functions that directly relate to the change initiatives;
 - d) continue to strengthen the emerging culture of active implementation of internal and external audit recommendations by the offices concerned;
 - e) expand the use of outsourced audit staff to enable coverage of more country and regional offices while reducing costs; and
 - f) continue to provide consultancy services and advice to programme managers in the discharge of their responsibilities, including improvements in their methods and systems, implementation of audit recommendations and encouraging self-evaluation.
189. The Office of Evaluation (OEDE) seeks to ensure that WFP's scarce resources reach the most needy and most vulnerable among the world's hungry poor.
190. In 1998–99, OEDE will focus on:
- a) producing high-quality evaluations and enhancing the evaluation culture of WFP, with particular attention accorded to increased accountability, greater targeting to women and children, strengthening WFP's knowledge base and adopting operational



- policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance; and
- b) capacity-building for evaluating emergencies, adopting an emergency evaluation manual and organizing two workshops.
191. The Office of Inspection and Investigation (OEDI) focuses on the prevention of fraud, mismanagement and waste of food or funds through inspection and detailed investigations.
192. In 1998-99, OEDI will:
- a) conduct ad hoc and routine inspections and investigations in headquarters and in some country offices where there is a risk that activities may violate laws, rules and regulations, or result in mismanagement, fraud, waste of funds, or abuse of authority;
 - b) respond to complaints and suggestions from internal and external sources and work closely with the Offices of Evaluation and Internal Audit as well as with the External Auditor;
 - c) carry out detailed investigations, and where necessary, conduct inspections to ensure compliance with executive direction and decisions and audit recommendations;
 - d) liaise with the United Nations Office of Internal Oversight and oversight departments of other national and international organizations; and
 - e) provide advice to managers at headquarters and in the field to deter and prevent fraud and waste and compile evidence needed for management to take disciplinary action where appropriate.
193. The Office of Budget (OEDB) coordinates the availability and use of financial resources for all programme categories at the organizational level through the estimation of contributions and expenditure. The office assists in setting priorities in the budget planning and approval process and manages, at the organizational level, the allocation and allotment processes. It assists in the preparation of the WFP Strategic and Financial Plan and is responsible for the preparation of the biennial budget and related reports.
194. In 1998-99, OEDB will:
- a) estimate the availability of all resources for all programme categories and project their utilization in collaboration with the resource mobilization and programming services;
 - b) monitor the balance between the availability and use of resources as projected in the strategic and financial plan and the budget;
 - c) prepare financial plans and reports, issue allotment advice and/or endorse allocation plans as part of the budget implementation process;
 - d) review project and operation budgets, appeal documents, funding proposals, donor agreements for compliance with resourcing and financial policies and reasonableness of cost estimations based on standard costs; and
 - e) certify obligating documents and monitor expenditures under operational, direct support cost and the PSA budget and prepare management reports;
195. Table 23 below summarizes the PSA costs estimated for Executive Direction for the biennium 1998-99. A detailed list of activities under the programme of work for each



organizational unit under Executive Direction appears in Summary Table A. The reduction of the PSA budget provision for OEDE is largely due to the fact that technical support expenditure for development activities is to be met, in 1998-99, from DSC as envisaged in the new resource and long-term financing policies (reference paragraph 85 in the section on "Resource availability and utilization").

Table 23: PSA estimates for Executive Direction (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Executive Director, OED	3 047 280	3 270 300
Office of Internal Audit, OEDA	2 780 820	2 730 500
Office of Evaluation, OEDE	4 777 380	2 801 200
Office of Inspection & Investigation, OEDI	729 980	771 300
Office of Budget, OEDB	2 410 400	2 238 600
Total	13 745 860	11 811 900

Strategy and Policy Division (SP)

196. The Strategy and Policy Division provides overall guidance and direction in the areas of food aid policy, strategic planning, organizational change and selected inter-agency coordination on policy matters in order to ensure that WFP remains a relevant, responsive and effective part of the international community's efforts to tackle hunger and poverty. The Division consists of the Office of the Director (SPD), the Policy Affairs Service (SPP), the Strategic Planning Branch (SPS), and the Information Management and Statistics Branch (SPI).
197. In 1998-99, SP will:
- a) provide policy support and advice to the Executive Board;
 - b) develop policy positions and guidelines on strategic issues including: targeting of food aid to the neediest people and countries, meeting the critical needs of women and children, enhancing WFP programming in LDCs, promoting the strengthening of national and local capacity, diversifying partners, environmental sustainability and effective support for the transition from relief to development;
 - c) support operational units through the preparation and issuance of normative guidance, including through leadership in the development of a Programme Design Manual;
 - d) lead the formulation of the four-year Strategic and Financial Plan, assist in the implementation, follow-up and monitoring of activities specified in the plan, facilitate the institutionalization of strategic planning and management in WFP and contribute to key corporate tasks such as the preparation of the consolidated biennial budget plan and the review of the Resource and Long-term Financing Policies;
 - e) serve as the focal point for WFP in the United Nations Reform process;
 - f) on a selective basis, manage inter-agency coordination on topics within the Division's mandate with other United Nations agencies, bilateral organizations and NGOs;

- g) facilitate and monitor the process of organizational change, including the streamlining of procedures and strengthening support for country offices, to bring about an effective decentralized operational structure in WFP;
- h) develop and maintain an information management policy for WFP, monitor compliance with it, and manage the data and document warehouses, the WFP Web site and the Intranet; and
- i) provide general and global food aid statistics, and develop policies and guidelines related to these functions.

198. Table 24 below summarizes the PSA costs estimated for the Strategic and Policy Division for 1998-99. A detailed list of activities under the programme of work for each organizational unit under SP appears in Summary Table A.

Table 24: PSA estimates for SP (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, SPD	1 025 680	801 700
Policy Affairs Service, SPP	2 276 060	2 182 900
Strategic Planning Branch, SPS	426 160	425 400
Central Information Management and Statistics Branch, SPI	-	1 723 400
Total	4 989 900	5 133 400

Resources and External Affairs Division (RE)

199. The Resources and External Affairs Division (RE) is responsible for the coordination, servicing and support of the activities of the Executive Board, including the preparation/production of documents. The Division mobilizes resources (food, non-food, cash and services) from donors (government, corporate and private) in support of WFP's operations and activities. It prepares "resources" documents and strategies aimed at enhancing WFP's role as an agency of the United Nations tackling hunger, and develops specific advocacy and awareness strategies to support WFP's cause.
200. RE consists of four organizational units in addition to the Office of the Director (RED): the Public Affairs Service (REP), the Executive Board Secretariat and Interagency Affairs (REC) and the Resource Mobilization Services for the Americas, Asia and Australia (REA), and for Europe, Middle East and Africa (REE). The Division also has primary responsibility for WFP liaison offices in Geneva (REG), and New York (REN) and for the liaison functions in Brussels, Yokohama and Washington.
201. In 1998-99, RE will:
- a) streamline operations, coordinate, with the Operations Department and in consultation with donors, the introduction of a standard reporting format, develop a strategy to obtain from donors increased untied contributions such as for the IEFR and IRA in order to assure faster and flexible responses to emergencies, and develop an innovative approach to advocacy and awareness of WFP;
 - b) strengthen relations with donors, seek to maintain existing donors at or above their historic levels of contribution, and to significantly broaden the donor base by drawing in additional governments, corporate, private and foundation support;



- c) establish active 'Friends of WFP' organizations as a conduit for advocacy, public relations and fund raising, and manage grants;
 - d) contribute to the improvement of the Executive Board's conduct of its business, and dialogue and working relationships between the WFP Secretariat and Member States, and facilitate the relationship between the Executive Board and its parent bodies and other United Nations bodies; and
 - e) publicly promote the work of WFP through a vigorous pro-active campaign in mainstream media and running a concerted public awareness campaign to build donor confidence, increase resource levels, and expand WFP's resource base, and help build a network of public and private support for WFP.
202. Table 25 below summarizes the PSA costs estimated for RE for the biennium 1998-99. A detailed list of activities under the programme of work for each organizational unit under RE appears in Summary Table A.

Table 25: PSA estimates for RE (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, RED	917 530	1 341 700
Public Affairs Service, REP	4 735 280	5 456 700
Executive Board Secretariat & Interagency Affairs, REC	5 986 300	5 583 100
Resources Mobilization Service Americas, Australia & Asia, REA	2 403 150	3 062 200
Resources Mobilization Service, Europe, Middle East & Africa, REE	2 376 320	2 440 300
Geneva Office, REG	917 740	972 400
New York Office, REN	1 657 720	1 703 700
Total	20 550 000	20 550 000

Finance and Information Systems Division (FS)

203. The Finance and Information Systems Division (FS) consists of the Financial Service (FSF), and the Information Systems Service (FSI), in addition to the Office of the Director (FSD).
204. The main functions of the Division are to manage effective and reliable financial and information systems that adhere to WFP's General and Financial Regulations. The Division prepares and presents WFP financial issues to the Governing Body and donor governments and manages cash to concentrate cash resources and improve investment returns. It is responsible for the management of computer-based financial and information systems and communications networks facilities. The Division manages the FMIP.
205. In 1998-99, FS will:
- a) continue to manage the process of achieving increased accountability and better management systems through the FMIP and improve cost control, increase efficiency and undergo a reorganization to include officers dealing with administrative issues;



- b) account financially for all WFP pledges and contributions and related project and administrative expenditure, record and process all accounting entries into WFP's general ledger system, authorize and facilitate disbursements, prepare financial reports and statements for submission to the External Auditor and presentation to Governing Bodies, control headquarters special bank accounts, and provide financial assistance, training and support to the field: and
- c) ensure that computing and communications facilities respond effectively to WFP's needs, provide policy guidance and direction to ensure optimal use of computer-based information systems and communications facilities, ensure that the design, development and implementation of new information systems and the maintenance of existing systems meet established methodology standards and adhere to WFP's corporate data model structure, and ensure an adequate provision of technical support to the user community, both at headquarters and in the field.
206. Table 26 below summarizes the PSA costs estimated for FS for the biennium 1998-99. The reduction in 1998-99 budget estimates for FSI is due to the decentralization of budgets for MIS and computers to organizational units (reference paragraph 116). A detailed list of activities under the programme of work for each organizational unit under FS appears in Summary Table A.

Table 26: PSA estimates for FS (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, FSD	1 061 990	2 649 800
Finance Service, FSF	7 713 990	7 398 200
Information Systems Service, FSI	10 683 450	6 458 100
Total	19 459 430	16 506 100

Human Resources Division (HR)

207. The Human Resources Division (HR) consists of the Career Planning and Development Branch (HRC), the Recruitment and Staffing Branch (HRR) and the Staff Relations and Servicing Branch (HRS) in addition to the Office of the Director (HRD).
208. The Division is responsible for recruiting, sustaining and developing a multinational staff capable of meeting demands at WFP and contributing to national capacity building in recipient countries through counterpart training. The aim is to ensure that WFP has the staff resources appropriate to its evolving needs, consistent with the budgetary authorization and in accordance with prevailing personnel policies and priorities. In addition, the Division provides payroll, benefit entitlements and staff relations services.
209. In 1998-99, HR will:
- provide direction, policy and strategic planning; support strategic policies through guidance and streamlining of HR policies and procedures; enhance organizational capacity and resources by supporting and facilitating decentralization and delegation of authority to Managers; provide job analysis performance management; develop and implement generic concepts for job profiles and vacancy announcements;
 - put in place a career development programme to facilitate staff mobility; establish an automated inventory of staff skills; identify and develop policies to meet WFP's



- future human resource needs; manage and strengthen the performance management programme; develop and implement a three-year strategic training plan to enhance managerial, professional and other relevant staff skills;
- c) recruit qualified staff while maintaining gender objectives and balanced geographical distribution; oversee selection to meet the organization's needs; maintain up-to-date rosters, making them accessible to Managers; negotiate, and administer contracts and appointments; administer reassignments, promotions and extensions of staff; promote and coordinate the JPO scheme; and provide advice and assistance to headquarters and the field; and
- d) administer payroll, benefits and entitlements programmes; manage probationary policy; assist staff in difficulties due to injury, emergency evacuations and death; manage the staff relations programme, including the resolution of grievances, appeals and liaison with staff associations; and provide staff counselling services.
210. Table 27 below summarizes the PSA costs estimated for HR for the biennium 1998-99. A detailed list of activities under the programme of work for each organizational unit under HR appears in Summary Table A.

Table 27: PSA estimates for HR (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, HRD	2 225 000	2 611 700
Career Planning and Development Branch, HRC	3 831 880	3 925 200
Recruitment & Staffing Branch, HRR	3 263 560	2 832 500
Staff Relations & Servicing Branch, HRS	2 078 660	2 193 900
Total	11 399 100	11 553 300

Management Services Division (MS)

211. The Management Services Division (MS) consists of the Office of the Director (MSD), the Administrative Services Branch (MSA), the Travel Group (MSDT), the Procurement and Contracts Branch (MSP), the Field Security Unit (MSDF), and Telephone and Telex Services (MSAT).
212. The Division is responsible for the provision of administrative, travel and procurement services, and manages field security.
213. In 1998-99, MS will:
- manage and provide administrative, travel and procurement services and oversee the move to new headquarters premises and the decentralization, delegation and streamlining of WFP's travel system;
 - ensure operation and functionality of WFP headquarters, ensure implementation of the WFP Headquarters Agreement and liaise with the Host Government on matters of cost recovery where applicable;
 - manage WFP's document reproduction requirements, provide client services in regard to office moves, environment and maintenance, provide technical support for WFP's events, conferences and Executive Board sessions, manage WFP contracts for administrative services, monitor provision of goods/services and process payments to suppliers/contractors, assist WFP staff with the shipment of personal



- effects upon appointment, transfer, separation and retirement, control and manage WFP's assets worldwide, monitor the implementation of the inventory function;
- d) manage the security and safety of WFP staff, liaise, as necessary, with the Host Government's police authorities, issue building passes, arrange duty officer schemes, monitor equipment removal, and coordinate fire warden and evacuation procedures;
 - e) coordinate travel services with the WFP assigned travel agency, manage WFP's travel account, process travel authorizations and claims, and liaise with appropriate headquarters units on the provision of timely services to ensure application of entitlements, invoice processing and efficient client services under a low cost fare structure;
 - f) procure food and non-food items, and services in support of WFP projects and operations, provide guidelines/assistance for procurement undertaken in the field, determine most feasible and effective purchase methods, prepare committing documents to ensure that contents reflect/protect WFP needs, provide formal instructions to suppliers to ensure follow-up and post-procurement actions are undertaken in a timely manner, and process invoices from suppliers/contractors and liaise with same;
 - g) provide advisory support to the field on all security-related issues, liaise with other United Nations agencies and government authorities to ensure proper assessment of risk situations and adequate courses of action where required, provide management with risk assessment evaluations for decisions related to WFP personnel in the field, act as a focal point on issues related to field security and coordinate actions/reactions to be taken in case of risky emergency situations, and introduce guidelines and procedures to minimize the security risk of WFP personnel in the field; and
 - h) operate and maintain the central switchboard telephone and other communications systems at headquarters and oversee the costing and charge-back components.
214. Table 28 below shows the estimated PSA costs for MS for the biennium 1998-99. A detailed list of activities under the programme of work for each organizational unit under MS appears in Summary Table A.

Table 28: PSA estimates for MS (in US dollars)

Unit	1996-97 Budget	1998-99 Budget
Office of the Director, MSD	458 280	1 218 600
Administrative Service Branch, MSA	10 753 800	8 051 600
Travel Group, MSDT	1 051 140	790 900
Procurement & Contracts Branch, MSP	2 528 700	2 609 800
Field Security Unit, MSDF	463 250	416 000
Telephone, Telex Services, MSAT	777 500	864 500
Total	16 032 670	13 951 400

Statutory requirements

215. The appropriation line under statutory requirements includes provision for external audit, contributions to other United Nations organizations and contingencies. A description of each and the corresponding budget provision are given below.



External audit

216. An amount of \$511,000 has been included for the costs of the External Auditor over the biennial period, which is an increase of 11 percent over the 1996-97 budget.

Contributions to other United Nations organizations

217. WFP contributes a proportionate share to the cost of United Nations bodies such as the Joint Inspection Unit (JIU) and the Administrative Committee on Coordination/Sub-Committee on Nutrition (ACC/SCN). In addition, WFP has been requested in the past to share, on a continuing basis, the cost of certain other activities, such as those of the United Nations Consultative Committee on Substantive Questions (CCSQ) and JCGP. These and additional requests received on an ad hoc basis from other institutions and bodies are met from this appropriation line. A provision of \$1.554 million has been made for this purpose. Table 29 below shows a breakdown of how the provision will be utilized in 1998-99.

Table 29: Contributions to other United Nations organizations (in US dollars)

Items	1996-97 Budget	1998-99 Budget
Contribution to other UN organizations:		
Participation in Emergency Relief Coordination (staff)		510 000
Participation in UN Reform (staff and travel)		455 000
Participation in UN Field Security		89 000
Participation in joint bodies	400 000	500 000
TOTAL	400 000	1 554 000

Contingencies

218. Under contingencies, an allowance of \$400,000 has been made for unforeseen essential expenditure which is at the same level as in 1996-97.

219. The estimated expenditure for the statutory cost appropriation line in 1998-99 is \$2.465 million. Table 30 below gives a summary of those estimates.

Table 30: Estimated expenditure for statutory requirements (in US dollars)

Items	1996-97 Budget	1998-99 Budget
External Audit	460 000	511 000
Contribution to other UN organizations	400 000	1 554 000
Contingencies	400 000	400 000
TOTAL	1 260 000	2 465 000

PSA BY OBJECTS OF EXPENDITURE

220. The Executive Director is requesting authority for a PSA budget in 1998-99 amounting to \$216.9 million. However, through benefits and savings from streamlining of operations, she has decided to reduce the PSA budget for the biennium to \$214.4 million.

221. Table 31 below gives a breakdown of the PSA estimates by object of expenditure within appropriation line for 1998-99.

Table 31: PSA budget estimates by object of expenditure within appropriation line, 1998-99

Object of expenditure	Programme support country offices	Programme support headquarters	Management & administration	Statutory requirements	Total
(in '000 US\$)					
Total Staff Cost	74 094	29 294	52 555	-	155 943
Overtime	-	52	414	-	466
Consultants	-	330	2 334	-	2 664
Travel	-	1 185	1 928	-	3 113
Information and Publication	-	31	2 975	-	3 006
Documents and Meetings	-	-	1 877	-	1 877
Training	-	205	2 965	-	3 170
Communications	-	762	2 190	-	2 952
MIS/Computers	-	920	3 684	-	4 604
Other Operating Expenses	25 652	762	4 294	-	30 348
Services from FAO	-	410	4 310	-	4 720
Services from Other UN Org.	-	1 600	-	-	1 600
External Audit	-	-	-	511	511
Contribution to Other UN Org.	-	-	-	1 554	1 554
Contingencies	-	-	-	400	400
Total	99 386	35 551	79 526	2 465	216 928
Less: savings and benefits from streamlining of operations					2 484
Net Total					214 444

222. Staff costs include the cost of International Professional Staff and General Service staff and United Nations Volunteers (UNV). Standard staff costs include all travel related to appointment, repatriation, home leave and education and family travel. Salary costs of locally recruited National Officers and General Service staff are also included. The calculation for staff costs does not include provision for funding after-service medical liabilities. Should the Executive Board take a decision to make provision for such liabilities, the staff cost component of the budget will need to be revised accordingly.

223. Non-staff costs in country offices include provision for traditional expenditure items such as rental or shared rental for premises, communications, office supplies and materials, furniture and office equipment, computers, utilities and general office maintenance. As new components provisions for advocacy, resource mobilization and training have been made. Provision for travel in the country office budget includes an amount for in-country project monitoring. Likewise, provision has been made under non-staff costs for regional and country offices for rapid response facilities and gender programmes.



224. The estimated 1998–99 budget for headquarters consists of \$35.551 million for programme support, and \$79.526 million for management and administration of the organization. From that amount, \$81.849 million is for staff costs and \$33.228 million for non-staff costs. These costs are described below.
225. Non-staff costs in headquarters include the cost of overtime, consultants, travel, information and publications, documentation and meetings, training, communications, management information systems and computers, other operating expenses (at headquarters and for the field), services from FAO and other United Nations agencies, external audit, contributions to other United Nations Organizations and contingencies.
226. Under **consultants**, provision is made to cover the honoraria paid to consultants and their travel. For the coming biennium, WFP will seek recourse to consultants for additional legal advice, resource mobilization and private sector funding, advocacy and public awareness, support for internal audit, information and financial expertise under FMIP and technical experts from non-United Nations organizations. A provision of \$2.664 million has been made under the expenditure line in 1998–99.
227. Provision for **travel** is linked to specific work programmes where the need to conduct external consultations or make visits for representational, public awareness, administrative and operational purpose in aid of WFP's mission is foreseen. Included under this line are donor visits, liaison with WFP's partners, and missions to recipient countries to carry out food aid assessments, project appraisals, audit and evaluation, management review, resource mobilization, and inspection and investigation.
228. Provision for **meetings** includes the costs of Executive Board sessions and ad hoc meetings, and other meetings or conferences organized by WFP as depicted in Table 32 below.

Table 32: Estimated expenditure for meetings (in US dollars)

Items	1996-97	1998-99
	Budget	Budget
Official documents	792 000	800 000
Interpretation	774 000	635 000
Travel	198 000	234 000
Other conference services	396 000	207 600
TOTAL	2 160 000	

229. Under **management information systems (MIS) and computers**, provision has been made to cover the cost of operating costs of information and financial management systems. In line with budget decentralization initiatives in 1998–99, provisions for MIS and computers have been decentralized to organizational units (reference paragraph 124). Other MIS-related costs include computers and other associated equipment supporting WFP's programme of work. Table 33 below shows the estimated expenditure for MIS and computers.



Table 33: Estimated expenditure for MIS and computers (in US dollars)

Items	1996-97 Budget	1998-99 Budget
Micro/mini computers & peripherals	826 200	700 100
Mainframe systems	3 150 000	3 300 000
Data communication	450 000	450 000
Other specific items	365 000	154 000
TOTAL	4 791 200	4 604 100

230. **Communications** include provision for the cost of telephone, facsimile, telex, courier and data network links to be incurred by WFP through the programme of work over the course of the biennium as shown in Table 34 below.

Table 34: Estimated expenditure for communications (in US dollars)

Items	1996-97 Budget	1998-99 Budget
Equipment	841 500	450 000
Telex	720 000	250 000
Courier	90 000	50 000
Mail/Pouch	540 000	600 000
Miscellaneous communication	15 000	74 000
Telephone/Fax	1 483 200	1 528 500
TOTAL	3 689 700	3 952 500

231. The provision for **training** includes costs for staff training at the corporate level in areas of management development, performance management, emergency operations management, monitoring and evaluation, programme/project design, computers, language, communications, external training and training of trainers. Implementation of a human resources planning and staff career development programme is included under this provision. Table 35 below shows the estimated expenditure for training.

Table 35: Estimated expenditure for training (in US dollars)

Items	1996-97 Budget	1998-99 Budget
Counterpart training	720 000	600 000
Staff development	815 400	376 000
Management	360 000	615 000
External training	180 000	255 000
Field allocation	270 000	580 000
Emergency training	108 000	300 000
Special training requests	20 000	444 000
TOTAL	2 473 400	3 170 000

232. The provision for **public information** is to cover foreseen costs for promoting advocacy and resource mobilization, WFP's image and for building public and donor confidence in WFP's work. Costs for the preparation of films/documentaries on WFP's work in recipient countries are also included under the line.

233. The cost of services provided by FAO for technical, administrative and financial services is included under this item. The technical component (under PSA) makes provision for fixed costs, while provision for technical activities directly related to programme/project activities has been included under DSC. The level technical advisory support and sectoral expert requirements to participate in missions has been defined by the Operations Department and the Office of Evaluations within the context of their respective work programmes for the 1998-99 biennium. Expenditure incurred for services provided by FAO is based on agreed-upon costing arrangements for the specific level of services sought by WFP. The type of support and the relevant costs continue to be subject to joint review by both parties. Expenditure incurred for technical support will be applied as direct support costs against projects or operations.
234. **Services provided by other United Nations organizations** pertain to fixed costs linked to the level of support required under the programmes of work of the Operations Department and the Office of Evaluation. Costs incurred for technical inputs are based on service reimbursement agreements negotiated with each organization. Planned expenditure directly linked to programme/project activities is to be met from DSC.
235. **Other operating costs** for headquarters include provision for renting office space in New York and Geneva and for co-located rental arrangements in Brussels and Washington. Costs for maintenance, utilities, furniture, equipment, stationery and office supplies are included for headquarters and all for liaison offices as well. Following the initiative to decentralize budgets at headquarters, provisions for furniture, document production, stationery and maintenance have been decentralized to organizational units (reference paragraph 116). The various items included under other operating costs for headquarters are shown in Table 36 below.

Table 36: Estimated expenditure for other operating costs at headquarters (in US dollars)

Items	1996-97 Budget	1998-99 Budget
Rent	511 290	420 600
Furniture and equipment	342 000	323 100
Document production	810 000	764 900
Stationery	475 000	275 100
Vehicles (incl. bus service)	90 000	
Maintenance	438 300	480 000
Supplies/miscellaneous	50 013	166 700
Cleaning and garbage disposal	751 500	850 000
Utilities	1 028 700	971 600
Computer supplies	150 000	150 000
Storage, freight and insurance	330 500	253 500
Security equipment	123 000	113 300
Books and periodicals	142 660	125 000
Hospitality	72 500	84 000
Others	414 800	78 000
TOTAL	5 730 260	5 000 000





Executive Board action

236. Member Governments have entrusted WFP with the resources to carry out its Mission Statement, in accordance with the WFP Strategic and Financial Plan, 1998–2001. In the face of massive challenges, within its programme of work, WFP will continue to strive for heightened operational effectiveness, and to deliver food aid in a cost-effective manner during the biennium to tens of millions of poor and hungry people.
237. WFP's overall estimated expenditure forecast—food and related costs—for the biennial period 1998–99 is \$2,446 million. Within that operational magnitude, approximately \$214.4 million (or \$1 out of every \$12) will be required for providing indirect programme and administrative support.
238. The proposed 1998–99 PSA budget of \$214.4 million is applicable to a level of operations of 4,381 thousand tons over the biennium. It is expected that the amount of the PSA could range to a high of \$228 million (if the level of operations is at 4,990 thousand tons of commodities in the biennium with an overall estimated expenditure forecast of \$2.758 million) from a low of \$196 million (if the level of operations is at 3,618 thousand tons of commodities in the biennium with an overall estimated expenditure forecast of \$2.039 million).
239. In light of the above, the Executive Director recommends that the Executive Board consider and adopt the following decisions:



The Executive Board

240. Having considered WFP's 1998-99 biennial budget estimates as submitted by the Executive Director in document WFP/EB.3/97/4-A:

- a. **takes note of** the operational initiatives outlined in paragraphs 98 to 150 above;
- b. **approves** the actions specified in paragraph 151;
- c. **endorses** the programme of work based on the estimate of resources;
- d. **approves** a net PSA appropriation in the amount of \$214,444,000 for the purposes indicated below;

	(in US dollars)
Programme support: country offices	99 385 800
Programme support: headquarters	35 551 200
Management and administration of organization	79 526 200
Statutory requirements	2 465 000
Subtotal	216 928 200
Less benefits and savings from streamlining of operations	2 484 200
Net Total	214 444 000
To be funded by:	
GCCC	3 000 000
Recovery of indirect support costs	188 000 000
Miscellaneous income	23 444 000
Total	214 444 000

- e. **authorizes** the Executive Director to adjust the budget in accordance with any variation in volume of operations (see paragraph 238 above) when such variations are more than 10 percent from the planned level; and
- f. **authorizes** the Executive Director to recast the budget at the US\$/Lira exchange rate fixed by the FAO Conference for the 1998-99 biennium.



Summary tables

Table A: Headquarters activities by organizational unit, 1998–99

Table B1: Summary of authorized PSA posts, 1996–97 and 1998–99

Table B2: PSA posts by organizational unit within appropriation line, 1998–99

Table C1: PSA budget by object of expenditure, 1996–97 and 1998–99

Table C2: PSA budget by organizational unit within appropriation line, 1998–99

Table D: Scenarios for high and low levels of activities, 1998–99



Table A: Headquarters activities by organizational unit, 1998-99

STRATEGIC PRIORITIES			
A PEOPLE-CENTRED APPROACH TO PROGRAMMING FOOD AID			
A1	Strengthen WFP's knowledge base	1	
A2	Sharpen WFP's focus on countries with the greatest need for food aid	2	
A3	Increase the targeting of resources to women and children	3	
A4	Promote national institution-building, and local capacity-building through broad based participation	4	
A5	Adopt operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance	5	
A6	Move the issues of hunger and poverty to the centre of the international agenda	6	
B ORGANIZATIONAL CAPACITY AND RESOURCES			
B1	Organizational change initiative	7	
B2	Building a new staff profile	8	
B3	Increased accountability	9	
B4	Better mobilization of resources	10	
C BASIC ESSENTIAL SERVICES			
			11
<i>DIV</i>	<i>ACTIVITY</i>	<i>STRATEGIC</i>	<i>BUDGET</i>
<i>UNIT</i>		<i>PRIORITY</i>	<i>AMOUNT (USD)</i>
Executive Direction (ED)		Total	11 811 900
<i>Office of the Executive Director (OED)</i>			3 270 300
	Executive management	1	756 400
	Governance	9	560 900
	Advocacy	10	506 100
	Protocol	9	318 500
	Administrative support/MIS	7	966 600
	Legal support	7	161 800
<i>Office of Internal Audit (OEDA)</i>			2 730 500
	Headquarters	9	663 280
	Field audits - 30 countries	9	951 980
	Ad hoc audit services	9	248 740
	Follow-up of audit recommendations	11	148 340
	Routine audit services	11	80 350
	Planning, Administration and Development	11	447 810
	FAO audit services	11	190 000
<i>Office of Evaluation (OEDE)</i>			2 801 200
	Management of OEDE	11	538 250
	Administrative support/MIS	11	34 700
	Develop and maintain evaluation methodology	11	125 550
	Sectoral evaluations (6)	11	323 881
	Project/Operations evaluation (12)	11	421 313
	Thematic studies/evaluations (6)	11	312 681
	Feedback (reports, workshops)	11	284 300
	Programme evaluations	1	229 393
	Organization and process evaluations (6)	7	531 132
<i>Office of Inspection and Investigation (OEDI)</i>			771 300
	Field investigations	9	293 780
	Headquarters investigations	9	209 220
	Reporting to the Executive Board	9	8 240
	Liaise with UN OIOS/other United Nations agencies	9	37 540
	Advise on operating procedures	9	35 300
	Running OEDI office/hotline	9	187 220



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
<i>Office of Budget (OEDB)</i>			<i>2 238 600</i>
	Prepare WFP Financial Plan, Biennial Budget, Budgetary Performance Report and other related reports and maintenance of budget manual, and provide advice on budgetary matters to management	11	951 900
	Review total resources and projected utilization and prepare commodity prices	11	380 690
	Review/certify project budgets, allotment process for LTSH and ocean transport costs and allot/monitor operational, direct support and indirect support cost funds	9	330 480
	Issue PSA budget allotments, certification/control, expenditure monitoring, budget status reports and administer GCCC and budgetary aspects of JPO scheme	11	251 270
	Develop budgetary procedures and provide budgetary support to field offices	7	186 530
	Review donor contracts, coordinate implementation of R<F policies and advise on financial planning and budget-related issues	11	137 730
Strategy and Policy (SP)		Total	5 133 400
<i>Office of the Director (SPD)</i>			<i>801 700</i>
	Provide direction to corporate information management and statistics	1	63 500
	Administrative support/MIS	11	36 800
	Provide direction and guidance in the formulation of food aid policy	2	166 500
	Coordinate strategic planning at the executive level	5	124 400
	Guide WFP in selected inter-agency/NGO matters and support the United Nations reform process matters within SP's mandate	5	109 000
	Provide support and facilitate participation of all divisions in organizational change process, enhance the framework for monitoring the implementation of change and assist all levels of staff in adopting their new roles and operating procedures	7	301 500
<i>Office of Policy Affairs Service (SPP)</i>			<i>2 182 900</i>
	Strengthen WFP's knowledge base by developing policies, issues papers and guidelines which:		
	Lead to the preparation of the Programme Design Manual	1	613 863
	Develop an understanding of the comparative advantage of food aid and the determinants of vulnerability	2	397 082
	Develop strategies for effective delivery of development and emergency food aid to the countries in greatest need	2	185 392
	Develop strategies for transition from emergency to development assistance	2	103 249
	Develop policies/strategies to improve interventions to meet the critical needs of women and children	3	103 370
	Coordinate with other organizations, promote national institution-building, and strengthen capacity-building and broad-based participation	4	81 173
	Support in the preparation of CSOs and country programmes	4	54 564
	Participate with IASC, WTO, FAC and other partners to advance WFP policy concerns		69 364
	Liaise and develop strategies to diversify partnerships with NGOs and dialogue with NGOs on issues of mutual interest	5	133 436
	Provide policy advice and support to the EB	6	326 513
	Monitor follow-up to World Food Summit Plan of Action	6	31 860
	Support WFP's advocacy efforts	6	33 840
	Support ED's participation and participate in selected conferences, seminars	6	49 194



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
Strategic Planning Branch (SPS)			425 400
	Monitor and coordinate the implementation of established strategic priorities	1	144 350
	Facilitate the corporate-wide strategic planning and management process in WFP	7	142 750
	Develop the four-year Strategic and Financial Plan every two years on a rolling basis	11	138 300
Central Informations Management and Statistics Branch (SPI)			1 723 400
	Prepare regular statistical publications and data for EB documents and policy papers and provide statistical services to other units	11	283 100
	Maintain WFP's presence on the WWW, including EB documents, and manage the WFP Internet and provide support/training for users	11	64 900
	Collect/manage global food aid information statistics, maintain the Interfais database and prepare periodical/ad hoc reports on global food aid flows	11	584 900
	Develop and implement WFP information management policies with regard to common shared data and documents, manage common shared data/documents in the Data and Document Warehouses and undertake reports management	1	790 500
Resources and External Relations (RE)			20 560 100
Office of the Director (RED)			1 341 700
	Overall direction to the Division (including the New York and Geneva offices) to ensure that WFP strategic objectives and priorities are pursued	7	587 800
	Administrative support/MIS	11	430 800
	Ensure effective coordination between the units and provide policy guidance	8	215 400
	Enhance working relationship between WFP Secretariat and Member States	9	107 700
Public Affairs Services (REP)			5 456 700
	Direct and manage the development and implementation of global public information strategies and programmes	6	1 111 000
	Continue WFP's proactive media campaign focusing on emergencies and the hungry poor	6	1 457 900
	Launch major specific public awareness campaigns on WFP's activities aimed at increasing WFP's visibility among the public in donor countries	4	1 942 700
	Launch public awareness campaigns in concert with private sector organizations with the aim of increasing WFP's visibility and raising funds	4	491 800
	Prepare publications for worldwide distribution.	6	453 300
Executive Board Secretariat and Interagency Affairs (REC)			5 583 100
	Coordination of WFP representation at UN conferences and Interagency Affairs	1	249 000
	Information dissemination and management of Document Centre	1	309 245
	Management and consultancy related to Executive Board Secretariat and Interagency Affairs	9	512 872
	Servicing EB sessions and 20 ad hoc meetings	9	4 088 403
	Implementation of the Executive Board's work programme	9	359 580
	Arrange for Board members to visit WFP operations in the field	9	64 000
Resource Mobilization Service - America (REA)			3 062 200
	Contact with and service to key donor countries	10	407 150
	Supervision of staff including Japan and Washington office	10	349 550
	Japan office: Resource mobilization efforts throughout Japan	10	665 100
	Washington office: Resource mobilization efforts throughout the United States of America	10	533 000
	Expansion of funding base to new and expanded donor government contributions	10	209 800
	Establishment of an active, vigorous Friends of WFP US as a model for other countries and as a conduit for advocacy, public relations and fund-raising in the United States	10	126 150
	Expand donor base via corporate and private contributions	10	413 750
	Serve as a resource and support efforts of regional and country offices in resource mobilization	7	121 700



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
	Provide data on status of fund-raising overall as well as on specific programmes, projects and operations, and accurate information to donors and others regarding statistics on contributions	10	118 000
	Perform grants management function for donors assuring that deadlines are met, required reports are filed on time, and extensions, if necessary, are requested and secured	10	118 000
<i>Resource Mobilization Service - Europe (REE)</i>			<i>2 440 300</i>
	Maintain relations with key donor countries	10	409 800
	Supervise REE staff, including the Brussels Office, and undertake related administrative tasks	11	591 900
	Brussels office: Resource mobilization throughout Belgium	10	375 000
	Expand WFP donor base by increasing the contributions of existing donors with new funding sources and forms of cooperation	10	196 600
	Manage contributions from donors by assuring that they are utilized correctly, deadlines are met, extensions requested and required reports provided	11	261 600
	Provide support to WFP regional/country offices for resource mobilization initiatives	10	170 200
	Provide information to other WFP units and donors on contributions received	10	290 200
	Expand WFP funding base in the corporate and private sectors	10	145 000
<i>New York Office (REN)</i>			<i>1 703 700</i>
	Represent WFP at inter-governmental levels	6	775 567
	Liaise with UN and other agencies	11	657 566
	Raise WFP's profile	6	270 567
<i>Geneva Office (REG)</i>			<i>972 400</i>
	Management/administration of REG and spokesman for WFP/Geneva	6	289 150
	WFP representation at policy and working level meetings and reporting on meetings and conference decisions	11	244 100
	Prepare written/verbal conference statements, give press briefings and disseminate press material, including periodic WFP newsletter and serve as German-language media spokesman	6	439 150
Operations Department (OD)			Total 35 551 200
<i>Office of the Assistant Executive Director (ODD)</i>			<i>4 292 300</i>
	Address OD's strategic issue, strengthen WFP's operational relationship with funding and implementing partners and contribute to corporate management	1	254 846
	Overall direction and coordination of WFP's operations, including, inter alia, guiding OD through the process of organizational change and decentralization, monitoring delegations of authority, facilitating FMIP's OD-related projects, guiding and assisting OD with operational procedures	11	369 120
	Provide guidance in setting standards for WFP programmes, operational activities and documents, aiming at delivering effective emergency, rehabilitation and development assistance, including the enhancement of resource programming and commodity tracking	11	1 366 728
	Ensure that WFP's strategic priorities for a people-centred approach to targeting food aid are translated into resource allocation, effective delivery, utilization and ownership at the beneficiary level	5	1 257 606
	Administrative support to OD	7	1 044 000



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
<i>Programming Service (ODP)</i>			<i>2 367 000</i>
	Management of resource allocations including advice to the PRC	2	499 300
	Programming of resources based on an analysis of needs and priorities, preparation of funding proposals to donors based on expressed donor interest and resourcing requirements	5	1 406 500
	Administrative support/MIS	11	22 000
	Preparation of information on the resourcing status of all programme categories and projects for regular (yellow pages and the blue book) and ad hoc reports	9	158 300
	Provision of technical support to other Services, Divisions, and country offices on programming related issues	5	105 100
	Enhancement of computerized programming tools within the FMIP context	9	175 800
<i>Technical Support Service (ODT)</i>			<i>3 372 800</i>
	Manage VAM technical support and facilities, the rapid response facility and special grants	1	692 033
	Develop and promote new approaches, tools and techniques, MOUs and develop/strengthen inter-agency cooperation and collaboration	2	767 384
	Gender action planning for programme quality improvement	3	191 333
	Manage and prepare guidelines on distribution, performance indicators, nutrition, rehabilitation and environment	5	852 984
	Provide support to programme/project preparation and manage technical support	5	508 033
	Programme Review Committee Secretariat	5	361 033
Transport and Logistics Division (OT)		Total	11 996 200
<i>Office of the Director (OT)</i>			<i>1 132 900</i>
	Provide overall direction to the work of the Division's units	1	459 000
	Provide technical assistance and the means to Regional/Country Directors for the efficient implementation, monitoring and reporting of WFP's operations	7	301 100
	Tailor OT's staff profile to reflect adequately its objectives and priorities	8	180 900
	Review and increase delegation levels within OT and continue to streamline operations with a view to delegating additional responsibilities to regional and country offices in order to enhance efficiency and accountability	9	191 900
<i>Insurance and Legal Branch (OTT)</i>			<i>2 191 600</i>
	Establish/administer insurance arrangements, both internal and external, to cover potential losses/liabilities to WFP	11	366 400
	Manage the OT registry as a divisional data bank and mail delivery service	11	249 000
	Administer the Branch, including all aspects of staffing, MAPs and training	11	170 700
	Provide insurance, legal advice and assistance to OT and to field offices in all aspects of transportation and provide legal advice and assistance to WFP in general regarding matters other than transportation	7	296 200
	Serve as a focal point for all problems relating to damages, packaging and storage, advising field offices where appropriate	7	107 400
	Ensure that correct details of commodity deliveries, losses/damages are ascertained and entered into the records of WFP, for use throughout WFP	9	326 200
	Monitor post-delivery losses, maintain records of substantial losses, advising where necessary, and preparing the annual report for the Executive Board	9	102 400
	Administer the Self-Insurance Fund for WFP commodities, taking all steps to obtain evidence of loss, pay claims and recover losses from responsible third parties	10	573 300



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
<i>Logistics Service (OTL)</i>			<i>4 176 600</i>
	Provision of management, coordination and direction to the Logistics service	5	511 950
	Administrative support/MIS	11	169 000
	Provision of logistics support, including logistics and LTSH reviews, and provision of technical backup	5	1 210 200
	Coordination and monitoring of aircraft operations, including aircraft contracting, ensuring adherence to air safety standards and arranging appropriate insurance arrangements	5	314 700
	Logistics planning and preparedness through ALITE	5	622 850
	Monitoring field contracting and disbursements, providing expenditure authorizations and settling contractors overland transport invoices	7	1 347 900
<i>Ocean Transport Service (OTS)</i>			<i>2 891 400</i>
	Contracting vessels and organizing charter loading/discharge together with Agent/Broker reviews	11	1 377 800
	Administrative support/MIS	11	84 000
	Overall supervision of OTS, ensuring proper implementation of WFP's transport policy operations	7	387 300
	Preparation of market reports/statistics ensuring up-to-date records of WFP owner/operator database and overall scrutiny of agency arrangements	9	437 400
	Issuance of shipping instructions and pre-planning and consolidation of cargo with RDs, Bureaux, field offices and donors	10	604 900
<i>Freight Analysis and Support (OTF)</i>			<i>1 603 700</i>
	WIS data control, verification and entry in respect of transport commitments and movements	11	220 650
	Freight invoice vetting, processing and verification of payments in respect of Ocean, LTSH and insurance activities and preparation of divisional submissions to the CCTI and servicing of its meetings	11	284 850
	Strategic planning, management and technical support to OT	1	343 200
	Freight analysis - performance indicators and preparation of traffic demand forecasts	1	117 550
	Transport and logistics information systems improvements such as CTS and TMCS	1	159 550
	LTSH management, expenditure control, monitoring and reporting; LTSH rate estimation and budgets; and coordination of LTSH-related activities, including preparation of requisite guidelines for use by Headquarters and in the field	7	477 900
Regional Bureaux		Total	13 522 900
<i>Africa Region (OSA)</i>			<i>6 920 500</i>
	Allocate/programme and manage the resources assigned to the region and monitor quality, performance and execution of programmes and operational activities and ensure quality of documents presented to the EB	2	1 094 729
	Administrative support/MIS	11	213 500
	Adopt operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance	2	934 229
	Manage and provide guidance and support to Regional Managers and Country Directors and design a broad strategic framework and priorities for the region	1	1 872 356
	Collaborate with partners, contribute to programme resource mobilization and advocacy efforts and promote national institution-building and local capacity-building through broad-based participation and the gender action plan	4	937 228
	Manage organizational change, including phase-down of activities and redeployment and training of existing staff	7	934 229
	Ensure appropriate action is taken on audit, evaluation and inspection reports	11	934 229
	Focus on programming and eliminate direct operational involvement	11	



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
<i>Asia and Pacific Region (OAP)</i>			<i>2 792 800</i>
	Focus on strategic priorities for a people-centred approach to targeting food aid to countries with greatest needs with emphasis on increased targeting to women and children and placing high priority on LDCs	1	918 200
	Allocate/programme and manage the resources assigned to the region and monitor the quality, performance and execution of programmes and operational activities and ensure quality of documents presented to the EB	2	415 700
	Adopt operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance	5	204 850
	Move the issues of hunger and poverty to the centre of the international agenda	6	226 000
	Manage organizational change, including phase-down of activities and redeployment and training of existing staff	7	315 400
	Building a new staff profile: core/temporary work force, mobility, training, performance appraisal	8	229 250
	Increased accountability and operational and financial/administrative support	9	241 700
	Collaborate with partners, contribute to programme resource mobilization and advocacy efforts and promote national institution-building and local capacity-building through broad-based participation and the Gender Action Plan	10	241 700
<i>Latin America and Caribbean Region (OLC)</i>			<i>1 771 600</i>
	Manage and provide guidance and support to Regional Managers and Country Directors and design a broad strategic framework and priorities for the region	11	228 490
	Adopt operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance	11	230 790
	Allocate/programme and manage the resources assigned to the region and monitor quality, performance and execution of programmes and operational activities and ensure quality of documents presented to the EB	11	459 280
	Management and accountability of resources allocated to the region with increased emphasis on operational and financial/administrative support and follow-up action on audit, evaluation and inspection reports	11	223 490
	Manage organizational change including phase-down of activities and redeployment and training of existing staff	7	221 240
	Collaborate with partners, contribute to programme resource mobilization and advocacy efforts and promote national institution-building and local capacity-building through broad-based participation and the Gender Action Plan	11	408 310
<i>Mediterranean, Middle East and CIS Region (OMC)</i>			<i>2 038 000</i>
	Manage and provide guidance and support to Regional Managers and Country Directors and design a broad strategic framework and priorities for the region	11	289 460
	Increased accountability and operational and financial/administrative support	11	681 430
	Strategic direction, including management of decentralization	2	140 450
	Allocate/programme and manage the resources assigned to the region and monitor quality, performance and execution of programmes and operational activities and ensure quality of documents presented to the EB	1	251 740
	Manage organizational change, including phase-down of activities and redeployment and training of existing staff	2	174 470
	Adopt operational policies, practices and programmes to deliver effective emergency, rehabilitation and development assistance	5	171 710
	Security Council Resolution 986 on Iraq	6	235 240
	Collaborate with partners, contribute to programme resource mobilization and advocacy efforts and promote national institution-building and local capacity-building through broad-based participation and the Gender Action Plan	6	93 500



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
Finance and Information Systems Division		Total	16 506 100
<i>Office of the Director (FSD)</i>			2 649 800
	Overall divisional management direction and coordination	11	634 300
	Administrative support/MIS	11	1 459 500
	Cash management (Headquarters and the field), including relevant FAO services	11	556 000
<i>Finance Service (FSF)</i>			7 398 200
	Management of disbursement and accounting activities	11	337 900
	FAO services (payroll, disbursements and treasury)	11	1 282 500
	Management of Accounts Branch, financial control and procedures	11	206 100
	Recording and posting of financial data to the accounting system and assuring the integrity of financial data coming into the accounting system	11	1 149 750
	Administrative support/MIS	11	731 000
	Preparation of Financial Statements and Schedules for submission to External Auditors and presentation to governing bodies	11	530 100
	Maintain accounting system, including the design/production of user reports	11	314 700
	Preparation of donor financial reports and review of donor contracts	11	524 950
	Management of Disbursement Unit (disbursement and commitment sections) and supervision of disbursement operations and commitment accounting	11	141 100
	Routine disbursement/commitment accounting activities, including training	11	713 000
	Electronic banking, data control and statistics	11	336 900
	Develop financial policies, procedures and guidelines for field offices	7	84 600
	Provide financial training to local and international field finance staff	8	250 550
	Supervision of Field Finance Branch and provision of strategic direction	11	292 300
	Process and record financial data and verify field expenditure and provide guidance to country offices on financial and accounting matters	11	379 800
	Provide guidelines to country offices on financial/accounting matters	11	122 950
<i>Information Systems Service (FSI)</i>			6 458 100
	Operational, personnel and administrative support	11	244 900
	Strategic planning direction	1	159 700
	Overall management of FSI's resources and in particular its technical support to FMIP activities	1	162 700
	Support and maintenance of WIS, including access from the field, support and maintenance of PC-based systems and technical support to client/server based systems	11	180 500
	Management/coordination of systems development activities and administration of change requests, error reports and process models	11	280 000
	Staff training, user conferences and ICC meetings	11	292 000
	Development/support of systems for resource mobilization, commodity tracking, financial management and human resources and groupware applications	7	920 500
	Support to Notes and operations and running a help desk	7	329 350
	Branch administration and management and training, conferences and meetings	7	242 500
	Connectivity, networking and field support	7	349 400
	Systems and hardware support	7	674 250
	FSI legacy systems, tests and services from FAO	7	478 000
	Data and database administration, including repository and dictionary maintenance and security administration and common WDP data entry	11	184 000
	Develop/implement database replication and distribution strategies, management and coordination of data entry	11	235 400
	Recommend/implement WFP security routines for Client/Server & WEB applications	11	111 900
	Develop/maintain application systems data, corporate data and reporting models	7	109 100
	Strategic planning, coordination and contingency planning and preparedness and unit administration	5	238 150
	Developing, maintaining and improving WFP wide area voice, data and video connectivity and equipment upgrades and maintenance	7	691 550
	Developing and providing programme-wide telecommunication costs, statistical and expenditure profile	9	208 120
	Move to new building, equipment and maintenance	11	366 080



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
Human Relations Division		Total	11 563 300
<i>Office of the Director (HRD)</i>			2 611 700
	Oversee human resources direction planning policy	1	532 000
	Management and coordination	11	622 000
	Administrative support/MIS	11	260 700
	FAO Services	11	1 197 000
<i>Career Planning and Development Branch (HRC)</i>			3 925 200
	Implement Corporate Training Programme	1	1 630 200
	Management of and participation in "cost recovery" training	7	141 350
	Implement new Career Development strategy, interactive HRC resource centre, human resource planning, skills profile of WFP staff	7	763 100
	Manage and evaluate the MAP process	7	184 000
	Delegate and encourage Counterpart training (by region)	8	594 950
	Delegate and encourage field-based training to strengthen accountability, delegation of authority and capacity-building (by regional and country office)	9	611 600
<i>Staff Relations & Servicing Branch (HRS)</i>			2 193 900
	Determine correct entitlements and process/approve personnel actions, determine dependency status and continuation of health benefit, oversee system of attendance records review and processing and run a help desk service	11	1 049 736
	Assist staff/families with complex entitlements and benefits related to agreed terminations and medical evacuations, etc., and administer war risk and loss of property claims	11	188 364
	Maintain PE 13/1 file system and prepare documentation/statements (e.g., UNLP, ID card, building passes and auto related certificates)	11	173 800
	Develop, implement and monitor policies and train field personnel offices in HRS duties	11	256 850
	Administer appeals, recourses, grievances, complaints, sexual harassment cases and disciplinary actions and serve as liaison to staff associations	11	269 800
	Monitor probation period and WIGSI approval and administer conversion to continuing contract	11	55 650
	Provide staff counselling and nursing services and participate in health and safety initiatives	11	130 000
	Serve as WFP representative to FAO committees (e.g., pension and health insurance) and participate in common system meetings	11	69 700
<i>Recruitment and Staffing Branch (HRR)</i>			2 832 500
	Negotiate, issue and administer contracts and appointments	11	423 860
	Describe and classify WFP jobs based on UN standards	5	235 200
	Administer the reassignment, promotion and extension of staff, including support of local staff in the field	7	579 760
	Promote and coordinate JPO scheme	7	70 900
	Provide advice and assistance on organization and grade levels	7	116 600
	Develop and maintain information system to provide timely and accurate staffing statistics	7	318 000
	Provide management and leadership within the Branch	8	378 806
	Recruit qualified and diverse staff to match programme needs and maintain rosters	8	349 165
	Oversee selection of staff in accordance with WFP policies and procedures	8	360 209



<i>DIV UNIT</i>	<i>ACTIVITY</i>	<i>STRATEGIC PRIORITY</i>	<i>BUDGET AMOUNT (USD)</i>
Management Services Division (MS)		Total	13 951 400
<i>Office of the Director (MSD)</i>			<i>1 218 600</i>
	Management of Division	11	412 000
	Administrative support/MIS	11	806 600
<i>Administrative Service Branch (MSDA)</i>			<i>8 051 600</i>
	Ensure operation/functionality of WFP's Headquarters premises, provide client services for office moves, office environment and maintenance and manage document reproduction systems, both through the Document Reproduction Centre and through floor copying machines	11	4 873 300
	Technical support to WFP events, EB sessions and conference room facilities and ensure delivery of stationery, consumables and furniture	11	364 900
	Manage WFP's contracts pertaining to the administrative services and monitor provision of goods/services and process payments to suppliers/contractors	11	166 600
	Assist WFP staff with their shipment of personal effects upon appointment, transfer, separation, retirement, etc.	11	30 000
	Management of WFP's security and safety of its staff	11	979 000
	Coordinate WFP headquarters move project and ensure its smooth implementation	11	37 350
	Ensure implementation of WFP's Headquarters Agreement and liaise with Host Government on cost recovery where and if applicable	11	62 250
	Control and management of WFP's assets worldwide and monitor implementation of inventory function delegated to the field and maintain inventory system	11	638 000
	Implement divisional registries and streamline internal mail services	7	241 500
	Introduction of cost-centre approach for services provided and continued rationalization/introduction of good business practices through outsourcing, streamlining and delegation of authority	7	658 700
<i>Travel Group (MSDT)</i>			<i>790 900</i>
	Manage travel system, review policies, liaise with travel agency	7	121 200
	Evaluate travel proposals, DSA payments, TECs, TAs	7	277 500
	Management of Travel Group and coordination with Travel Agency	9	101 900
	Guidelines, policies, training, statistics, management reports	7	198 100
	Train staff in aid of delegation of authority to field	7	92 200
<i>Procurement and Contracts Branch (MSP)</i>			<i>2 609 800</i>
	Food procurement at international, regional and local levels and procurement assistance to regional and country offices	11	479 600
	Procurement of non-food items	11	262 300
	Establishment of service and term contracts, preparation of reports and supplier rosters	11	207 500
	Management of Procurement and Contracts Branch	11	276 800
	Processing of tenders, waiver requests and invoices	11	397 400
	Document instructions, follow-up activities and alternative procurement strategies and guidelines, workshops and training	11	986 200
<i>Field Security Office (MSDF)</i>			<i>416 000</i>
	Management of field security	11	245 500
	Issue guidelines and manuals	11	170 500
<i>Telephone, Telex Service (MSAT)</i>			<i>864 500</i>
	Providing connectivity for headquarters telephone, facsimile and telex services	11	432 250
	Telephone, facsimile, cable services administration	11	432 250
Grand Total			113 077 400



Table B1: Summary of authorized PSA posts, 1996-97 and 1998-99

Location and Staff Grade	1996-97 Approved Budget	1996-97 Adjusted Budget*	1998-99 Proposed Budget
Country Offices			
Professional staff - international			
D1	13.0	15.0	17.0
P5	40.0	45.0	56.0
P4	73.0	72.0	54.0
P3	51.0	40.0	36.0
P2	25.0	30.0	21.0
International Professional Subtotal	202.0	202.0	184.0
National Officers	129.0	154.0	170.0
UNVs	60.0	60.0	44.0
Professional total	391.0	416.0	398.0
General Service staff - international	8.0	8.0	3.0
General Service staff - local	747.0	722.0	658.0
Total Country Offices staff	1 146.0	1 146.0	1 059.0
Headquarters:			
Professional staff			
Executive Director	1.0	1.0	1.0
DED/AED	2.0	2.0	2.0
D2	7.0	7.0	7.0
D1	25.0	23.0	21.5
P5	33.0	41.0	42.5
P4	67.0	75.0	77.0
P3	73.5	66.5	55.5
P2	28.0	27.0	16.5
Professional total	236.5	242.5	223.0
General Service staff			
G7	8.0	5.0	4.0
G6	46.5	47.0	43.0
G5	72.0	68.0	65.0
G4	73.0	90.5	92.5
G3	96.0	98.5	81.0
G2	37.0	18.5	17.0
G1	6.0	5.0	4.0
General Service total	338.5	332.5	306.5
Total Headquarters	575.0	575.0	529.5
Outposted to other organizations			
P5	2.0	2.0	3.0
WFP Total	1 723.0	1 723.0	1 591.5

* Adjustments are due to upgradings and the classification of new posts at appropriate levels.



Table B2: PSA posts by organizational unit within appropriation line, 1998-99

Division/Unit	International Professional							Nat. Prof.	UNVs	GS Intl.	General Service Staff								Grand Total	
	D2 & above	D1	P5	P4	P3	P2	Total				GS8	GS7	GS6	GS5	GS4	GS3	GS2	GS1		Total
A. Programme support country offices																				
OSA Region	8.0	36.0	28.0	21.0	16.0	109.0	61.0	41.0	2.0	3.0	30.0	54.0	54.0	55.0	46.0	89.0	28.0	359.0	572.0	
OAP Region	5.0	9.0	11.0	10.0	1.0	36.0	75.0	1.0	1.0	-	11.0	24.0	23.0	30.0	23.0	49.0	18.0	178.0	291.0	
OLC Region	2.0	6.0	9.0	3.0	2.0	22.0	23.0	2.0	-	1.0	6.0	13.0	11.0	11.0	5.0	16.0	4.0	67.0	114.0	
OMC Region	2.0	5.0	6.0	2.0	2.0	17.0	11.0	-	-	2.0	6.0	7.0	12.0	5.0	7.0	14.0	1.0	54.0	82.0	
<i>Subtotal</i>	-	17.0	56.0	54.0	36.0	21.0	184.0	170.0	44.0	3.0	6.0	53.0	98.0	100.0	101.0	81.0	168.0	51.0	658.0	1 059.0
B. Programme support headquarters																				
OSA Bureau	1.0	1.0	3.0	8.0	6.0	-	19.0	-	-	-	1.0	4.0	3.0	3.0	9.0	-	-	-	20.0	39.0
OAP Bureau	1.0	-	1.0	4.0	2.0	-	8.0	-	-	-	-	2.0	2.0	1.0	2.0	-	-	-	7.0	15.0
OLC Bureau	-	1.0	1.0	2.0	1.0	-	5.0	-	-	-	-	1.0	1.0	1.0	-	0.5	-	-	3.5	8.5
OMC Bureau	-	1.0	1.0	2.0	1.0	-	5.0	-	-	-	-	1.0	1.0	2.0	3.0	-	-	-	7.0	12.0
ODD	1.0	-	-	1.0	-	-	2.0	-	-	-	-	1.0	-	1.0	-	-	-	-	2.0	4.0
ODP	-	0.5	-	2.0	1.0	1.0	4.5	-	-	-	-	4.0	2.0	3.0	3.5	-	-	-	12.5	17.0
ODT	-	1.0	4.0	4.0	1.0	1.0	11.0	-	-	-	-	-	1.0	1.0	5.0	-	-	-	7.0	18.0
OT	1.0	-	-	-	-	-	1.0	-	-	-	-	1.0	-	-	-	-	-	-	1.0	2.0
OTI	-	-	1.0	1.0	2.0	-	4.0	-	-	-	-	-	4.0	5.0	1.0	3.0	-	-	13.0	17.0
OTL	-	1.0	1.0	6.0	3.0	1.0	12.0	-	-	-	-	2.0	3.0	3.0	3.0	-	-	-	11.0	23.0
OTS	-	1.0	1.0	4.0	2.0	-	8.0	-	-	-	-	2.0	2.0	1.0	4.0	-	-	-	9.0	17.0
OTF	-	-	1.0	-	1.0	2.0	4.0	-	-	-	-	1.0	1.0	4.0	2.0	-	-	-	8.0	12.0
<i>Subtotal</i>	4.0	6.5	14.0	34.0	20.0	5.0	83.5	-	-	-	-	1.0	19.0	20.0	25.0	32.5	3.5	-	101.0	184.5
C. Management and administration of organization																				
Office of the Executive Director																				
OED	2.0	1.0	1.0	2.0	-	-	6.0	-	-	-	2.0	-	3.0	1.0	-	-	-	1.0	7.0	13.0
OEDA	-	1.0	1.0	4.0	2.0	-	8.0	-	-	-	-	1.0	2.0	1.0	-	-	-	-	4.0	12.0
OEDE	-	1.0	2.0	3.0	1.0	-	7.0	-	-	-	-	1.0	1.0	1.0	0.5	-	-	-	3.5	10.5
OEDI	-	1.0	-	1.0	-	-	2.0	-	-	-	-	-	1.0	-	-	-	-	-	1.0	3.0
OEDB	-	1.0	-	2.0	1.0	3.0	7.0	-	-	-	-	2.0	-	4.0	1.0	-	-	-	7.0	14.0
Strategy and Policy Division																				
SPD	1.0	-	0.5	-	-	-	1.5	-	-	-	-	1.0	-	-	-	-	-	-	1.0	2.5
SPP	-	1.0	3.0	2.0	1.0	-	7.0	-	-	-	-	-	1.0	1.0	-	-	-	-	2.0	9.0
SPS	-	-	1.0	-	-	-	1.0	-	-	-	-	-	-	1.0	-	-	-	-	1.0	2.0
SPI	-	-	1.0	-	2.0	-	3.0	-	-	-	-	2.0	1.0	5.0	1.0	-	-	-	9.0	12.0



Division/Unit	International Professional							Nat. Prof.	UNVs	GS Intl.	General Service Staff									Grand Total
	D2 & above	D1	P5	P4	P3	P2	Total				GS8	GS7	GS6	GS5	GS4	GS3	GS2	GS1	Total	
Resources and External Relations Division																				
RED	1.0	-	-	-	-	-	1.0	-	-	-	-	1.0	-	-	1.0	-	-	-	2.0	3.0
REP	-	1.0	1.0	4.0	1.0	-	7.0	-	-	-	2.0	3.0	1.0	-	-	-	-	-	6.0	13.0
REC	-	1.0	1.0	1.0	5.0	-	8.0	-	-	3.0	5.0	5.0	4.0	1.0	-	-	-	-	18.0	26.0
REA	-	1.0	3.0	1.0	3.0	-	8.0	-	-	-	3.0	2.0	1.0	-	-	-	-	-	6.0	14.0
REE	-	1.0	1.0	3.0	2.0	1.0	8.0	-	-	-	2.0	2.0	1.0	-	-	-	-	-	5.0	13.0
REN	-	1.0	1.0	2.0	-	-	4.0	-	-	-	1.0	1.0	1.0	-	-	-	-	-	3.0	7.0
REG	-	-	1.0	2.0	-	-	3.0	-	-	-	-	1.0	-	-	-	-	-	-	1.0	4.0
Finance and Information Systems Division																				
FSD	1.0	-	1.0	-	-	-	2.0	-	-	-	1.0	-	-	-	-	-	-	-	1.0	3.0
FSF	-	1.0	2.0	3.0	3.0	2.0	11.0	-	-	-	3.0	9.0	8.0	6.5	-	-	-	-	26.5	37.5
FSI	-	1.0	3.0	3.0	6.5	2.0	15.5	-	-	-	-	3.0	1.0	3.0	-	-	-	-	7.0	22.5
Human Resources Division																				
HRD	1.0	1.0	-	-	-	-	2.0	-	-	-	1.0	1.0	-	-	-	-	-	-	2.0	4.0
HRC	-	-	1.0	1.0	2.0	-	4.0	-	-	-	1.0	1.0	2.0	1.0	-	-	-	-	5.0	9.0
HRR	-	-	1.0	1.0	3.0	1.5	6.5	-	-	-	2.0	3.0	7.0	2.0	-	-	-	-	14.0	20.5
HRS	-	-	1.0	2.0	-	-	3.0	-	-	-	3.0	2.0	4.0	2.0	1.0	-	-	-	12.0	15.0
Management Services Division																				
MSD	-	1.0	-	-	-	-	1.0	-	-	-	-	1.0	-	-	-	-	-	-	1.0	2.0
MSA	-	-	1.0	1.0	1.0	-	3.0	-	-	1.0	2.0	-	9.0	12.0	11.0	3.0	-	-	38.0	41.0
MSDT	-	-	-	-	1.0	-	1.0	-	-	-	-	1.0	1.5	2.5	0.5	-	-	-	5.5	6.5
MSP	-	-	1.0	4.0	1.0	1.0	7.0	-	-	-	-	1.0	6.0	2.0	-	-	-	-	9.0	16.0
MSDF	-	-	-	1.0	-	-	1.0	-	-	-	-	-	-	1.0	-	-	-	-	1.0	2.0
MSAT	-	-	-	-	-	1.0	1.0	-	-	-	-	1.0	1.0	5.0	-	-	-	-	7.0	8.0
Total:	6.0	15.0	28.5	43.0	35.5	11.5	139.5	-	-	-	-	3.0	24.0	45.0	67.5	48.5	13.5	4.0	205.5	345.0
D. Statutory requirements			3.0				3.0													3.0
GRAND TOTAL	10.0	38.5	101.5	131.0	91.5	37.5	410.0	170.0	44.0	3.0	6.0	57.0	141.0	165.0	193.5	162.0	185.0	55.0	964.5	1 591.5

Table C1: PSA budget by object of expenditure, 1996-97 and 1998-99

Object of Expenditure	Revised 1996-97 Budget	Programme Change	Cost Increase	1998-99 Budget
A. HEADQUARTERS				
1. Total Staff Cost	83 274 650	(6 145 950)	4 719 800	81 848 500
Overtime	597 840	(131 740)		466 100
Consultants	6 079 680	(3 415 580)		2 664 100
Travel	3 726 800	(613 400)		3 113 400
Information and Publication	2 925 000	81 500		3 006 500
Documents and Meetings	2 160 000	(283 400)		1 876 600
Training	2 473 400	696 600		3 170 000
Communications	3 689 700	(737 200)		2 952 500
MIS/Computers	4 791 200	(187 100)		4 604 100
Other Operating Expenses	5 730 270	(674 470)		5 055 800
Services from FAO	6 508 000	(1 788 200)		4 719 800
Services from Other UN Org.	3 947 000	(2 347 000)		1 600 000
2. Total Non-Staff Cost	42 628 890	(9 399 990)		33 228 900
TOTAL HEADQUARTERS	125 903 540	(13 318 640)	4 719 800	115 077 400
B. STATUTORY REQUIREMENTS				
External Audit	330 000	181 000		511 000
Contribution to other UN org.	1 014 000	540 000		1 554 000
Contingencies		400 000		400 000
TOTAL STATUTORY REQUIREMEN	1 344 000	1 121 000		2 465 000
C. COUNTRY OFFICES				
International Staff	51 043 000	(4 887 400)	3 062 600	49 218 200
Local Staff	27 702 000	(4 487 900)	1 662 100	24 876 200
Total Staff	78 745 000	(9 375 300)	4 724 700	74 094 400
Local Operating Costs	20 446 000	4 845 400		25 291 400
TOTAL COUNTRY OFFICES	99 191 000	(4 529 900)	4 724 700	99 385 800
TOTAL (A, B and C)	226 438 540	(16 727 540)	9 444 500	216 928 200



Table C2: PSA budget by organizational unit within appropriation line, 1998-99 (in '000 US\$)

Division/Unit	Grand Total	Staff Cost	Overtime	Consultants	Travel	Info. & Publ.	Doc. & Meetings	Training	Communica-tions	MIS/Comp.	Other Op. Exp.	FAO Services	Other UN Org. Services	Total Non-Staff
A. Programme support country offices														
OSA Region	54 416.2	40 970.0	-	-	-	-	-	-	-	-	13 445.2	-	-	13 445.2
OAP Region	20 726.2	15 509.4	-	-	-	-	-	-	-	-	5 216.8	-	-	5 216.8
OLC Region	13 531.5	10 472.8	-	-	-	-	-	-	-	-	3 058.7	-	-	3 058.7
OMC Region	8 712.9	7 142.2	-	-	-	-	-	-	-	-	1 570.7	-	-	1 570.7
Rapid Response Facility	1 000.0										1 000.0			1 000.0
Gender Initiative	1 000.0										1 000.0			1 000.0
<i>Subtotal</i>	99 385.8	74 094.4	-	-	-	-	-	-	-	-	25 291.4	-	-	25 291.4
B. Programme support headquarters														
OSA Bureau	6 920.5	6 330.0	10.0	-	315.0	-	-	49.0	213.5	-	3.0	-	-	690.5
OAP Bureau	2 792.8	2 591.0	4.0	-	145.8	-	-	18.5	33.5	-	2.0	-	-	201.8
OLC Bureau	1 771.6	1 560.5	6.0	-	135.0	-	-	10.8	58.0	-	1.5	-	-	211.1
OMC Bureau	2 038.0	1 887.0	5.0	-	72.0	-	-	17.0	55.5	-	1.5	-	-	151.0
ODD	4 292.3	810.0	5.0	250.0	112.5	-	-	24.7	31.0	380.5	668.5	410.1	1 000.0	3 482.3
ODP	2 367.0	2 309.5	8.0	-	18.0	-	-	9.5	22.0	-	-	-	-	57.5
ODT	3 372.8	3 165.0	2.0	-	117.0	31.5	-	7.3	50.0	-	-	-	-	207.8
OT	1 132.9	449.0	12.0	20.0	27.0	-	-	38.9	9.0	540.0	37.0	-	-	663.9
OTI	2 191.6	2 131.0	-	-	27.0	-	-	6.6	27.0	-	-	-	-	60.6
OTL	4 176.6	3 764.0	-	60.0	135.0	-	-	10.6	169.0	-	48.0	-	-	422.6
OTS	2 691.4	2 746.0	-	-	54.0	-	-	8.4	84.0	-	-	-	-	146.4
OTF	1 603.7	1 562.0	-	-	27.0	-	-	5.7	9.0	-	-	-	-	41.7
<i>Subtotal</i>	35 551.2	29 294.0	52.0	330.0	1 185.3	31.5	-	204.8	761.5	920.5	761.5	410.1	1 000.0	6 267.2
C. Management & administration of organization														
Office of the Executive Director														
OED	3 270.3	2 544.0	20.0	80.0	198.0	-	-	25.7	44.0	46.5	162.1	150.0	-	728.3
OEDA	2 730.6	2 262.0	14.4	39.6	198.0	-	-	17.5	9.0	-	-	190.0	-	466.6
OEDE	2 801.2	2 038.5	2.0	200.0	126.0	-	-	7.7	27.0	-	-	400.0	-	762.7
OEDI	771.3	636.0	3.0	-	108.0	-	-	11.3	13.0	-	-	-	-	136.3
OEDB	2 238.6	2 133.0	12.0	-	18.0	-	-	6.6	8.0	-	-	60.0	-	105.6



Division/Unit	Grand Total	Staff Cost	Overtime	Consultants	Travel	Info. & Publ.	Doc. & Meetings	Training	Communi- cations	MIS/Comp.	Other Op. Exp.	FAO Services	Other UN Org. Services	Total Non- Staff
Strategy and Policy Division														
SPD	801.7	573.5	2.7	47.0	61.4	-	-	10.9	12.0	36.8	57.4	-	-	228.2
SPP	2 182.9	1 885.0	-	150.0	120.0	-	-	18.9	9.0	-	-	-	-	297.9
SPS	425.4	353.0	-	40.0	24.0	-	-	2.4	6.0	-	-	-	-	72.4
SPI	1 723.4	1 592.0	2.0	105.0	14.0	-	-	4.4	6.0	-	-	-	-	131.4
Resources and External Relations Division														
RED	1 341.7	636.0	5.0	40.0	41.4	-	-	41.3	6.0	440.8	231.2	-	-	806.7
REP	5 456.7	2 248.0	5.0	-	135.0	2 985.0	-	5.7	96.0	-	-	-	-	3 298.7
REC	5 583.1	3 577.0	-	-	18.0	-	1 889.0	11.1	27.0	-	81.0	-	-	2 006.1
REA	3 062.2	2 436.0	3.0	334.0	156.6	10.0	-	4.9	36.0	12.0	69.7	-	-	626.2
REE	2 440.3	2 242.0	9.0	20.0	81.0	-	-	5.3	36.0	-	47.0	-	-	198.3
REN	1 703.7	1 300.0	4.0	-	27.0	-	3.6	3.1	19.0	10.0	337.0	-	-	403.7
REG	972.4	801.0	2.5	-	13.5	-	4.0	1.8	55.0	-	94.6	-	-	171.4
Finance and Information Systems Division														
FSD	2 648.8	698.0	3.0	100.0	36.0	-	-	51.3	18.0	1 036.0	407.5	300.0	-	1 961.8
FSF	7 398.2	5 148.6	111.0	-	85.5	-	-	99.7	73.0	700.0	-	1 182.5	-	2 261.7
FSI	6 458.1	3 859.0	4.5	655.0	112.5	-	-	221.1	753.0	725.0	-	128.0	-	2 598.1
Human Resources Division														
HRD	2 611.7	861.0	2.0	210.0	37.8	-	-	32.2	9.0	113.5	149.2	1 197.0	-	1 760.7
HRC	3 926.2	1 369.0	4.5	70.0	43.2	-	-	2 288.5	18.0	132.0	-	-	-	2 556.2
HRR	2 832.5	2 743.0	6.0	-	36.0	-	-	11.5	36.0	-	-	-	-	89.5
HRS	2 193.9	2 006.0	10.0	120.0	20.8	-	-	7.1	31.0	-	-	-	-	188.9
Management Services Division														
MSD	1 218.6	412.0	-	60.0	30.0	-	-	40.4	14.0	431.0	231.2	-	-	806.6
MSA	8 051.6	4 101.0	150.0	-	-	-	-	19.0	686.0	-	2 393.4	702.2	-	3 950.6
MSDT	790.9	704.0	12.0	28.5	32.4	-	-	4.0	7.0	-	3.0	-	-	86.9
MSP	2 609.8	2 383.0	9.0	20.0	100.0	-	-	8.8	89.0	-	-	-	-	226.8
MSDF	416.0	311.0	-	15.0	54.0	-	-	-	6.0	-	30.0	-	-	106.0
MSAT	864.6	806.0	17.5	-	-	-	-	3.0	39.0	-	-	-	-	69.6
<i>Subtotal</i>	79 526.2	52 564.5	414.1	2 334.1	1 928.1	2 975.0	1 876.6	2 865.2	2 191.0	3 663.6	4 284.3	4 309.7	-	26 971.7
TOTAL	214 463.2	155 942.9	466.1	2 684.1	3 113.4	3 006.5	1 876.6	3 170.0	2 952.5	4 604.1	30 347.2	4 719.8	1 600.0	58 520.3
D. Statutory requirements														
	2 465.0													
TOTAL	216 928.2													
Less: Benefits and savings from streamlining														
	2 484.2													
NET APPROPRIATION	214 444.0													

Table D: Scenarios for high and low levels of activities, 1998-99

HIGH SCENARIO

	General Fund	Development	PRO	Emergency	Special Operation	Bilateral & Others	TOTAL
Volume of commodities (in thousand tons)		1 590	1 300	2 100			4 990
<i>(In million US dollars)</i>							
CONTRIBUTIONS AND INCOME							
Commodities in-kind		360	180	324	-	-	864
Cash contributions	12	359	479	914	60	66	1 890
GCCC	3						3
Interest and other income	56	-	-	-	-	-	56
Total	71	719	659	1 238	60	66	2 813
EXPENDITURES							
Commodities in-kind		360	180	324	-	-	864
Commodity purchases		123	142	248	-	-	513
Transport and related costs		97	86	150	-	-	333
LTSH		27	172	359	-	-	558
Other expenditures						62	62
Direct support costs		24	35	87	54		200
Indirect support costs *	16	88	44	70	6	4	228
Sub-total	16	719	659	1 238	60	66	2 758
Reprogramming of General Fund	55						55
Total	71	719	659	1 238	60	66	2 813

* PSA requirement is \$219 million at 1996-97 price level and equal to \$228 million at 1998-99 price level.

LOW SCENARIO

	General Fund	Development	PRO	Emergency	Special Operation	Bilateral & Others	TOTAL
Volume of commodities (in thousand tons)		1 338	880	1 400			3 618
<i>(In million US dollars)</i>							
CONTRIBUTIONS AND INCOME							
Commodities in-kind		303	122	216	-	-	641
Cash contributions	12	302	325	609	60	66	1 374
GCCC	3						3
Interest and other income	56	-	-	-	-	-	56
Total	71	605	447	825	60	66	2 074
EXPENDITURES							
Commodities in-kind		303	122	216	-	-	641
Commodity purchases		104	96	166	-	-	366
Transport and related costs		82	58	100	-	-	240
LTSH		22	117	239	-	-	378
Other expenditures						62	62
Direct support costs		20	24	58	54		156
Indirect support costs *	36	74	30	46	6	4	196
Sub-total	36	605	447	825	60	66	2 039
Reprogramming of General Fund	35						35
Total	71	605	447	825	60	66	2 074

* PSA requirement is \$188 million at 1996-97 price level and equal to \$196 million at 1998-99 price level.





Annex I

Highlights of Strategic and Financial Plan, 1998-2001

(A) STRATEGIC PRIORITIES FOR A PEOPLE CENTRED APPROACH TO PROGRAMMING FOOD AID

(A.1) PRIORITY 1: STRENGTHEN WFP'S KNOWLEDGE BASE

- Engage more actively with others to deepen the understanding of country-specific circumstances, and to open up partnership opportunities
- Develop thorough understanding of local food production and constraints, commercial imports, market conditions, actors and mechanisms
- Support country office VAM capacity to understand country specific food security issues and to better target

(A.2) PRIORITY 2: SHARPEN WFP'S FOCUS ON COUNTRIES WITH THE GREATEST NEED FOR FOOD AID

LDCs

- Provide stronger support to counterpart implementation capacity
- Adopt realistic programme activities and project designs with simple objectives
- Diversify partners, especially at the community level; involve beneficiaries in project selection, design and implementation to enhance ownership
- Strengthen staffing in LDCs

Non-LDC

- Assist governments to assume greater responsibility in managing food assistance programmes

- Negotiate cost sharing arrangements with recipient governments
- Include explicit exit strategy in programme design to ensure smooth phasing out

Resourcing country programmes

- Consider financiability and marketability of country programmes
- Sharpen methodology for allocating resources from multilateral development window
- Manage past commitments and future pipeline

(A.3) PRIORITY 3: INCREASE THE TARGETING OF RESOURCES TO WOMEN AND CHILDREN

Improving interventions for critical needs of women and children

- Improve Mother and Child Health care (MCH) programmes by preparing strategies to secure other essential and complementary inputs
- School feeding and education sector: address gender gaps; support grass-roots non-formal education for women

Targeting women as the key actors in household food security

- Incorporate gender-sensitive analyses
- Empower women to manage food aid, including project identification, targeting, monitoring and food distribution
- Increase the number of female staff and monitors to ensure that the needs of women are heeded and reflected in project design

(A.4) PRIORITY 4: PROMOTE NATIONAL INSTITUTION-BUILDING, AND LOCAL CAPACITY-BUILDING THROUGH BROAD-BASED PARTICIPATION

National institutions and national NGOs

- Increase support to counterparts to effectively plan, implement, and monitor
- Assist in disaster preparedness, emergency management, logistics intervention, VAM, and coordination of international food relief efforts
- Incorporate effective use of direct support costs and LTSH disbursement modalities to reinforce accountability and national execution capacity

Local capacity building through broad-based participation

- Adopt interventions which strengthen local capacities and coping mechanisms
- Support community level relief/development committees and women's organizations



- Pay due attention to evolving market situations and the potential commercial effect of food aid
- Maximize local and regional purchases in a way which balances considerations of cost, timeliness of delivery and impact on markets

(A.5) PRIORITY 5: ADOPT OPERATIONAL POLICIES, PRACTICES AND PROGRAMMES TO DELIVER EFFECTIVE EMERGENCY, REHABILITATION AND DEVELOPMENT ASSISTANCE

Emergency

- Institutionalize contingency planning
- Reinforce rapid response capacity
- Strengthen WFP's role in final distribution
- Pursue inter-agency humanitarian response along ECOSOC resolution 1995/56

Post-crisis rehabilitation

- Reinforce preinvestment role of food aid
- Mount timely and effective rehabilitation programmes which build upon activities started under emergency assistance
- Explore ways to improve resourcing the transition from relief to development

Improving dramatically the quality and performance of WFP development activities

- Participate actively in the United Nations country team to prepare CSN
- Continue to use CSOs and CPs for programming development
- Establish realistic and measurable *people-centred* success indicators
- Intensify the use of assessment/monitoring techniques and tools
- Enhance budgetary support, training and guidelines for monitoring
- Consider the concept of regional projects/programmes

(A.6) PRIORITY 6: MOVE THE ISSUES OF HUNGER AND POVERTY TO THE CENTRE OF THE INTERNATIONAL AGENDA

- Actively pursue the Rome Declaration on World Food Security and its Plan of Action
- Strengthen country-level advocacy
- Develop informative tools for advocacy, including country office reports on hunger, food aid and food security; and workshops on specific issues



- Intensify efforts to make WFP known as the front-line agency tackling hunger and poverty

(B) STRATEGIC PRIORITIES FOR ORGANIZATIONAL CAPACITY AND RESOURCES

(B.1) PRIORITY 1: THE ORGANIZATIONAL CHANGE INITIATIVE

- Consolidate decentralization process
- Strengthen communication
- Streamline procedures
- Reinforce strategic planning

(B.2) PRIORITY 2: BUILDING A NEW STAFF PROFILE

- Reengineer Unified Service to be more mobile to lead major emergency operations and for staff to possess a solid grounding in emergency management skills
- Facilitate strategic human resource planning
- Delegate recruitment of project contract and short-term staff to the field
- Recruit, retain and train qualified national officers and staff
- Provide enhanced training programme to fill the identified skills gap as well as the emerging competencies required of all staff working in a changing environment
- Intensify efforts to recruit qualified female professionals and developing country nationals

(B.3) PRIORITY 3: INCREASED ACCOUNTABILITY

Financial Management Improvement Programme (FMIP)

- Support the structural upgrading of financial management and accountability through 1998-2001
- Provide systematic and timely information to donors regarding contributions and their utilization
- Support WFP's efforts towards decentralizing key functions to regional and country offices
- Establish data warehouse which will permit middle and senior management to have access to information most needed to make decisions



Improving operational accountability

- Enhance the culture of monitoring and evaluation
- Conduct impact studies of specific projects/operations as well as strategic evaluations of key initiatives discussed in the Strategic Plan
- Incorporate strategies specific to the changing decision making structure of WFP into OEDA and OEDI work plans

(B.4) PRIORITY 4: BETTER MOBILIZATION OF RESOURCES

- Retain key donors at or above their current levels
- Broaden donor base to cushion the shifting resourcing levels of key donors
- Improve responsiveness to donor concerns, and the ability to provide accurate and timely reports to donors
- Implement the new Resource Mobilization System (RMS)
- Keep country-level donor representatives well informed of WFP's activities through regular meetings, reports and field visits
- Enrol new funding sources to the Programme: corporations, foundations and support groups





Annex II

Terminology

To the extent possible, commonly used terms for budget preparation have been employed in the formulation of this document. In certain cases, budget preparation and financial terms and definitions specifically linked to WFP have also been used.

Allotment

A financial authorization issued by the Executive Director, pursuant to budget and appropriation lines voted, to an official to incur obligations for specific purposes within approved budgets, within specified limits and during a specified time.

Appropriation

The amount approved by the Executive Board for specified purposes in the Programme Support and Administrative (PSA) budget for a financial period, against which obligations up to an approved amount may be incurred for those purposes.

Appropriation line

The largest subdivision of the PSA budget within which the Executive Director is authorized to make transfers without prior approval of the Executive Board.

Biennial support or administrative budget

The biennial budget for PSA services.

Bilateral contribution

A contribution directed by the donor to be used to support an activity not initiated by WFP.

Contribution

A donation of appropriate commodities, related non-food items, acceptable services or cash made in accordance with WFP's Financial Regulations. Under WFP's new resourcing modalities, a contribution may be multilateral, directed multilateral or bilateral.

Cost (increase/decrease)

Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.



Directed multilateral contribution

A contribution, other than a response to an appeal made by WFP for a specific emergency operation, which a donor requests WFP to direct to a specific activity or activities initiated by WFP, or to a specific Country Programme or Country Programmes.

Direct support cost

A cost that can be directly linked with the provision of support to an operation and which would not be incurred should that activity cease.

Financial period

A two-year period starting on 1 January of each even-numbered year.

Financial statements

Formal presentation of financial information showing the income and expenditure for a given period, and assets and liabilities at the end of that period, including notes, which form an integral part thereof.

Full cost recovery

The recovery of operational costs, direct support costs and indirect support costs in full.

General Fund

The accounting entity established for recording, under separate accounts, indirect support cost recoveries, miscellaneous income and contributions received which are not designated to a specific programme category, project or bilateral project.

General Regulations

The Revised General Regulations of WFP, as approved by the General Assembly of the United Nations and the Conference of FAO.

IEFR

The International Emergency Food Reserve.

Indirect support cost

A cost that supports the execution of projects and activities but cannot be directly linked to their implementation.

IRA

Immediate Response Account.

Management and administration of an organization

Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational strategic policy, resource mobilization and



external relations, public information, and administrative support functions such as finance, human resource and management services.

Multilateral contribution

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

Obligation

A written commitment of funds resulting in a liability against approved allocations or allotments.

Operational costs

The costs of commodities, ocean transport and related costs, and landside transportation, storage and handling (LTSH).

Operational reserve

Monies maintained as an account within the General Fund to be used to ensure continuity of operations in the event of a temporary shortfall of resources.

Other resources

Resources of a voluntarily funded organization other than Regular resources, received for specific programme purposes and for the provision of specific services to third parties.

Pledge

A promise to make a contribution.

Programmes

Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. These may include experts, support personnel, supplies and equipment, subcontracts, cash assistance, and individual or group training.

Programme category

A classification of WFP activities as established in accordance with the General Regulations.

Programme category fund

An accounting entity established by the Executive Board for the purposes of accounting for contributions, income and expenditures for each programme category.

Programme support

Organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This includes units that backstop programmes on a technical, thematic, geographic, logistical or administrative basis.



Programme support and administrative budget

The portion of the WFP budget that pertains to providing indirect support to WFP's operational activities.

Project

A separately identified undertaking executed with the assistance of WFP.

PRO

Protracted relief operation.

Various cost adjustments

Cost increases/decreases attributable to changes in rates, or conditions not tied to currency or annual inflation arrangements.

Volume (increase/decrease)

Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the cost factors applicable for the approved appropriations to permit direct comparison of changes relative to the level of activities approved for the current budget period.

WFP budget

The biennial budget approved by the Executive Board indicating estimated resources and expenditures for programmes, projects and operations, including a programme support and administrative budget component.



Annex III

Methodology

In developing the biennial budget for the period 1998-99, the likely availability of the volume of resources was estimated, together with the anticipated needs by programme category and PSA appropriation line. The level of the PSA was established according to the resources estimated to be available, as support cost recovery from the different programmes. The level of need was established according to the level of services that need to be provided if WFP is to meet its goals for the biennium. Functional activities to be undertaken at headquarters and in the field were reviewed and prioritized. Each functional activity was then costed in terms of its implications on staff and non-staff costs. Grade levels of currently approved posts were the basis for calculating 1998-99 staff requirements. Thus, the proposed 1998-99 PSA budget is zero-based.

Staff costs

The budget has been adjusted for estimated cost increases. Wherever applicable, WFP adopts cost increases calculated by FAO. As in previous biennia, FAO-devised standard staff costs for staff at headquarters were used, including an adjustment for specific factors deriving from an analysis of the differential between standard and actual costs for international staff in country offices. For 1998-99, the expected rate of increase in standards costs for WFP has been estimated at six percent.

Lapse factor

The lapse factor is an allowance for theoretical savings arising from delays in filling vacant posts, to the extent that such savings are not used to finance other posts. Although allocations will be made to units in terms of staff years, and the full amount of staff costs (allowing each unit to apply savings in staff years for temporary replacements or consultants), a lapse factor of 10 percent was applied on all existing staff positions at headquarters.

Other costs

Non-staff budget costs are estimated at the 1996-97 level, without inflationary increases. This was possible through economies achieved in some of the major line items of non-staff expenditure such as travel.

Exchange rate effects

The 1998-99 estimates were prepared at the exchange rate adopted by the FAO conference for the 1996-97 biennium (i.e., 1,600 lire for one US dollar). However, the budget



estimates will be re-costed at the rate of exchange to be adopted by the FAO Conference in 1997 for the FAO Programme of Work and Budget for 1998-99.

Historically, about 25 percent of the current PSA budget is expended in Italian lire. Therefore, a variation in the exchange rate between the US dollar and Italian lire has a significant impact on the total PSA budget. The re-costed value of the proposed PSA budget, based on different exchange rates, is illustrated below.

EFFECTS OF EXCHANGE RATES ON PSA BUDGET AMOUNT
(assuming 25 percent of budget spent in Italian lire)

Lire/\$1	Rate change (percentage)	Budget change (percentage)	Budget amount (in million US dollars)
1200	-25	0.06250	227.8
1300	-19	0.04688	224.5
1400	-13	0.03125	221.1
1500	-6	0.01563	217.8
1600	0	0.00000	214.4
1700	6	-0.01563	211.1
1800	13	-0.03125	207.7
1900	19	-0.04688	204.4
2000	25	-0.06250	201.0

