

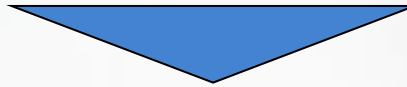


February 15, 2011

# FOURTH UPDATE ON THE WFP MANAGEMENT PLAN (2010-2011)

First Regular Session of the Executive Board 2011

## Draft Decision



The Executive Board is requested to:

- take note** of the updated programme of work for the 2010-2011 biennium;
- approve** a proposal for supplementary expenditures for field security upgrades; and
- approve** supplementary expenditures for a treasury management system.

## The 4<sup>th</sup> update on the Management Plan also includes

- ❑ highlights of the programme of work for the 2010-2011 biennium
- ❑ an update on WFP's Cereal Index and Crude Oil Index
- ❑ key resourcing highlights
- ❑ an update on WFP's advance financing mechanisms
- ❑ an update on extra-budgetary resources



# Programme of Work

## Programme of Work

- Aggregation of all active projects (EMOP's, PRRO's, DEV's and SO's)
- Approved by EB separately (directly or under delegated authority)
- Represents requirements: implementation dependent on funding availability

# Overview of the 2010 Programme of Work



## DRAFT DECISION

- I. **takes note** of the projected programme of work of US\$11.86 billion for the 2010-2011 biennium, excluding any provision for unforeseen requirements

	US\$ million
<b>2010 Original Management Plan</b>	<b>4,606.0</b>
+ First Update	594.6
+ Second Update	1,197.2
+ Third Update	516.6
- Fourth Update	- 63.5

**TOTAL REVISED 2010 PROGRAMME OF WORK: US\$6,850.9 million**

# Overview of the 2011 Programme of Work



## DRAFT DECISION

- I. **takes note** of the projected programme of work of US\$11.86 billion for the 2010-2011 biennium, excluding any provision for unforeseen requirements

	US\$ million
<b>2011 Original Management Plan</b>	<b>4,350.0</b>
+ Third Update	720.0
- Fourth Update	-55.6

**TOTAL REVISED 2011 PROGRAMME OF WORK: US\$5,014.4 million**

**TOTAL REVISED 2010-2011 PROGRAMME OF WORK US\$11.86 billion**



# Field Security upgrades

## DRAFT DECISION

- ii. **approves** supplementary expenditures of up to US\$10.2 million for field security upgrades, to be funded from the Programme Support and Administrative Equalization Account

*As outlined in the document “Information note on Funding of Security Management Arrangements” \**

- approved Security Emergency Fund **US\$14.5 million**
  - US\$8.5 million was utilized in 2010
- 2010 carry over **US\$6.0 million**
- 2011 projected expenditure **US\$16.2 million**
  - US\$8.6 million for office relocation and blast mitigation
  - US\$7.6 million for security management and minimum operating security standards
- 2011 net supplementary expenditures **US\$10.2 million**
- It is proposed to fund the increase from the PSA Equalization account for the remainder of the biennium



# Treasury management system

## DRAFT DECISION

- iii. **approves** supplementary expenditures of US\$1.0 million for a treasury management system, to be funded from the unearmarked portion of the General Fund

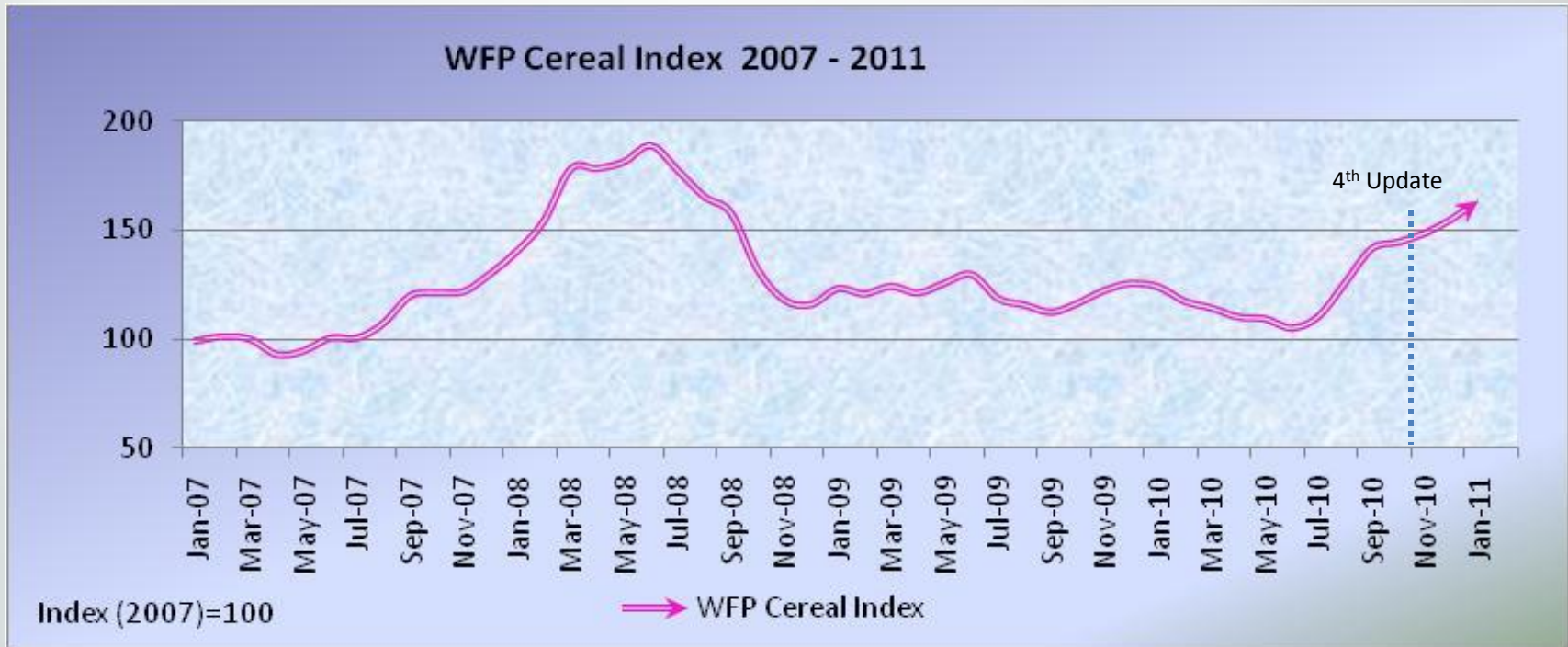
### The implementation of the treasury management system will

- improve financial control processes in field offices through automated upload of payment files and bank statements
- reduce bank fees
- reduce the number of bank accounts and cash balances held in field offices
- allow the sending of bulk payments to vendors, employees and beneficiaries of Cash & Voucher projects

The investment will be paid back in less than one year from implementation (*18 month implementation period*)



# WFP Cereal Index



- 23% increase from final quarter 2009 to final quarter 2010
- Overall increase not as extreme as any single commodity (eg. Wheat or Maize)
- From 1 December 2010 to 1 February 2011, WFP's Cereal Index has increased by 10%
- WFP' Cereal Index is 13% short of the historical food price levels reached in June 2008



# Review of the 2010-2011 Programme of Work



## Review of the Programme of Work

- The data used to compile the Programme of Work for this Fourth Update is dated up to November 2010
- From 1 December 2010 to 1 February 2011 WFP's Cereal Index has increased by 10%
- As outlined in the Fourth Update, the Secretariat has been reviewing the impact on the Programme of Work





# Review of the 2010-2011 Programme of Work

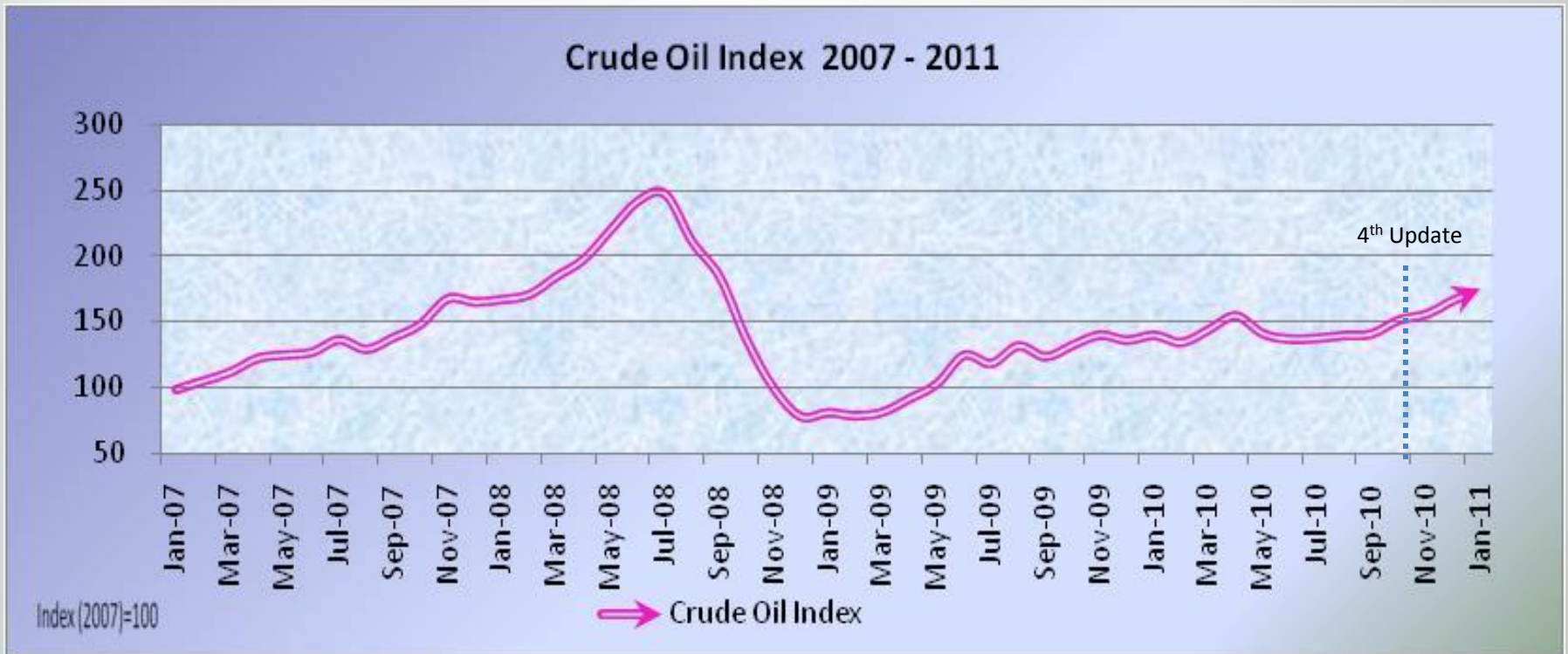


## Review of the Programme of Work:

- Findings indicate that the Programme of Work is understated by 14% (based on prices of early February)
- This is equivalent to approximately US\$268million
- The increase is mainly attributed to cereals and oils (98%), with wheat being the main driver while pulses remain stable
- A further update will be provided at the end of February 2011 (1<sup>st</sup> Risk Briefing)



# Crude Oil Index



- Brent Crude Oil has increased by 5% between 1 December 2010 to 1 February 2011.



# Impact on WFP 's Transportation budget for 2011 given recent increase of fuel prices



## External Transport

- ❑ The price of bunker fuel has increased by 5% over the past eight weeks
- ❑ No impact on WFP's External Transport budget for 2011, because of
  - Vessel owner absorbing additional cost because of the high level of capacity available on shipping markets
  - Owners are cutting cost by "slow-steaming" – vessel sail slower using less fuel

## Landside Transport, Storage and Handling

- ❑ Only 1% increase in the 2011 LTSH budget, because of
  - Fuel prices are subsidized by governments – fluctuations are not directly impacting pump prices
  - WFP's surface transport contracts are usually signed for a six months period , levelling out impacts of increases/decreases possibly at a later stage during the year

**THANK YOU**

THANK YOU

