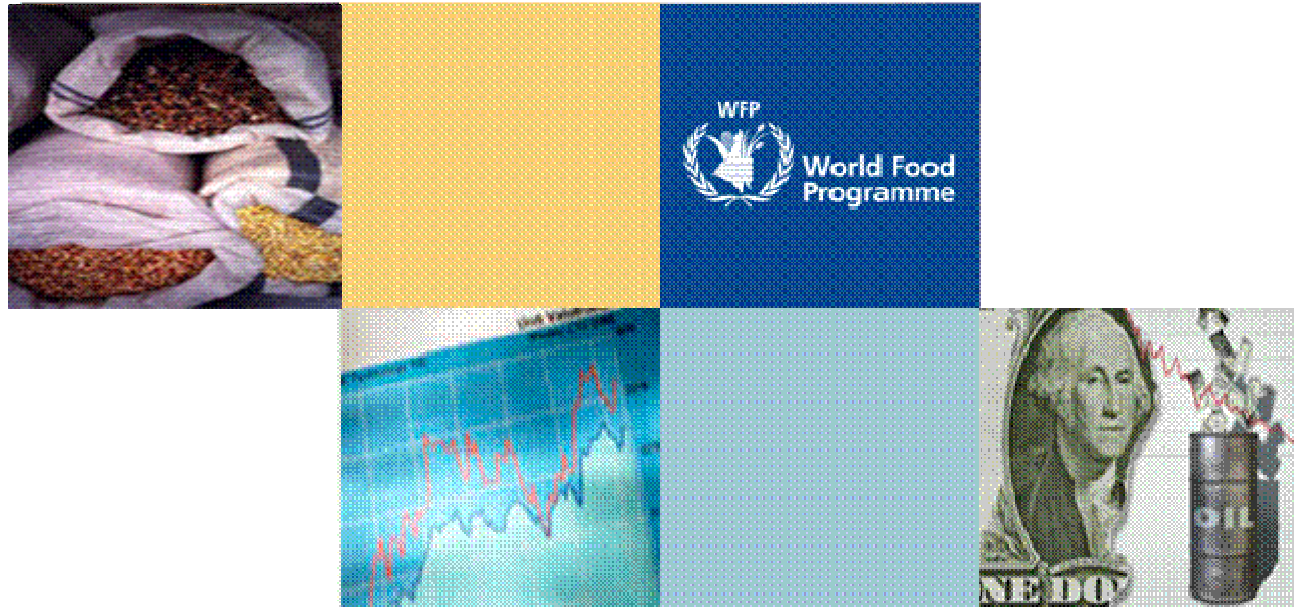


RISING PRICES: IMPACT ON WFP COSTS AND PROGRAMME OF WORK



Financial Seminar
April 3, 2008

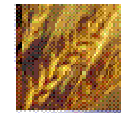
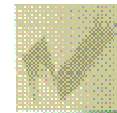
Agenda

1. Background

2. Food

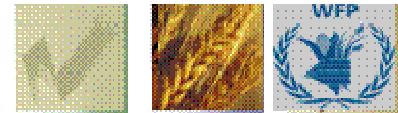
3. Associated Costs

4. Conclusion – New Requirements



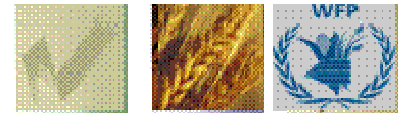
Background

- Management Plan 2008-2009 budget based on an expected price increase of 10%
- Since finalization of the operational budget in June 2007 commodity prices have increased radically
- Volatility and continued price rises for commodity markets, fuel (crude oil) and exchange rates



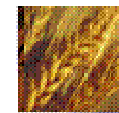
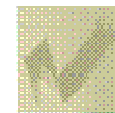
Background cont.

- Management Plan 2008-2009 (Oct 2007):
 - Food budget \$2.4 billion
 - Total operational requirements \$5.4 billion (excl. ISC)
- Management Plan Update (Feb 2008):
 - Food budget \$3.075 billion
 - Total operational requirements \$6.376 billion (excl. ISC)
- February estimates:
 - 2008 Impact - \$500 million (Press Releases)



Latest Budget Estimates

	<i>US\$ Million</i>
Original Management Plan	\$5,414
Food Increase	+1,305
Associated Costs Change	-42
New Requirements	+449
TOTAL	\$7,126
<i>Total Incl. ISC</i>	<i>\$7,625</i>



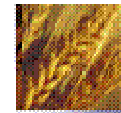
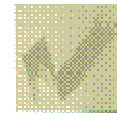
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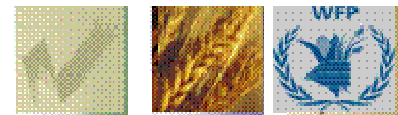
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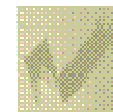
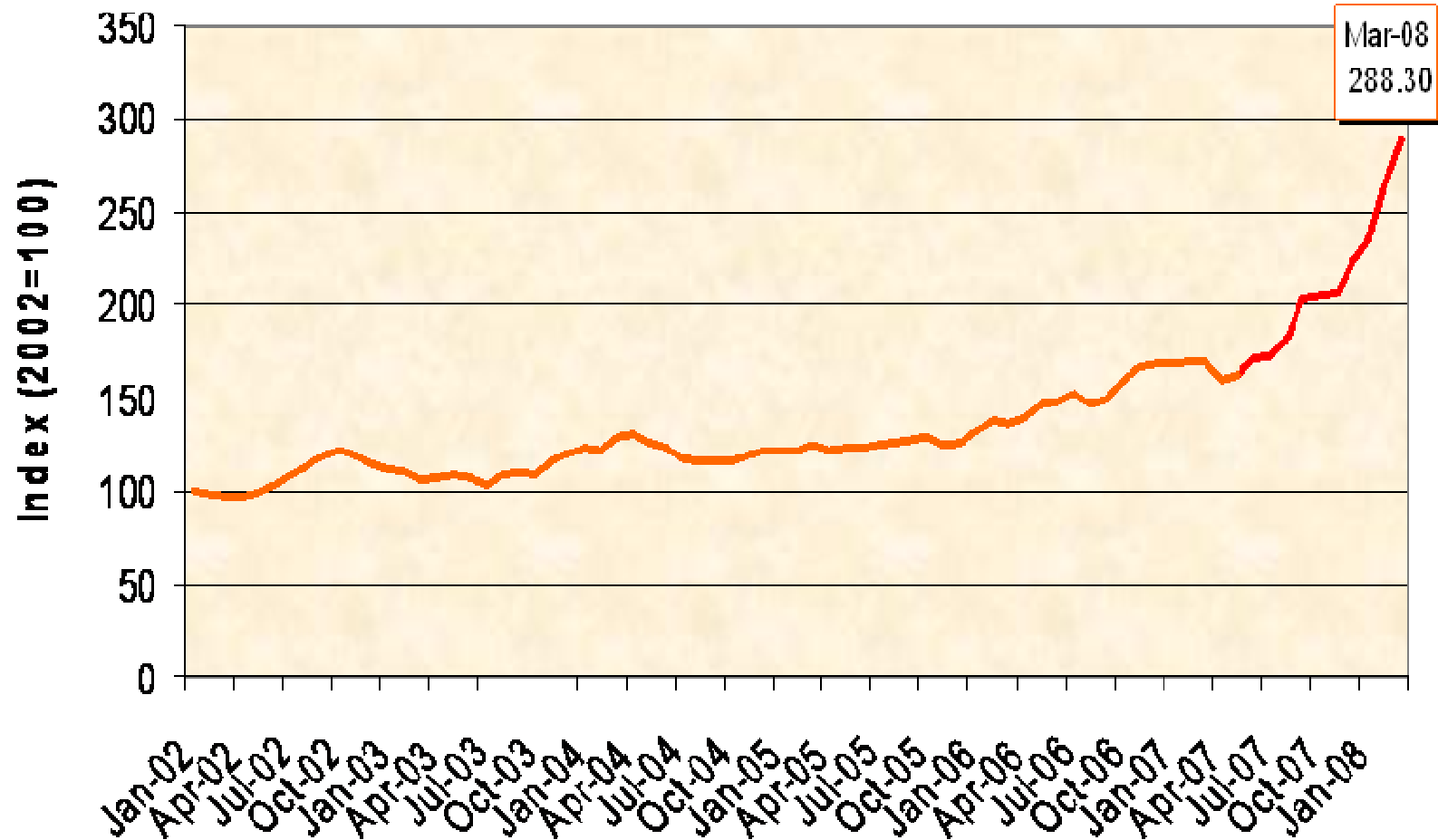


WFP Cereal Index

- Composed of four cereals: Maize, Wheat, Rice and Sorghum
- These four cereals represent 41% of the value of the WFP food basket for 2007
- Weight of each commodity in the WFP Cereal Index based on its value in the WFP food basket in 2007
- Prices from FAO International Commodity Prices

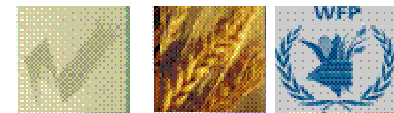


WFP CEREAL INDEX 2002-2008

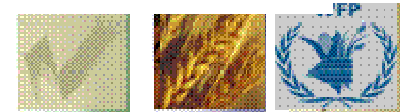
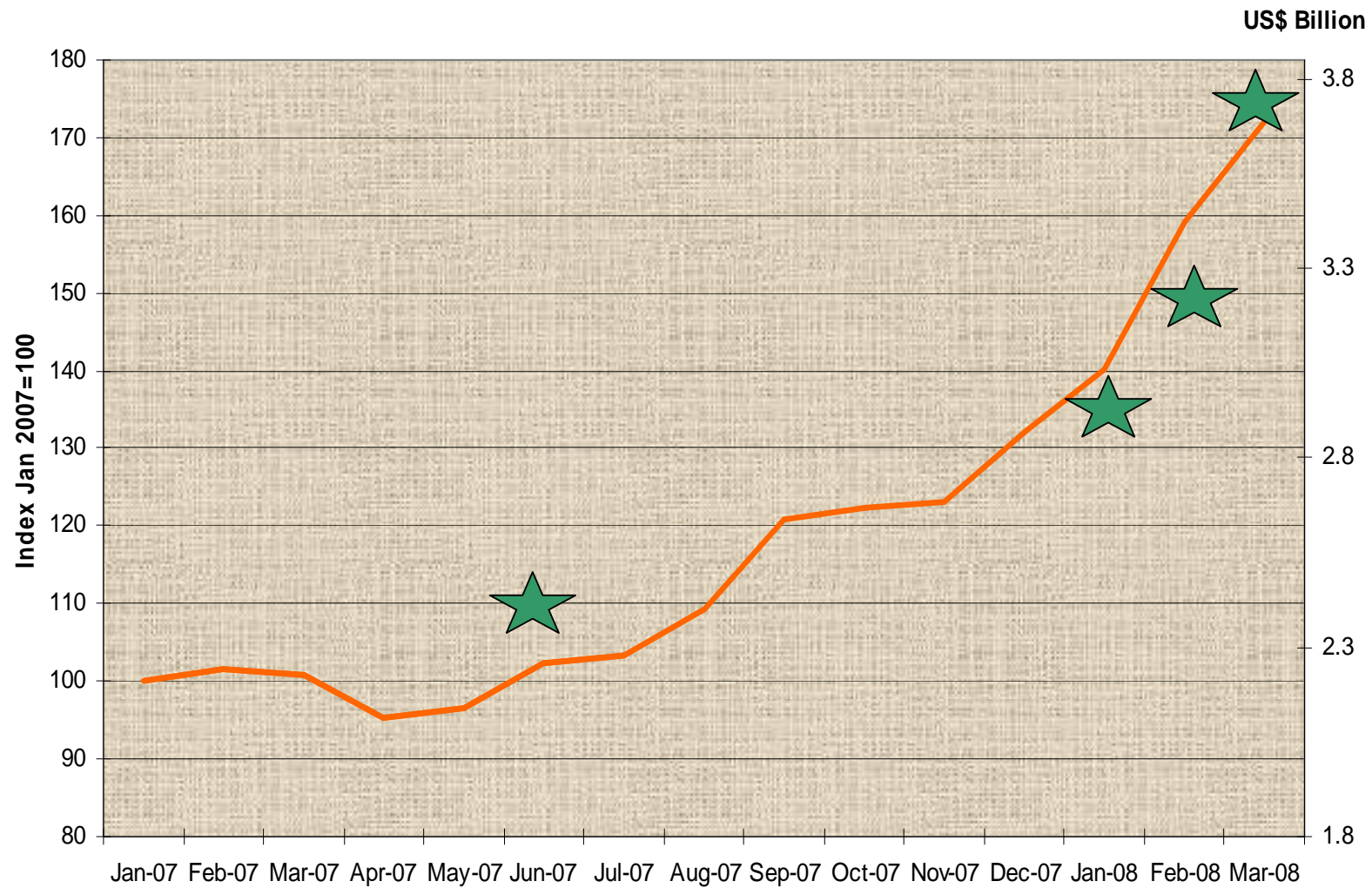


WFP Food Requirements

	<i>US\$ Million</i>
Original Management Plan 2008-09	\$2,427
Increase January 2008	+520
Increase March 2008	+785
TOTAL 2008-2009	\$3,732



WFP Cereal Index and Commodity Budget



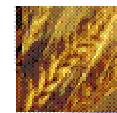
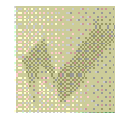
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1. Background

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3. Associated Costs

4. New Requirements & Conclusion

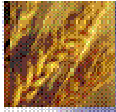
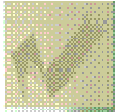
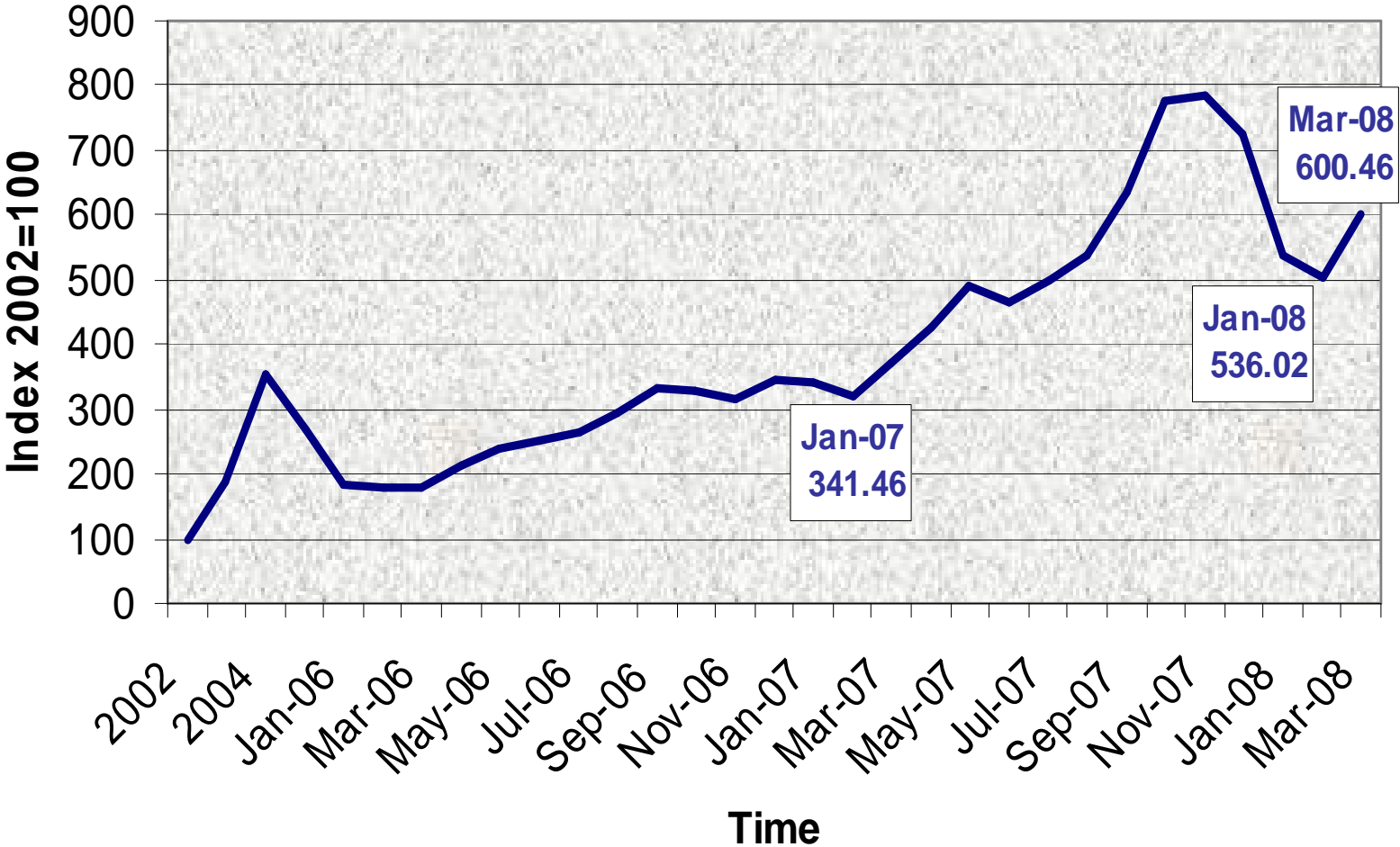


Associated Costs

- Associated costs figures being finalized
- Major movements:
 - External Transport increase \$85.3 million
 - Sudan LTSH decrease \$82.9 million



External Transport: Shipping Rates



LTSH Sudan

Decrease in Sudan LTSH rate due to:

- Pre-positioning of food
- Enhanced transport infrastructure and
- Investment in light-fleet vehicles



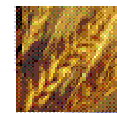
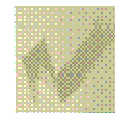
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New Requirements

- New Requirements from February MP Update: \$228 million
 - Addition to Zimbabwe PRRO
 - New Bangladesh EMOP
 - Addition to Ethiopia PRRO
 - New Pakistan PRRO
 - New Kenya EMOP
 - New Somalia SO
- Updated New Requirements (excl. ISC): \$449 million

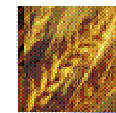
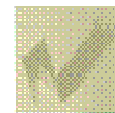
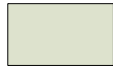


WFP Estimated Requirements

	2008	2009	2008-2009
Original Food Costs	1.285	1.142	2.427
Original Transport & Delivery Costs	1.618	1.369	2.987
Original Operational Requirements	2.903	2.511	5.414
Estimated Addition due to cost increases	0.707	0.556	1.263
Original Requirements Re-costed	3.610	3.067	6.677
Estimated New Requirements	0.391	0.058	0.449
TOTAL OPERATIONAL REQUIREMENTS	4.001	3.125	7.126
ISC	0.280	0.219	0.499
TOTAL FUNDING REQUIREMENT	4.281	3.344	7.625



Management Plan and Budget Revisions



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