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de Alimentos

**Executive Board  
Second Regular Session**

**Rome, 7–11 November 2005**

# **RESOURCE, FINANCIAL AND BUDGETARY MATTERS**

**Agenda item 5**

*For approval*



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## **WFP BIENNIAL MANAGEMENT PLAN (2006–2007)**



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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted for approval by the Executive Board.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

|                                   |               |                   |
|-----------------------------------|---------------|-------------------|
| Chief of Staff and Director, OED: | Mr M. Stayton | tel.: 066513-2002 |
| Chief Financial Officer, CFO:     | Ms G. Casar   | tel.: 066513-2885 |
| Director a.i., OEDB:              | Mr S. O'Brien | tel.: 066513-2682 |

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Meeting Servicing and Distribution Unit. (tel.: 066513-2645).



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## TRANSMITTAL LETTER

### **To the Membership of WFP:**

I am pleased to submit to you the proposed Management Plan for the 2006–2007 biennium. The plan outlines WFP's plans for implementing the first two years of the 2006–2009 Strategic Plan and includes the 2006–2007 Budget.

We have done a tremendous amount of work over the past two years. As you will recall, in the last biennial budget we projected that WFP's programme of work would be around US\$4.8 billion. Based on expenditures so far, we are estimating the actual level of work to total almost US\$6 billion – an increase of around 25 percent. Looking ahead over the next two years, we don't anticipate that the situation will change significantly, and the budget being presented to you is around the same level as our actual expenditures last biennium.

Several important factors influenced our planning process:

- 1) As WFP is increasingly asked to respond to major emergencies, the 2006-2007 Management Plan will focus on strengthening the organization's capacity to meet these expectations. We aim to have a support structure that would allow us to respond effectively to up to three sudden, major emergencies at the same time.
- 2) We need to maintain our commitment to a decentralized structure and ensure that we have talented staff as close to our beneficiaries as possible. In this biennium we will strengthen our country offices – especially the smaller ones – to enable them to meet expectations in important areas such as emergency preparedness, reporting and our new business practices.
- 3) We believe that we have an obligation to prepare an operating plan and budget for 2006–2007 that will meet the requirements of all programmes and projects approved by the Executive Board or under the authority delegated to Mr. Diouf and me.
- 4) WFP needs to maintain its focus on continuing to broaden our donor base. The work we have done in this area in 2004-2005 is showing good results and needs to be expanded.

We believe that the 2006-2007 Management Plan will make WFP stronger and more capable of helping the millions of children, women and men who live in hunger and poverty. We look forward to engaging with the Executive Board and our many other partners to fulfill this humanitarian mandate and work toward achieving the Millennium Development Goals.

Thank you for your strong support of our work.

James T. Morris  
Executive Director



## EXECUTIVE SUMMARY

### INTRODUCTION

Pursuant to current governance arrangements, WFP's Biennial Management Plan (2006–2007) is presented for review and approval by the Executive Board in accordance with Article 9.5 of the WFP Financial Regulations.

This plan is designed to ensure that the resources placed at the disposal of WFP are used to meet the Millennium Development Goals (MDGs) through food-assisted interventions targeting poor and hungry people. This will be accomplished through the five Strategic Objectives and the seven Management Objectives identified in the Strategic Plan (2006–2009).

From a support perspective, this plan focuses on emergency preparedness. WFP's workload has essentially doubled, and the organization needs to ensure that it is properly equipped to handle relief operations to support its first two Strategic Objectives of saving lives and preserving livelihoods. This plan aims to provide the capacity to address up to three sudden major emergencies at the same time, to improve management and technical support to the field and to address the risks and weaknesses outlined in the Strategic Plan (2006–2009).

The goal of the support budget is to strengthen country offices to ensure delivery of strategic results. This plan has been developed with the following support budget drivers in mind:

- Strengthen country offices to enable them to meet challenges of high-impact and complex operations:
  - ◇ more staff in the field and fewer in Headquarters: maintain adequate finance and human resources support to the field; add management and technical capacity to 42 small country offices;
  - ◇ improve country office support including technical support, commodity purchasing, transport, aviation and emergency response;
  - ◇ improve decentralized operations: technical support and communication channels; and
  - ◇ mainstream the business process review practices.
- Continue to broaden the donor base to improve programme funding.
- Continue to improve aid to women and children, including reducing the burden on women.
- Address weaknesses and risks identified in the Strategic Plan (2006–2009).



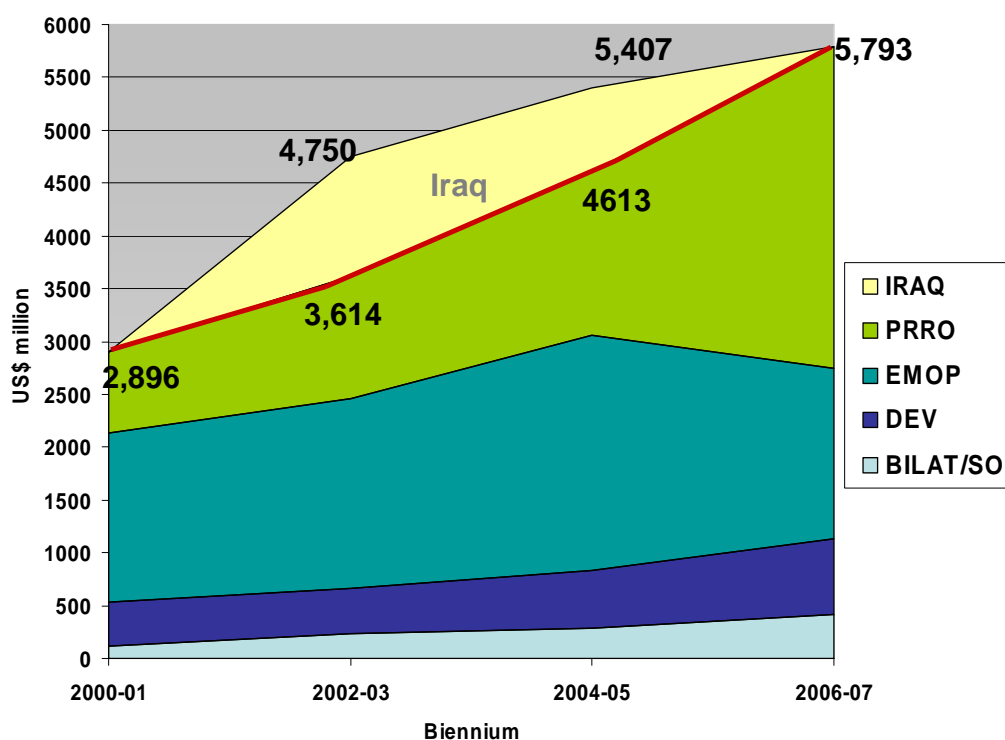
The plan has been compiled using a needs-based methodology for programme costs. The level of the Programme Support and Administrative (PSA) proposal however takes into consideration the expected level of resources in the coming biennium and provides several alternatives for funding the PSA budget to ensure it is properly covered under various scenarios of programme funding. The proposal is composed as follows:

| <b>TABLE 1: BUDGET PROPOSAL 2006–2007 (US\$ million)</b>   |                |
|--|----------------|
| Programme expenditure                                      | 5 793.0        |
| Regular PSA  | 367.5          |
| Capital and capacity funds                                 | 25.5           |
| Trust fund, special accounts and General Fund expenditures | 167.0          |
| <b>Total Management Plan Expenditure</b>                   | <b>6 353.0</b> |

## HISTORICAL CONTEXT

Programme costs for emergency operations (EMOPs) and protracted relief and recovery operations (PRROs) have grown by 60 percent over the past three biennia at an annual rate of 8 percent. Development programme costs have grown by 30 percent at an annual rate of 5 percent in the same period. Total programme costs for 2006–2007 are expected to be essentially double what they were in 2000–2001. The figure below shows the programme expenditure trend from 2000–2001 to 2006–2007.

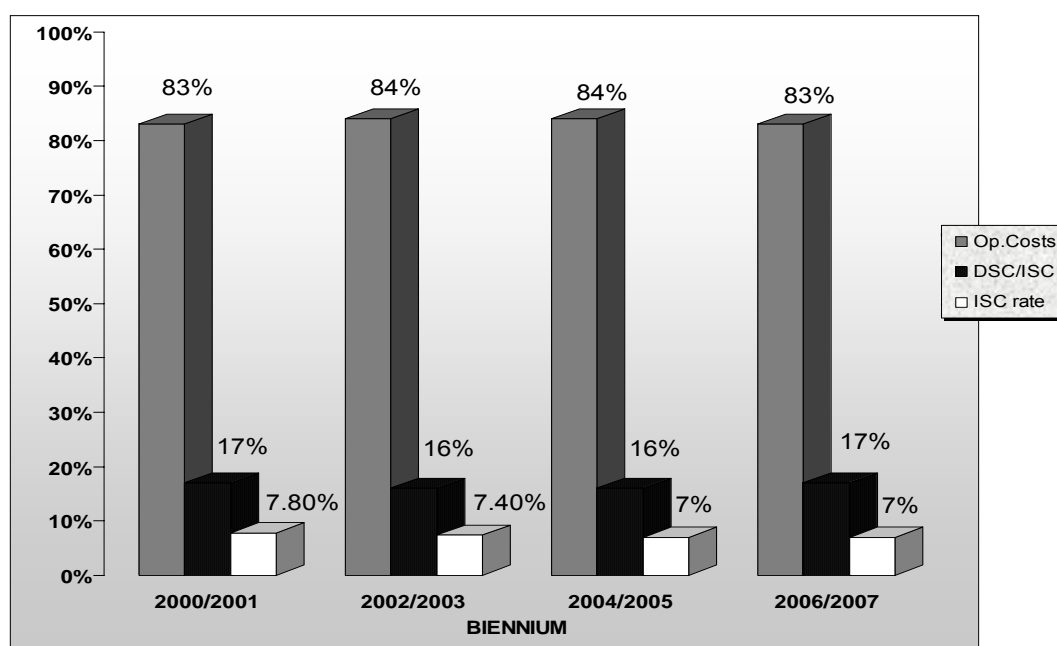
**FIGURE 1: EIGHT YEAR PROGRAMME EXPENDITURE TRENDS (US\$ million)**



It should be noted that the budgeted programme cost for 2006–2007 of US\$5,793 million does not include a provision for any new EMOPS. This figure only includes programmes approved up to EB.3/2005, by either the Executive Board or by the FAO Director-General and WFP Executive Director under delegated authority, plus any logical extensions of these programmes through 2006 and 2007.

The following graph outlines WFP expenditure ratios from 2000–2001 to 2006–2007, excluding the unique Iraq programme in 2003 and 2004. Over the past three biennia (2000–2001, 2002–2003 and 2004–2005) total support costs averaged 16 percent, and direct operational costs (DOC) averaged 84 percent. The budget proposal for 2006–2007 indicates a support percentage of 17 percent, but it is expected that, in a similar way to the current biennium where the budgeted rate was 18 percent, the advent of unforeseen emergencies could reduce the support cost rate to 16 percent.

**FIGURE 2: RATIOS OF TOTAL EXPENDITURE**



Note that this graph excludes the Iraq programme in 2003 and 2004. Including Iraq, operational costs totalled 87 percent in 2002–2003 and 84 percent in 2004–2005.



## Overview of Historical Context

Table 2 summarizes actual expenditure and budget estimates from 2000–2001 to 2006–2007.

| <b>TABLE 2: TREND OF EXPENDITURE (US\$ million)</b> |                             |                             |                               |                                      |
|---|-----------------------------|-----------------------------|-------------------------------|--------------------------------------|
|   | <b>2000–2001<br/>Actual</b> | <b>2002–2003<br/>Actual</b> | <b>2004–2005<br/>Forecast</b> | <b>2006–2007<br/>Budget proposal</b> |
| DOC (excl. Iraq)                                    | 2 574                       | 3 220                       | 4 122                         | 5 134                                |
| DSC (excl. Iraq)                                    | 322                         | 394                         | 497                           | 659                                  |
| Iraq  | -                           | 1 136                       | 788                           | -                                    |
| <b>Total direct programme<br/>expenditure</b>       | <b>2 896</b>                | <b>4 750</b>                | <b>5 407</b>                  | <b>5 793</b>                         |
| Regular PSA   | 230                         | 232                         | 297                           | 368                                  |
| PSA exchange variance*                              |                             |                             | 66                            | -                                    |
| Capital and capacity<br>funds**                     |                             |                             | 49                            | 25                                   |
| <b>Total indirect<br/>expenditure</b>               | <b>230</b>                  | <b>232</b>                  | <b>412</b>                    | <b>393</b>                           |
| <b>Other expenditure</b>                            | <b>64</b>                   | <b>97</b>                   | <b>169</b>                    | <b>167</b>                           |
| <b>Total expenditure</b>                            | <b>3 190</b>                | <b>5 079</b>                | <b>5 988</b>                  | <b>6 353</b>                         |
| <b>Food delivered<br/>(million mt)</b>              | <b>7.031</b>                | <b>9.753</b>                | <b>10.779</b>                 | <b>9.521**</b>                       |

\* The total impact of foreign exchange on staff costs is projected to be US\$72 million, of which US\$66 million is projected to relate to PSA. Although this amount was approved separately from PSA, for transparency and comparability this figure will be considered as PSA expenditure throughout this document.

\*\* Excludes unforeseen new emergencies.

| <b>TABLE 3: TREND OF INCOME (US\$ million)</b> |                             |                             |                               |                                      |                        |
|--|-----------------------------|-----------------------------|-------------------------------|--------------------------------------|------------------------|
|  | <b>2000–2001<br/>Actual</b> | <b>2002–2003<br/>Actual</b> | <b>2004–2005<br/>Forecast</b> | <b>2006–2007<br/>Budget proposal</b> |                        |
|  |                             |                             |                               | <b>100%<br/>Funding</b>              | <b>81%<br/>Funding</b> |
| <b>Total income</b>                            | <b>3 983</b>                | <b>5 804</b>                | <b>5 988</b>                  | <b>6 353</b>                         | <b>5 167</b>           |
| ISC rate (%)                                   | 7.8                         | 7.4                         | 7.0                           | 7.0                                  | 7.0                    |
| ISC income                                     | 308                         | 353                         | 364                           | 393                                  | 327                    |





## MANAGEMENT PLAN FINANCIAL SUMMARY

### Budget, 2006–2007

The projected budget required to implement the plan is US\$6.4 billion over the biennium: US\$5.8 billion of programme costs and US\$368 million of PSA costs and US\$192 million of other costs. The PSA and capital and capacity-building components of this budget proposal are 5 percent lower than the requirement in 2004–2005. Table 4 shows the total budget proposal by cost category.

| <b>TABLE 4: TOTAL BUDGET PROPOSAL BY COST CATEGORY</b>                         |  |
|--|--|
|  | <b>Budget 2006–2007<br/>(US\$ million)</b> |
| Direct operational costs   | 5 134                                      |
| Direct support costs   | 659  |
| <b>Total programme costs</b>   | <b>5 793</b>                               |
| Regular PSA  | 368  |
| Capital and capacity funds (RBM* and strengthening financial management [SFM]) | 25   |
| Trust funds, special accounts and general fund expenditures                    | 167  |
| <b>Total Management Plan costs</b>   | <b>6 353</b>                               |

\* Results-based management.

### Income Assumptions, 2006–2007

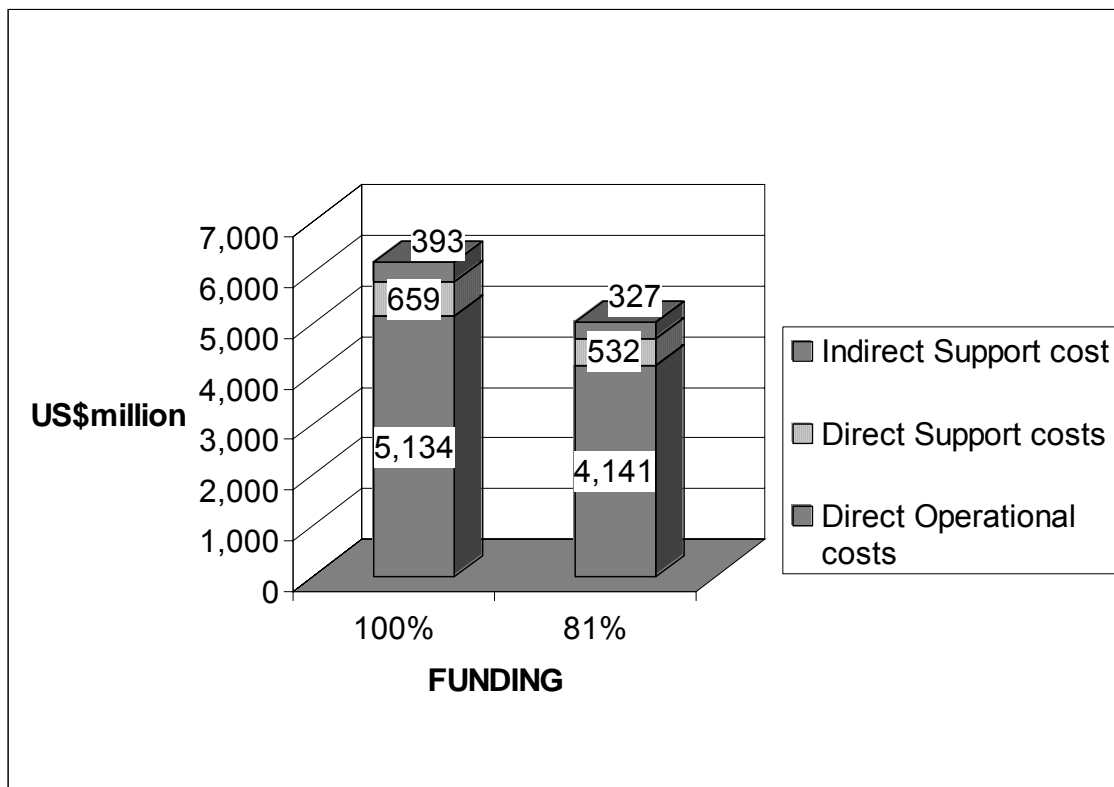
As a completely voluntarily funded organization, WFP has not historically resourced 100 percent of its operational needs. Income for the PSA component of the Management Plan 2006–2007 is based on a minimum funding assumption of **US\$5 billion** for the biennium, which would fund 81 percent of the 2006–2007 operational budget. This is the amount projected to be raised for the 2004–2005 biennium, excluding the Iraq bilateral. The overall funding rate of the operational budget for the 2004–2005 biennium (including Iraq) is expected to be 86 percent, reflecting the fact that several large operations were fully funded including Iraq and the Indian Ocean tsunami.

Contribution income of US\$5 billion in 2006–2007 would generate indirect support costs (ISC) income of US\$327 million to partially fund the regular PSA budget and capital and capacity funds – a total of US\$393 million. Therefore, up to US\$66 million could be required from the PSA Equalization Account if funding of the operational budget only reached 81 percent and no unforeseen emergencies were to occur. The PSA equalization account is projected to have a positive balance of US\$78 million as at 31 December 2005. Therefore, the balance on the PSA equalization account at 31<sup>st</sup> December 2007 would range from US\$12 million to over US\$78 million, depending on the success rate of funding the Management Plan (2006–2007) and the addition of unforeseen new emergencies.



Figure 3 shows income funding by cost category.

**FIGURE 3: INCOME ASSUMPTIONS: PROGRAMME AND PSA COSTS**



### 2006–2007 Compared with 2004–2005

The expenditures proposed in the Management Plan (2006–2007) are US\$6.353 billion, US\$365 million or 6 percent more than the 2004–2005 forecast of US\$5.988 billion.

WFP is proposing an ISC rate of 7.0 percent for 2006–2007, a continuation of the rate used since 2003.

WFP prepared a needs-driven budget for 2004–2005 based on funding 100 percent of programmes. For 2006–2007, WFP is basing the PSA budget on a minimum 81 percent funding assumption with enough contingency funds in the PSA Equalization Account to accommodate this in the event that unforeseen new emergencies do not occur. Should unforeseen new emergencies occur, they will generate additional indirect support costs (ISC) income as in the current biennium. The plan assumes an ongoing and increasing effort to broaden the donor base, to keep current donors engaged and to open new channels with other partners. WFP hopes that its efforts to improve programme funding in order to reach as many beneficiaries as possible will have a wider resonance in the donor community.

Management reaffirms its commitment to provide updates on the implementation of the Management Plan to the Board during the biennium.



## HUMAN RESOURCES

Human resources management will focus on strengthening country offices by shifting staff from Headquarters to the field to augment technical and management capacity. This follows a review of the needs of small country offices and the preliminary findings of the operations review which concluded that the decentralization process should continue.

In the 2006–2007 biennium, 77 PSA funded posts will therefore be added to the field, with a reduction in Headquarter posts of 97 compared with the 2004–2005 budget proposal.

| <b>TABLE 5: FULL-TIME EMPLOYEES</b>                      |                          |                                       |
|--|--------------------------|---------------------------------------|
|  | <b>2006–2007 Budget*</b> | <b>Original<br/>2004–2005 Budget*</b> |
| PSA funded – country offices                             | 514                      | 453                                   |
| PSA funded – regional bureaux                            | 315                      | 299                                   |
| <b>PSA funded – regional bureaux and country offices</b> | <b>829</b>               | <b>752</b>                            |
| PSA funded – Headquarters                                | 769                      | 866                                   |
| <b>Total PSA funded</b>                                  | <b>1 598</b>             | <b>1 618</b>                          |
| <b>Programme funded</b>                                  | <b>8 401</b>             | <b>7 793</b>                          |
| <b>TOTAL</b>   | <b>9 999</b>             | <b>9 411</b>                          |

\* Both of these numbers exclude unforeseen emergencies.



## DRAFT DECISION\*

Having considered WFP's Biennial Management Plan Budget for 2006–2007, as submitted by the Executive Director in document WFP/EB.2/2005/5-A/1 the Board:

- i) **takes note** of the projected operational expenditure level of US\$5.1 billion, excluding new emergencies as outlined in Section II;
- ii) **takes note** that the PSA budget proposal assumes a minimum funding of 81 percent of this operational budget and may require the use of up to US\$66 million from the PSA Equalization Account to offset any potential funding shortfall;
- iii) **takes note** that ISC income from new emergencies in 2006–2007 will diminish the need to fund the PSA budget from the PSA Equalization Account;
- iv) **approves** a PSA appropriation of **US\$367.5 million** for the following purposes:
 

|   |                            |
|---|----------------------------|
| – Programme support: regional and country offices | US\$123.558 million;       |
| – Programme support: Headquarters                 | US\$37.590 million; and    |
| – Management and administration                   | US\$206.359 million;       |
| <b>Total</b>                                      |                            |
|   | <b>US\$367.507 million</b> |
- v) **authorizes** the Executive Director to allot up to US\$20.0 million from the PSA Equalization account to the Capital Asset Fund to cover non-recurring capital expenditure;
- vi) **authorizes** the Executive Director to allot up to US\$5.5 million from the PSA Equalization account to cover the completion of the capacity-building initiatives outlined in the previous Management Plan for RBM and strengthening financial management;
- vii) **approves** an ISC recovery rate of 7.0 percent for another two years;
- viii) **authorizes** the Executive Director to adjust the PSA component of the budget in accordance with any variation in volume of operations of more than 10 percent from the projected operational level outlined in Section II;
- ix) **approves** the treatment for government counterpart cash contributions (GCCC) outlined in this document – that all GCCC income is treated as additional support resources to be retained in-country; and
- x) **approves** the amendment to Financial Regulation 9.9 as outlined in this document to allow carry-over of PSA funds beyond the end of the financial periods to facilitate transition between biennia.

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



## SECTION I: OVERVIEW OF THE 2006–2007 BUDGET

### INTRODUCTION

1. The Management Plan is based on the Strategic Plan (2006–2009) (WFP/EB.A/2005/5-A) approved by the Board at EB.A/2005.
2. This document reflects current financing policies, presenting a consolidated budget showing projected turnover for all cost and programme categories for the financial period. The content, presentation and organization of the document follow the common harmonized support budget format adopted by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children’s Fund (UNICEF).
3. This document provides the information and annexes requested by the governing bodies during review of the Biennial Management Plan (2004–2005). Following the recommendations of the governing bodies, the Management Plan (2006–2007) has been streamlined to make it more user-friendly.
4. The most significant change to the document is in Section III: 2006–2007 Support Budget. The previous Management Plan provided detailed results by organizational unit for all major units. These results are essential to the day to day management of the organization, but they are of less relevance from a governance perspective. Therefore the results by organizational unit, together with the planned activities to achieve these results, have been compiled into an internal management document, copies of which will be available on request.
5. This is the second budget since the implementation of RBM. Progress of RBM was detailed in the Annual Performance Report (WFP/EB.A/2005/4) presented to the Board at the EB.A/2005.

### SUMMARY OF STRATEGIC FRAMEWORK

6. The Strategic Plan (2006–2009) establishes a holistic framework to encompass all the work that WFP does — operational and support — to meet its Strategic Objectives<sup>1</sup> and the MDGs through food-assisted interventions targeted to poor and hungry people. It continues the strategy set in the Strategic Plan (2004–2007), taking into consideration performance during 2004 and some changes in the context in which WFP operates.

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<sup>1</sup> In the Strategic Plan (2006–2009) the term “Strategic Priorities” has been replaced with “Strategic Objectives” to emphasize that each of these outcomes is necessary to contribute to sustainable reductions in hunger; the term “Management Priorities” has been replaced with “Management Objectives” to present a complete picture of the kind of organization that WFP needs to be, not just the areas of weakness it needs to address.



7. The operational budget is based on approved programmes and projects and their logical extensions during 2006–2007. It is a needs-driven budget that outlines the resources required to fund all approved programmes and projects, focusing on achieving WFP's five SOs, as described in the Strategic Plan (2006–2009). The activities that WFP will support with food and other assistance over the biennium, the resources these activities will consume and the expected results and indicators that WFP will use to measure its progress are described in Section II.
8. The support budget is guided by seven Management Objectives set out in WFP's Strategic Plan (2006–2009) to link the work of programme support, management and administration functions to the core goal of supporting WFP operations to achieve the SOs and the MDGs. The main outputs and the primary divisions responsible for achieving them are outlined for each Management Objective in Section III.
9. The Strategic Plan (2006–2009) identified the following weaknesses:

### **Box 1: Weaknesses**

1. WFP activities have sometimes been inadequately integrated or aligned with national strategies for poverty and hunger reduction.
2. WFP can do more to learn from its operations and collaborate with partners to build and share knowledge on ways to end hunger.
3. Mother-and-child nutrition programmes for children under 5 and pregnant and lactating women are generally small-scale, despite the significant benefits of fighting hunger in early childhood.
4. WFP is still not in a position to provide robust and systematic evidence of results achieved in its programmes; monitoring and analysis of efficiency and effectiveness need further improvement.
5. Although WFP has begun to expand and diversify its resource base, it remains financially dependent upon the resources provided by a relatively small number of donors.
6. Resource mobilization has been hindered because WFP is not well known to the public or in donor countries.

10. During the first semester of 2005, while the Strategic Plan (2006–2009) was in preparation and WFP was dealing with the impacts the emergency in Darfur, the new emergency for the Indian Ocean tsunami and the crisis developing in Niger, it became apparent that WFP's capacity to deal effectively with up to three major emergencies simultaneously needed to be strengthened. This Management Plan addresses this additional weakness by strengthening field capacity, improving technical support, increasing commodity purchasing and transport capacity and improving aviation support and emergency response.
11. The operational budget will focus to the extent possible on addressing the first three weaknesses shown in Box 1. To address these weaknesses, the World Bank, UNICEF and WFP are exploring the formation of a partnership of organizations to gain global will and commitment to end child hunger. The objective of such a partnership would be to assist countries to mainstream child hunger and malnutrition as a results-driven national priority



through policies and actions, which will ultimately lead to the elimination of child hunger, malnutrition and poverty from the world.

12. The support budget will focus on addressing weaknesses 4-6. The additional investment in communications and advocacy made in 2004–2005 will be sustained to provide the groundwork to enhance resource mobilization efforts, addressing weaknesses 5 and 6.
13. The RBM fund will be continued into the coming biennium to embed RBM thinking and processes into WFP and ensure that the organization is well positioned to address weakness 4 on a long-term basis.
14. The Strategic Plan (2006–2009) also outlined the following risks, in order to provide early warning and allow WFP to take mitigating action:

### Box 2: Risks

1. Lack of funding
2. Financial constraints resulting from market price fluctuations
3. Security
4. Staff capacity and retention in stressful work environments
5. Over-stretching WFP with too many initiatives

15. In addition to the introduction of an Enterprise Risk Management (ERM) system, outlined in "Enterprise Risk-Management Policy" (WFP/EB.2/2005/5-E/1), to identify and manage risks proactively throughout WFP, as outlined in Section III, these risks will be addressed as follows:
  - i) **Lack of funding:** In order to continue to broaden the donor base and improve funding, communication and advocacy will be further strengthened over the period of the current plan.
  - ii) **Financial constraints resulting from market price fluctuations:** To help focus efforts on this risk, the Office of Budget (OEDB) and the Finance Division (ADF) will be consolidated into a Chief Financial Officer (CFO) structure. WFP also intends to introduce a new foreign exchange policy and foreign exchange management strategy to improve the management of foreign exchange risk. The work initiated under the strengthening financial management fund will also be continued in the coming biennium.
  - iii) **Security:** Completion of the existing security upgrade project places WFP in a much stronger position to address this weakness than was previously the case. In addition to continued efforts to ensure the safety and security of WFP staff worldwide, the Secretariat is working with The United Nations Department for Safety and Security (DSS) and other United Nations agencies to ensure a fully coordinated effort in this area.



- iv) **Staff capacity and retention in stressful work environments:** During the biennium, WFP will focus on strengthening the capacity and effectiveness of its staff. A career management programme for its international staff will be implemented and the National Staff Project will continue its work to improve the contractual status of locally recruited staff.
- v) **Over-stretching WFP with too many initiatives:** WFP has recently created an Office of Change Management to ensure a coordinated corporate approach to implementing the many necessary changes.

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## FINANCIAL FRAMEWORK

- 16. WFP is a voluntarily funded organization and therefore always faces uncertainty in its level of resources. All resources flow to projects and operations through funding windows, which are classified as multilateral or directed multilateral depending on the degree of direction and conditions requested by the donor, and are used in programme categories—development, EMOPs, PRROs and special operations (SOs).
- 17. Contributions are required to be made on a full-cost recovery basis, which means that each contribution includes the value of the commodities plus ocean transport, landside transport, storage and handling (LTSH), other direct operational costs (ODOC), direct support costs (DSC) and ISC components. The proposed use of resources for 2006–2007 is shown in Figure 4, distributed against the common categories of the harmonized budget format: programme, programme support (Headquarters and country offices) and management and administration.

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## PROJECTED RESOURCES AND THEIR UTILIZATION

### Background: Review of the 2004–2005 Biennium

- 18. The level of operations in terms of food delivered for 2004–2005 has increased from the budgeted 8.967 million mt to 10.779 million mt, or by 20 percent (see Table 6).
- 19. The value of WFP's operations in terms of expenditure, including the PSA and all other components, amounted to US\$3.073 billion for 2004 and is projected to be US\$2.915 billion for 2005. The total value of all operations in terms of expenditure for 2004–2005 is therefore estimated at US\$5.988 billion, 25 percent higher than the original Management Plan proposal.
- 20. The Management Plan (2004–2005) approved a PSA budget of US\$305 million, with a further US\$21 million of anticipated trust funds for Management Plan activities, a total of US\$326 million. Significant trust fund resources became available, but they were generally for activities outside the scope of the Management Plan. In 2004, Management Plan activities were therefore adjusted to US\$305 million to align the budget with resource availability. Although the Programme of Work increased by 24 percent, regular PSA expenditure is forecast US\$297.3 million, that is US\$8 million below the approved budget.
- 21. Table 6 compares original estimated expenditures with the revised estimates for 2004–2005 by programme category and cost component.





| <b>TABLE 6: ORIGINAL BUDGET VERSUS REVISED ESTIMATES, 2004–2005<br/>(US\$ million)</b> |                                      |  |
|--|--------------------------------------|--|
|  | <b>2004–2005<br/>original budget</b> | <b>2004–2005<br/>revised estimates</b> |
| <b>Sources of fund by programme category</b>   |                                      |  |
| –Development   | 640                                  | 561                                    |
| –EMOP  | 1 493                                | 2 349                                  |
| –PRRO  | 2 382                                | 1 696                                  |
| –SOs   | 30                                   | 195                                    |
| –Bilateral and other operations  | 143                                  | 1 026                                  |
| –General fund  | 106                                  | 161                                    |
| <b>TOTAL</b>   | <b>4 794</b>                         | <b>5 988</b>                           |
| <b>Use of funds by cost component</b>  |                                      |  |
| –Food  | 1 954                                | 2 776                                  |
| –External transport  | 705                                  | 583                                    |
| –LTSH  | 1 064                                | 1 105                                  |
| –ODOC  | 178                                  | 385                                    |
| –DSC   | 461                                  | 558                                    |
| <b>Total direct programme expenditure</b>  | <b>4 362</b>                         | <b>5 407</b>                           |
| Regular PSA  | 305                                  | 297*                                   |
| PSA exchange variance  | 41                                   | 66                                     |
| Capital and capacity funds   | 49                                   | 49                                     |
| <b>Total indirect expenditure</b>  | <b>395</b>                           | <b>412</b>                             |
| Other support cost/special funds   | 37                                   | 169                                    |
| <b>TOTAL</b>   | <b>4 794</b>                         | <b>5 988</b>                           |
| <i>Volume (million mt)</i>   | 8.967                                | 10.779                                 |

\* Assumes US\$8 million is carried over to 2006–2007.

22. WFP carried out a programme of work that was 24 percent higher than budget in 2004–2005 while keeping within the original PSA budget. Other points to note include the following:
- The food volume for 2004–2005 is expected to exceed the budget proposal by 1.7 million mt, or 20 percent.
  - Expenditures for the biennium are expected to exceed the budget proposal by US\$1.2 billion, or 25 percent.
  - Development activity is expected to be lower than the budget proposal by 12 percent.
  - EMOP activity is expected to exceed projections by 57 percent because of the methodology followed for the preparation of the budget, which does not make provision for unexpected emergencies.
  - PRRO activity is expected to be lower than projections by 29 percent.

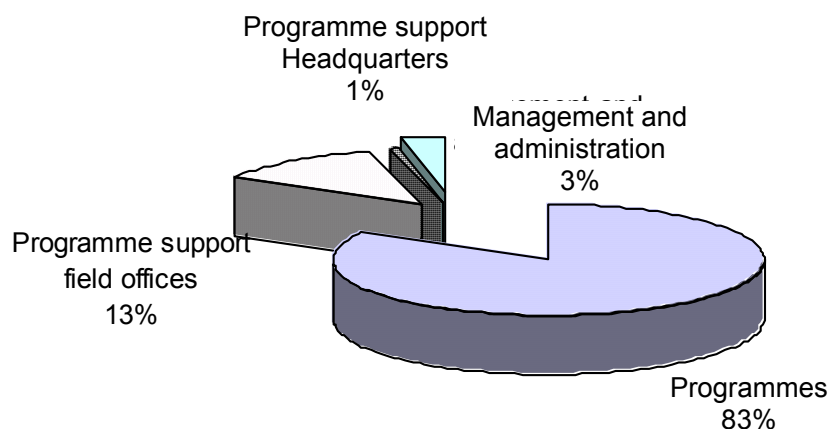


- Bilateral activity significantly exceeded projections, primarily because of the Iraq operation in 2004.
23. Table A.1 in Annex II details the utilization of resources available in 2004–2005 and estimated balances to be carried over into 2006–2007. Table A.2 in Annex II shows the projected balance sheet as at 31 December 2005; Table A.3 in Annex II details the utilization of resources in 2006–2007.

## RESOURCE REQUIREMENTS FOR THE 2006–2007 BIENNIUM

24. The PSA budget for 2004–2005 was a needs-driven budget based on an assumed 100 percent funding of the programme of work. However, this proved to be ambitious because the programme of work is generally resourced at a rate between 82 percent and 88 percent.
25. For this biennium, WFP has prepared a needs-driven **operational** budget based on approved programmes and their expected logical extensions. However, the PSA budget is resource-driven to take into consideration the likely level of resources that can be used for PSA activities. A resource-driven PSA budget takes into account the voluntary nature of WFP funding and ensures that WFP's support structure is affordable and does not have to be reduced in the event of not reaching 100 percent funding.
26. The total budget for the 2006–2007 biennium is estimated at US\$6.4 billion — an increase of US\$365 million over the latest 2004–2005 projections of US\$6.0 billion.
27. This amount would fund delivery of 9.521 million mt of food and related support costs, compared with estimated deliveries of 10.779 million mt of food in 2004–2005. It should be noted that the 2006–2007 budget includes US\$130 million for United Nations Humanitarian Air Services (UNHAS) and United Nations Joint Logistics Centre (UNJLC), which do not have a food component.
28. The total expenditure budget for the biennium, excluding trust funds and special accounts, which are funded separately, is US\$6.2 billion; related resource projections are estimated at a minimum of US\$5.0 billion or 81 percent funding of the total budget. The budget breakdown by cost component is outlined below.

**FIGURE 4: USE OF TOTAL RESOURCES, 2006–2007**



29. Table 7 shows resource requirements and utilization for 2006–2007 by programme and cost category.

| <b>TABLE 7: RESOURCES REQUIRED AND UTILIZATION 2006–2007 (US\$ million)</b> |                           |              |              |              |            |                        |              |
|---|---------------------------|--------------|--------------|--------------|------------|------------------------|--------------|
|   | <b>General Fund/other</b> | <b>DEV</b>   | <b>EMOP</b>  | <b>PRRO</b>  | <b>SO</b>  | <b>Bilateral/other</b> | <b>Total</b> |
| <b>CONTRIBUTIONS AND INCOME*</b>  |                           |              |              |              |            |                        |              |
| Commodity contributions   |                           | 415          | 648          | 1 494        | -          | 40                     | 2 597        |
| Other contributions   |                           | 345          | 1 077        | 1 759        | 382        | 26                     | 3 589        |
| <b>Total contributions</b>  |                           | <b>760</b>   | <b>1 725</b> | <b>3 253</b> | <b>382</b> | <b>66</b>              | <b>6 186</b> |
| Other Income  | 115                       |              |              |              |            | 52                     | 167          |
| Transfer of ISC to General fund   | 393                       | (48)         | (111)        | (207)        | (24)       | (3)                    | -            |
| <b>TOTAL</b>  | <b>508</b>                | <b>712</b>   | <b>1 614</b> | <b>3 046</b> | <b>358</b> | <b>115</b>             | <b>6 353</b> |
| <b>EXPENDITURES</b>   |                           |              |              |              |            |                        |              |
| Food in kind  | -                         | 91           | 324          | 765          |            | 40                     | 1 220        |
| Food purchases  | -                         | 324          | 324          | 729          |            | 0                      | 1 377        |
| <b>Subtotal</b>   | <b>-</b>                  | <b>415</b>   | <b>648</b>   | <b>1 494</b> |            | <b>40</b>              | <b>2 597</b> |
| Ext. transport  | -                         | 96           | 209          | 393          |            | 5                      | 703          |
| LTSH  | -                         | 109          | 539          | 723          |            | 6                      | 1 377        |
| ODOC  | -                         | 30           | 20           | 91           | 312        | 4                      | 457          |
| <b>TOTAL DOC</b>  | <b>-</b>                  | <b>650</b>   | <b>1 416</b> | <b>2 701</b> | <b>312</b> | <b>55</b>              | <b>5 134</b> |
| <b>SUPPORT COSTS</b>  |                           |              |              |              |            |                        |              |
| DSC   |                           | 62           | 198          | 345          | 46         | 8                      | 659          |
| Regular PSA   | 368                       |              |              |              |            |                        | 368          |
| Capital and capacity funds  | 25                        |              |              |              |            |                        | 25           |
| <b>TOTAL SUPPORT COSTS</b>  | <b>393</b>                | <b>62</b>    | <b>198</b>   | <b>345</b>   | <b>46</b>  | <b>8</b>               | <b>1 052</b> |
| Other   | 115                       |              |              |              |            | 52                     | 167          |
| <b>TOTAL</b>  | <b>508</b>                | <b>712</b>   | <b>1 614</b> | <b>3 046</b> | <b>358</b> | <b>115</b>             | <b>6 353</b> |
| <b>Volume (million mt)</b>  |                           | <b>1.490</b> | <b>2.473</b> | <b>5.304</b> |            | <b>0.254</b>           | <b>9.521</b> |

\* Assumes 100 percent funding of programme costs.



30. Tables 8 and 9 compare the above projected budget with the past and current biennia in terms of the volume and value of operations.

| <b>TABLE 8: VOLUME OF OPERATION BY PROGRAMME CATEGORY (million mt)</b> |                             |                                |                                |
|--|-----------------------------|--------------------------------|--------------------------------|
|  | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>projected</b> |
| Development  | 1.107                       | 1.525                          | 1.490                          |
| EMOP   | 6.351                       | 3.681                          | 2.473                          |
| PRRO   | 2.295                       | 3.973                          | 5.304                          |
| Bilateral  |                             | 1.600                          | 0.254                          |
| <b>TOTAL</b>   | <b>9.753</b>                | <b>10.779</b>                  | <b>9.521</b>                   |

| <b>TABLE 9: TOTAL EXPENDITURES BY PROGRAMME CATEGORY (US\$ million)</b> |                             |                                |                                |
|---|-----------------------------|--------------------------------|--------------------------------|
|   | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>projected</b> |
| Development   | 423                         | 525                            | 712                            |
| EMOP  | 2 940                       | 2 196                          | 1 614                          |
| PRRO  | 1 148                       | 1 584                          | 3 046                          |
| SO  | 119                         | 182                            | 358                            |
| Bilateral/others  | 119                         | 976                            | 115                            |
| Special accounts and<br>General fund*                                   | 329                         | 525                            | 508                            |
| <b>TOTAL</b>  | <b>5 079</b>                | <b>5 988</b>                   | <b>6 353</b>                   |

\*Includes special accounts for self insurance, Fast Information Technology and Telecommunications Emergency Support Team (FITTEST), aviation etc. and private-sector in-kind donations.



31. Table 10 employs the harmonized format used by other United Nations agencies to show the 2006–2007 projections compared to the estimates for 2004–2005 by cost category and appropriation line.

| <b>TABLE 10: TOTAL BUDGET BY COST CATEGORY AND APPROPRIATION LINE<br/>2004–2005 AND 2006–2007 (US\$ million)</b> |                                |                   |                              |                            |                                |                   |
|--|--------------------------------|-------------------|------------------------------|----------------------------|--------------------------------|-------------------|
| <b>Changes</b>   |                                |                   |                              |                            |                                |                   |
|  | <b>2004–2005<br/>estimates</b> | <b>% of total</b> | <b>Volume<br/>inc/ (Dec)</b> | <b>Cost inc/<br/>(Dec)</b> | <b>2006–2007<br/>projected</b> | <b>% of total</b> |
| <b>1. DOC</b>  |                                |                   |                              |                            |                                |                   |
| Food   | 2 776                          | 46.4              | 137                          | (316)                      | 2 597                          | 40.9              |
| Ext. transport   | 583                            | 9.7               | 73                           | 47                         | 703                            | 11.1              |
| LTSH   | 1 105                          | 18.5              | 103                          | 169                        | 1 377                          | 21.7              |
| ODOC   | 385                            | 6.4               | 62                           | 10                         | 457                            | 7.2               |
| <b>Subtotal</b>  | <b>4 849</b>                   | <b>81.0</b>       | <b>375</b>                   | <b>(90)</b>                | <b>5 134</b>                   | <b>80.8</b>       |
| <b>2. SUPPORT COSTS</b>  |                                |                   |                              |                            |                                |                   |
| DSC  | 558                            | 9.3               | 101                          |                            | 659                            | 10.4              |
| PSA  | 363                            | 6.1               | 5                            |                            | 368                            | 5.8               |
| Capital and capacity funds   | 49                             | 0.8               | (24)                         |                            | 25                             | 0.4               |
| <b>Total support costs</b>   | <b>970</b>                     | <b>16.2</b>       | <b>82</b>                    |                            | <b>1 052</b>                   | <b>16.6</b>       |
| <b>3. SPECIAL ACCOUNT/GENERAL FUND</b>   | <b>169</b>                     | <b>2.8</b>        | <b>(2)</b>                   |                            | <b>167</b>                     | <b>2.6</b>        |
| <b>TOTAL</b>   | <b>5 988</b>                   | <b>100</b>        | <b>455</b>                   | <b>(90)</b>                | <b>6 353</b>                   | <b>100</b>        |
| <b>PSA</b>   |                                |                   |                              |                            |                                |                   |
| Regional bureaux and country offices   | 109                            | 30.0              | 15                           |                            | 124                            | 33.7              |
| Headquarters   | 40                             | 11.0              | (2)                          |                            | 38                             | 10.3              |
| Management and administration  | 214                            | 59.0              | (8)                          |                            | 206                            | 56.0              |
| <b>TOTAL</b>   | <b>363</b>                     | <b>100</b>        | <b>5</b>                     |                            | <b>368</b>                     | <b>100</b>        |

\* Includes regular PSA and PSA exchange variance.



## Direct Operational Costs

32. Table 11 shows projected resource requirements for DOC by cost component for the three biennia 2002–2003, 2004–2005 and 2006–2007.

| <b>TABLE 11: OPERATIONAL COSTS BY COST COMPONENT (US\$ million)</b> |                             |                                |                                |
|---|-----------------------------|--------------------------------|--------------------------------|
|   | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>projected</b> |
| Food  | 2 719                       | 2 776                          | 2 597                          |
| Ext. transport  | 438                         | 583                            | 703                            |
| LTSH  | 952                         | 1 105                          | 1 377                          |
| ODOC  | 219                         | 385                            | 457                            |
| <b>TOTAL</b>  | <b>4 328</b>                | <b>4 849</b>                   | <b>5 134</b>                   |

33. Additional details of DOC by programme category and region are given in Section II.

## Support Costs

34. Support costs consist of DSC and ISC constituting the programme support and administrative budget to run WFP operations and programmes. The support budget based on requirements for operating at 9.5 million mt is projected to be US\$1.052 billion, broken down as follows:
- US\$659 million in DSC;
  - US\$368 million in PSA; and
  - US\$25 million for the capital asset fund and a continuation of the capacity funds for RBM and SFM.

---

## DIRECT SUPPORT COSTS

35. DSC are variable or incremental costs for a country office to support operational activities.
36. Table 12 shows the projected DSC for 2006–2007 by programme category compared with the actual 2002–2003 and 2004–2005 estimates.



|                      | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated<sup>2</sup></b> | <b>2006–2007<br/>projected</b> |
|----------------------|-----------------------------|--|--------------------------------|
| Development          | 35                          | 48   | 62                             |
| EMOP                 | 210                         | 210  | 198                            |
| PRRO                 | 120                         | 178  | 345                            |
| SO                   | 16                          | 23   | 46                             |
| Bilateral and others | 126                         | 99   | 8                              |
| <b>TOTAL</b>         | <b>507</b>                  | <b>558</b>                                 | <b>659</b>                     |

37. Details of the proposed DSC budgets and the DSC Advance Facility are provided in Section III.

## PROGRAMME SUPPORT AND ADMINISTRATIVE

38. In 2006–2007 PSA will cover programme support in 77 country offices and six regional bureaux. It will also fund Headquarters programme support management and administration.
39. Following the harmonization of budgets the PSA budget is categorized into three components:
- Programme support: regional and country;
  - Programme support: Headquarters; and
  - Management and administration.
40. Table 13 summarizes the PSA budget using these three categories.

|   | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated*</b> | <b>2006–2007<br/>projected</b> |
|---|-----------------------------|---------------------------------|--------------------------------|
| Programme support: regional and country offices | 82.5                        | 109.6                           | 123.5                          |
| Programme support: Headquarters                 | 21.1                        | 39.8                            | 37.6                           |
| Management and Administration                   | 128.4                       | 214.3                           | 206.4                          |
| <b>TOTAL</b>                                    | <b>232.0</b>                | <b>363.7</b>                    | <b>367.5</b>                   |

\* Includes PSA exchange variance.

<sup>2</sup> The 2004–2005 estimates are based on year-to-date figures through July 2005 and projected expenditures through the end of 2005.



## INDIRECT SUPPORT COSTS

41. ISC recoveries are the main source of funds for the PSA budget. As indicated in Table 14 ISC revenue of US\$364 million is expected for the current biennium based on an ISC rate of 7 percent. This is sufficient to cover the forecast recurring PSA expenditure of the current biennium of US\$363 million composed of PSA expenditures of US\$297 million and the PSA exchange rate variance of US\$66 million. This indicates the appropriateness of the current ISC rate.
42. Based on the current minimum funding assumption for 2006–2007 of US\$5 billion, of 81 percent of the programme of work, the same ISC rate of 7 percent will generate US\$327 million in ISC in the 2006–2007 biennium without taking into consideration unforeseen new emergencies. Even if such emergencies do not arise and only this minimum funding level is achieved the balance on the PSA equalization account would still be sufficient to fund the proposed regular PSA budget and the proposed capital and capacity expenditures.

## PSA EQUALIZATION ACCOUNT

43. The PSA Equalization Account balance at the end of 2007 will be impacted by the total contributions raised in 2006–2007. The following table illustrates the expected minimum balance US\$12 million if total contribution income remains at 2004–2005 levels, excluding Iraq, and there are no new emergencies in 2006–2007.

|  | <b>PSA equalization budget</b> | <b>PSA equalization forecast</b> |
|--|--------------------------------|----------------------------------|
| <b>31 December 2003 adjusted balance</b> | <b>152</b>                     | <b>176</b>                       |
| Transfer to IRA/DSCAF*                   | (20)                           | (44)                             |
| 2004–2005 ISC income                     | 305                            | 364                              |
| 2004–2005 PSA expenditure                | (305)                          | (297)                            |
| PSA exchange variance                    | (41)                           | (72)                             |
| Capital and capacity funds               |                                |                                  |
| Security Upgrade Fund                    | (20)                           | (20)                             |
| Capacity-Building Fund                   | (29)                           | (29)                             |





| <b>TABLE 14: PSA EQUALIZATION ACCOUNT (US\$ million)</b>     |                                |                                  |
|--|--------------------------------|----------------------------------|
|  | <b>PSA equalization budget</b> | <b>PSA equalization forecast</b> |
| <b>31 December 2005</b>                                      |                                |                                  |
| <b>Total estimated balance</b>                               | <b>42</b>                      | <b>78</b>                        |
| 2006–2007 ISC income   |                                |                                  |
| Approved Programmes and logical extensions at 81% of funding |                                | 327                              |
| From funding >81%  |                                | Tbd**                            |
| From unforeseen emergencies                                  |                                | Tbd                              |
| 2006–2007 PSA expenditure                                    |                                | (368)                            |
| Capital and capacity funds                                   |                                | (25)                             |
| <b>31 December 2007</b>                                      |                                | <b>12+</b>                       |

\* Direct support cost advance facility.

\*\* To be determined.

44. Table 14 shows that if programmes are funded at only 81 percent during 2006–2007 — that is total contribution income remains at US\$5 billion the 2004–2005 level excluding Iraq — and if no new emergencies occur in 2006–2007, the projected PSA equalization balance at the end of 2005 of US\$78 million would still be sufficient to cover the US\$66 million excess of proposed PSA expenditures over the ISC income.

## CAPITAL AND CAPACITY FUNDS

45. In addition to the regular PSA budget proposal of US\$367.5 million the Executive Director proposes that part of the surplus in PSA equalization account be earmarked for capital expenditure and a continuation of two of the capacity-building funds: RBM and SFM. The total proposed amount for these funds is US\$25.5 million. Further details are provided in Section III.





## SECTION II: 2006–2007 OPERATIONAL BUDGET

46. This section is divided into two parts: an overview of the budget proposal by region and programme category and an outline of activities and expected results based on the Strategic Objectives.

### OVERVIEW OF OPERATIONAL BUDGET

47. This section outlines the operational budget, covering DOC for the 2006–2007 biennium. DOC are composed of food costs, external transport costs, LTSH and ODOC.
48. In global terms, WFP expects to deliver food-aid assistance programmes and technical-assistance activities in 77 countries in 2006–2007. The resource requirements to meet the direct operational needs of approved programmes and related logical extensions in these countries are estimated to be US\$5.134 billion in terms of value and 9.521 million mt in terms of food volume, as outlined in Table 15.
49. In line with the practice of the Management Plan (2004–2005), WFP has not budgeted for any new emergencies, because they will be dealt with as increases to the budget as they arise. This is the same methodology that was utilized successfully in 2004–2005.

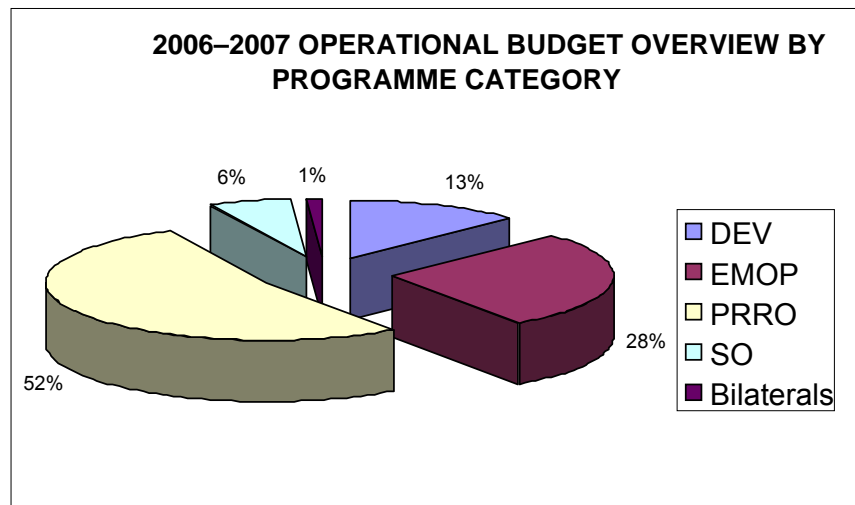
| <b>TABLE 15: APPROVED PROJECTS AND LOGICAL EXTENSIONS BY REGION AND PROGRAMME CATEGORY 2006–2007</b> |              |              |            |              |              |            |              |
|--|--------------|--------------|------------|--------------|--------------|------------|--------------|
|  | ODB          | ODC          | ODD        | ODJ          | ODK*         | ODPC       | TOTAL        |
| <b>Volume of operations (in thousand mt)</b>   |              |              |            |              |              |            |              |
| DEV  | 367          | 194          | 237        | 172          | 379          | 140        | <b>1 490</b> |
| EMOP   | 1 266        | 90           | 96         |              | 1 022        |            | <b>2 473</b> |
| PRRO   | 449          | 746          | 310        | 873          | 2 719        | 207        | <b>5 304</b> |
| Bilateral  | 252          |              | 1          |              |              |            | <b>254</b>   |
| <b>TOTAL</b>   | <b>2 334</b> | <b>1 030</b> | <b>644</b> | <b>1 045</b> | <b>4 120</b> | <b>347</b> | <b>9 521</b> |
| <b>Value of operations (US\$ million)</b>  |              |              |            |              |              |            |              |
| DEV  | 106          | 94           | 133        | 91           | 159          | 67         | <b>650</b>   |
| EMOP   | 447          | 47           | 75         |              | 847          |            | <b>1 416</b> |
| PRRO   | 159          | 412          | 189        | 436          | 1 391        | 114        | <b>2 701</b> |
| SO   | 12           | 18           | 22         | 11           | 249          |            | <b>312</b>   |
| Bilateral  | 53           |              | 2          |              |              |            | <b>55</b>    |
| <b>TOTAL</b>   | <b>777</b>   | <b>571</b>   | <b>421</b> | <b>538</b>   | <b>2 646</b> | <b>181</b> | <b>5 134</b> |

\* In ODK, Sudan accounts for 1,292 thousand mt (31 percent) and US\$1,281 million (48 percent).

ODB: Asia Regional Bureau; ODC: Mediterranean, Middle East and Central Asia Regional Bureau; ODD: West Africa Regional Bureau; ODJ: Southern Africa Regional Bureau; ODK: East and Central Africa Regional Bureau; ODPC: Latin America and Caribbean Regional Bureau.



FIGURE 5



50. In partnership with host governments, other United Nations agencies and non-governmental organizations (NGOs), WFP is expected to meet the critical food aid needs of 75 million beneficiaries during the 2006–2007 biennium. In collaboration with partners, WFP will continue to learn from its operations and to build and share knowledge on ways to end hunger. WFP will focus its efforts on assisting beneficiaries who have been uprooted from their homes and forced to either take refuge in safer areas in their own countries or take refuge in other countries.
51. WFP will work with countries and other United Nations partners to strengthen national hunger reduction efforts and poverty-reduction strategies within the framework of national development and poverty-reduction strategies. WFP's transition and development activities will be guided by national priorities, especially through participation in poverty reduction strategy papers (PRSPs) and sector-wide approaches (SWAPs). WFP and partners will ensure greater coherence at the country level in support of national efforts to achieve the MDGs, in particular through the Common Country Assessment (CCA) process and United Nations Development Assistance Framework (UNDAF).
52. WFP will put special emphasis on mother-and-child nutrition (MCN) programmes for children under 5 and pregnant and lactating women which have been generally small-scale, despite the significant benefits of fighting hunger in early childhood. WFP will also strive to integrate its activities with national strategies for poverty and hunger reduction.
53. In the 2006–2007 biennium, WFP will continue to implement its Gender Policy – Enhanced Commitments to Women (ECW) to Ensure Food Security (2003–2007), approved by the Board at EB.3/2002 (WFP/EB.3/2002/4-A).
54. Particular attention will be paid to reducing the burden on women, as discussed at EB.2/2005. A brief policy note on this subject will be prepared, including guidance for WFP's operations. The note will be complemented by the result of a compendium of good practices to reduce the burden on women in field operations, views and voices of beneficiaries, especially women, and the findings of an assessment on costs and benefits of special packaging. The process will be conducted in consultation with regional bureaux, country offices and the Headquarters divisions involved.



55. On the basis of current and projected beneficiary caseloads and recent trends, it is foreseen that 55 million refugees, war-affected internally displaced people (IDPs) and returnees will require 7.8 million mt of assistance through approved PRROs and EMOPs and their logical extensions.
56. Resourcing certain refugee activities, particularly those of a longer-term nature, can require extensive resource mobilization efforts because of donor fatigue and limited media coverage. WFPs efforts in this regard have so far been reasonably successful – for example, most of WFP refugee operations in 2004 were 85 percent to 90 percent funded.
57. Refugees are often especially vulnerable to shortages of food assistance because they are confined to camps or otherwise completely dependent on external aid to meet their food needs, so during the Management Plan period WFP will place increased emphasis on addressing the operational needs of refugees and IDPs, in collaboration with UNHCR.
58. WFP will address the food needs of 20 million beneficiaries with 1.5 million mt of food assistance through its development projects (DEVs) and country programmes (CPs).

## TOTAL OPERATIONAL BUDGET PROPOSAL, 2006–2007

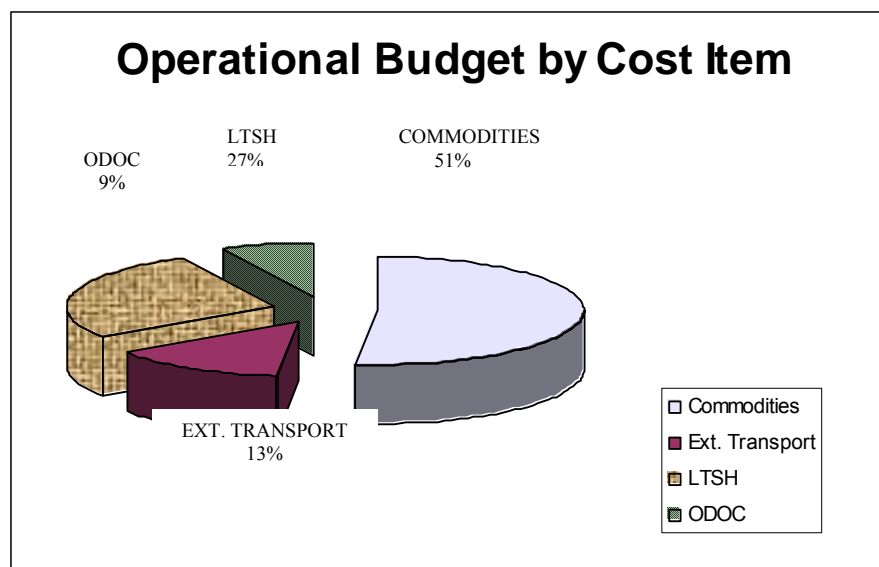
59. Table 16 shows the operational budget by DOC and by programme category.

| <b>TABLE 16: DOC, BY COST COMPONENT AND PROGRAMME CATEGORY<br/>2006–2007 (US\$ million)</b> |              |              |              |            |                                 |              |
|---|--------------|--------------|--------------|------------|---------------------------------|--------------|
|   | <b>DEV</b>   | <b>EMOP</b>  | <b>PRRO</b>  | <b>SO</b>  | <b>Bilateral<br/>and others</b> | <b>TOTAL</b> |
| <b>Expenditures</b>   |              |              |              |            |                                 |              |
| <b>DOC</b>  |              |              |              |            |                                 |              |
| Food in kind  | 91           | 324          | 765          |            | 40                              | <b>1 220</b> |
| Food purchase   | 324          | 324          | 729          |            |                                 | <b>1 377</b> |
| <b>Total food</b>   | <b>415</b>   | <b>648</b>   | <b>1 494</b> |            | <b>40</b>                       | <b>2 597</b> |
| Ext. transport  | 96           | 209          | 393          |            | 5                               | <b>703</b>   |
| LTSH  | 109          | 539          | 723          |            | 6                               | <b>1 377</b> |
| ODOC  | 30           | 20           | 91           | 312        | 4                               | <b>457</b>   |
| <b>Total DOC</b>  | <b>650</b>   | <b>1 416</b> | <b>2 701</b> | <b>312</b> | <b>55</b>                       | <b>5 134</b> |
| <b>Volume, by programme category (million mt)</b>   |              |              |              |            |                                 |              |
| <b>Volume</b>   | <b>1.490</b> | <b>2.473</b> | <b>5.304</b> | <b>0.0</b> | <b>0.254</b>                    | <b>9.521</b> |

60. Of the US\$5.134 billion operational budget, 51 percent is for commodities, 27 percent for LTSH, 13 percent for external transport and 9 percent for ODOC.



FIGURE 6



61. Table 17 compares the estimates for the 2004–2005 biennium to the projections for the 2006–2007 biennium by cost component for each programme category.

| <b>TABLE 17: BIENNIAL DATA BY COST COMPONENT AND PROGRAMME CATEGORY (US\$ million)</b> |                             |                                |                               |
|--|-----------------------------|--------------------------------|-------------------------------|
|  | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>proposal</b> |
| <b>DEV</b>   |                             |                                |                               |
| Food   | 271                         | 336                            | 415                           |
| Ext. transport   | 54                          | 68                             | 96                            |
| LTSH   | 48                          | 62                             | 109                           |
| ODOC   | 16                          | 11                             | 30                            |
| <b>Total value</b>   | <b>389</b>                  | <b>477</b>                     | <b>650</b>                    |
| <i>Volume (million mt)</i>   | <i>1.107</i>                | <i>1.525</i>                   | <i>1.490</i>                  |
| <b>EMOP</b>  |                             |                                |                               |
| Food   | 1 815                       | 1 013                          | 648                           |
| Ext. transport   | 219                         | 259                            | 209                           |
| LTSH   | 631                         | 640                            | 539                           |
| ODOC   | 65                          | 74                             | 20                            |
| <b>Total value</b>   | <b>2 730</b>                | <b>1 986</b>                   | <b>1 416</b>                  |
| <i>Volume (million mt)</i>   | <i>6.351</i>                | <i>3.681</i>                   | <i>2.473</i>                  |



| <b>TABLE 17: BIENNIAL DATA BY COST COMPONENT AND PROGRAMME CATEGORY<br/>(US\$ million)</b> |                             |                                |                               |
|--|-----------------------------|--------------------------------|-------------------------------|
|  | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>proposal</b> |
| <b>PRRO</b>  |                             |                                |                               |
| Food   | 586                         | 851                            | 1 494                         |
| Ext. transport   | 161                         | 191                            | 393                           |
| LTSH   | 269                         | 334                            | 723                           |
| Other direct operational costs   | 13                          | 29                             | 91                            |
| <b>Total value</b>   | <b>1 029</b>                | <b>1 405</b>                   | <b>2 701</b>                  |
| <i>Volume (million mt)</i>   | <i>2.295</i>                | <i>3.973</i>                   | <i>5.304</i>                  |
| <b>SO</b>  |                             |                                |                               |
| ODOC   | 102                         | 160                            | 312                           |
| <b>Total value</b>   | <b>102</b>                  | <b>160</b>                     | <b>312</b>                    |
| <b>BILATERAL</b>   |                             |                                |                               |
| Food   | 46                          | 575                            | 40                            |
| Ext. transport   | 5                           | 64                             | 5                             |
| LTSH   | 4                           | 69                             | 6                             |
| ODOC   | 23                          | 112                            | 4                             |
| <b>Total value</b>   | <b>78</b>                   | <b>821</b>                     | <b>55</b>                     |
| <i>Volume (million mt)</i>   | <i>0.520</i>                | <i>1.600</i>                   | <i>0.253</i>                  |

62. The weakened US dollar during the first eighteen months of the biennium and steadily increasing fuel prices have led to substantial cost increases, especially in WFP's transport budget. LTSH costs are projected to increase by 31 percent/mt and external transport by 32 percent compared to the previous biennium.
63. ODOC requirements for DEVs and PRROs will more than double because of the number and size of the projects with a significant rehabilitation component and the fact that WFP is planning to strengthen the role of its implementing partners and counterparts. The increase in ODOC is also attributed to the implementation of Strategic Objective 5 and increasing SOs. The ODOC budgets for UNJLC and UNHAS requirements alone total US\$92 million.
64. There is a 2 percent decrease in terms of volume for **DEVs** projected for 2006–2007 compared with 2004–2005. The proposed level for 2006–2007 consists of approved programmes and logical extensions but does not include amounts for supplementary activities. The most significant development programmes in 2006–2007 are foreseen in ODK, ODB and ODD.
65. There is a 33 percent decrease in terms of volume for **EMOPs** in 2006–2007 compared with 2004–2005. This results primarily from the methodology used for preparing the budget, whereby no unforeseen emergencies are included. The most significant emergency operations in 2006–2007 are foreseen in ODK, ODB and ODD.
66. Only 14 EMOPs are included in the Programme of Work (2006–2007), though unforeseen emergencies are likely to increase this number significantly. Apart from



two major EMOPs in Sudan and the Democratic People's Republic of Korea (DPRK), most long-term relief requirements are now covered through PRROs.

67. There is a 33 percent increase in terms of volume for **PRROs** for 2006–2007 compared with 2004–2005. The increase is 1.3 million mt in terms of volume and to US\$1.3 billion in terms of operational value.
68. Projected requirements for PRROs suggest they will constitute WFP's largest programme category during the 2006–2007 biennium, requiring funding for 5.3 million mt of food aid valued at US\$2.7 billion. The increase in PRRO requirements is attributed to the steady expansion of the PRRO portfolio over the past three biennia, particularly taking into account the transformation of a number of EMOPs into PRROs following the first two years of a crisis, in accordance with Board guidance.
69. In the Programme of Work (2006–2007), 70 PRROs, including expansion phases, will account for 53 percent; but the estimated requirements of only eight significant PRROs in Afghanistan, the Democratic Republic of Congo (DRC), Eritrea, Ethiopia, Sudan, Uganda, the Great Lakes and Southern Africa will constitute about **one-third** of the Programme of Work.
70. All PRRO project approvals and budget increases with a food value exceeding US\$20 million are approved by the Board.
71. The most significant PRROs in 2006–2007 are foreseen in ODK.
72. **SOs** address operational bottlenecks that hinder the flow of food to beneficiaries; they are usually linked to EMOPs and PRROs.
73. These operations cover many activities, including air services, emergency road repairs mine clearance and logistics augmentation and coordination, with the aim of increasing efficiency and capacity and reducing WFP's overall costs. In many cases the investments made through SOs are used to develop local infrastructure, which is retained by recipient governments for long-term use, helping to build their capacity. WFP plans to set up emergency-response facilities in different regions designed to address unexpected needs almost immediately.
74. It should be noted that SOs do not have a food component, leading to an overall cost increase without a corresponding increase in tonnage.
75. A 95 percent increase in SO activity is projected for 2006–2007. During the biennium, WFP will require US\$312 million to cover the expected cost of SOs, including UNJLC and UNHAS operations. The most significant SOs during 2006–2007 are expected to take place in ODK.

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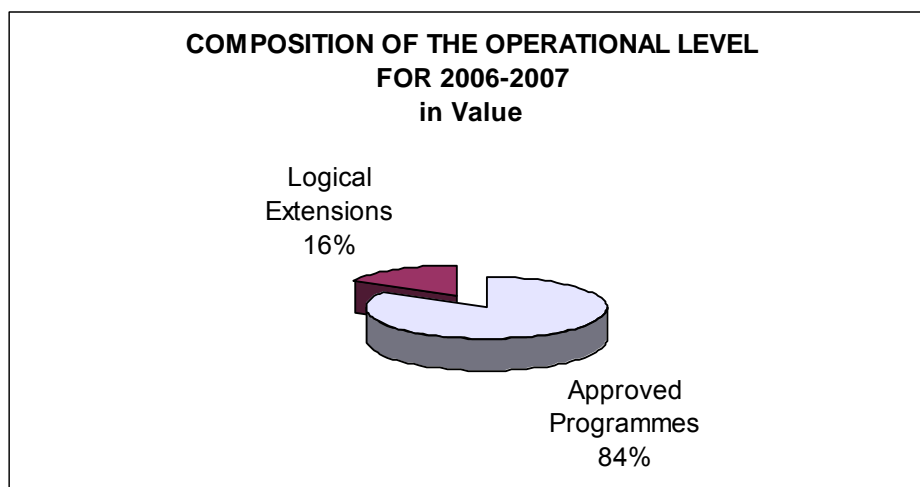
## BUDGET METHODOLOGY: APPROVED PROGRAMMES AND LOGICAL EXTENSIONS

76. The operational budget proposal has been compiled with the same methodology as used in the 2004–2005 biennium. It is based on approved projects valued at US\$4.306 billion and foreseen logical extensions with a value of US\$0.828 billion. It does not include any provision for unforeseen emergencies. Further details of this breakdown are included in Annex IV.





FIGURE 7



\* Logical extensions have been defined as extensions of existing projects that are likely to be approved during 2006 and 2007. The budgetary estimate for 2004–2005 was composed of 76 percent approved programmes and 24 percent logical extensions.

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## BENEFICIARY NEEDS AND EXPECTED RESULTS BY STRATEGIC OBJECTIVE

77. WFP's goal is to contribute with its partners to meeting the MDGs through food-assisted interventions targeting poor and hungry people. The five Strategic Objectives, established in 2004 to link WFP's work and the MDGs, were reconfirmed by the Strategic Plan (2006–2009) and will continue to guide the planning of WFP's operations into the next biennium.
78. The focus of this section of the Management Plan is on the beneficiary needs that WFP will meet over the biennium by providing food and other assistance to activities to achieve its Strategic Objectives, and the direct costs of this work.



| TABLE 18: STRATEGIC OBJECTIVE OVERVIEW |   |  |
|--|---|--|
| SO* 1                                  | Save lives in crisis situations.  | Percentage of operational budget aligned to each Strategic Objective |
| SO 2                                   | Protect livelihoods in crisis situations and enhance resilience to shocks.                          |  |
| SO 3                                   | Support improved nutrition and health status of children, mothers and other vulnerable people.      |  |
| SO 4                                   | Support access to education and reduce gender disparity in access to education and skills training. |  |
| SO 5                                   | Help governments establish and manage national food-assistance programmes.                          |  |

| Strategic Objective | Percentage |
|---------------------|------------|
| SO1                 | 28.3%      |
| SO2                 | 35.6%      |
| SO3                 | 19.1%      |
| SO4                 | 16.3%      |
| SO5                 | 0.7%       |

\*Strategic Objective

79. Tables 18 to 32 show the *gross* volume and operational costs projected for 2006–2007, and the activities supporting the Strategic Objectives:
- The gross volume of food includes an anticipated carry-over of 148,000 mt from 2005, which will be used to meet the needs of beneficiaries in 2006.
  - The gross operational costs include both DOC *and* DSC.
  - SOs that are in direct support of WFP projects have been aligned with the Strategic Objectives. The US\$130 million DOC and DSC for UNHAS and UNJLCs which support various humanitarian agencies, not just WFP, have not been included.

| TABLE 19: GROSS BENEFICIARY NEEDS AND GROSS OPERATIONAL COSTS, 2006–2007 |                                |                                  |
|--|--------------------------------|----------------------------------|
| Strategic objective  | Beneficiary needs (million mt) | Operational costs (US\$ million) |
| SO 1   | 2.734                          | 1,622                            |
| SO 2   | 2.989                          | 2,037                            |
| SO 3   | 2.294                          | 1,093                            |
| SO 4   | 1.647                          | 936                              |
| SO 5   | 0.004                          | 39                               |
| <b>TOTAL (GROSS)</b>   | <b>9.668</b>                   | <b>5,727</b>                     |
| UNHAS/UNJLC  | –                              | 130                              |
| Carry-over from 2005 and other adjustments                               | (0.148)                        | (64)                             |
| <b>Net direct costs – DOC plus DSC</b>                                   | <b>9.521</b>                   | <b>5,793</b>                     |



80. Extensive field presence supports WFP's ability to meet the needs of vulnerable people rapidly in times of crisis, and its numerous rural-based projects encourage working with partners to address long-term hunger-related needs. The Strategic Objectives reflect this comprehensive approach to ending hunger.
81. In most places where there is hunger, WFP supports partners to implement multiple types of activities. But effective use of food aid involves more than timely provision of food to vulnerable people. WFP also works to enhance the outcomes of these operational activities through a strong complement of programme-support activities, including needs assessments, market analysis and technical support with regard to nutrition, gender, HIV/AIDs and education.
82. WFP is working with partners to develop a global strategy to address child hunger, a critical development issue. Under-nutrition contributes to over 6 million preventable childhood deaths each year. For those who survive hunger in childhood, the damage can be life-long. Hunger leads to irreversible physical stunting, reduced intelligence, and increased susceptibility to diseases, severely limiting the potential of individuals. When aggregated, these impacts undermine the economic, social and political development of nations.
83. The international community needs to work together on these issues to create a strategy with long-term development aims clearly in view. By supporting early childhood nutrition and education through Strategic Objectives 3 and 4, WFP can make an important contribution to this effort.
84. This Management Plan profiles the variety of activity types that WFP supports with food aid, and demonstrates how, guided by a set of *management objectives*, the key outputs of programme support, management and administration divisions work towards achieving the Strategic Objectives.

### **Strategic Objective 1: Save Lives in Crisis Situations**

85. Saving lives in crisis situations is the most difficult of the Strategic Objectives against which to project future beneficiary needs. WFP works continuously to improve vulnerability analysis and early identification of emerging crises. There will be unforeseen emergencies, however, that leave people temporarily hungry each year.
86. A projected decline in need for activities related to Strategic Objective 1 from 2004–2005 to 2006–2007, with a commensurate increase in need for longer-term promotion of livelihood protection, and support for health, nutrition and education, reflects an anticipated transition from relief to recovery in WFP's work. Unfortunately, it does not mean that WFP is predicting fewer emergencies in the next biennium. Emergencies will occur, but it's not possible to predict where, when or on what scale.
87. The importance of having a core organizational capacity to address multiple crises was amply demonstrated during WFP's response to conflicts in Iraq, Darfur and the Indian Ocean tsunami. The Strategic Plan (2006–2009) reconfirms a strong emergency-response capacity as a core part of WFP's strategic direction towards 2015.<sup>3</sup> WFP will continue to build on its strength to respond rapidly and scale up EMOPs when there is a need.
88. The support structure for WFP's rapid-response capacity is augmented by its FITTEST. Related outputs that the PSA units are planning are outlined in Section III under the Management Objectives.

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<sup>3</sup> Strategic Plan (2006–2009) (WFP/EB.A/2005/5-A). para 14-15.



89. Table 20 shows the activity types contributing to Strategic Objective 1 that WFP plans to support with food aid over the next biennium, and the gross operational cost of this support.

| <b>TABLE 20: KEY ACTIVITIES AND RESOURCE REQUIREMENTS</b>  |                  |                      |                            |  |
|--|------------------|----------------------|----------------------------|--|
| <b>ACTIVITY TYPES</b>                                      | <b>mt</b>        | <b>US\$</b>          | <b>As a % of SO1 costs</b> | <b>As a % of total operational costs</b> |
| General Food Distribution                                  | 2 540 751        | 1 512 311 447        | 93.2                       | 26.4                                     |
| Food For Assets/Food For Work                              | 172 560          | 64 766 945           | 4.0                        | 1.1                                      |
| Passenger Air Service                                      | -                | 16 833 416           | 1.0                        | 0.3                                      |
| Emergency Infrastructure Rehabilitation                    | -                | 15 023 127           | 0.9                        | 0.3                                      |
| Repatriation Packages                                      | 8 688            | 4 752 684            | 0.3                        | 0.1                                      |
| MCH/Supplementary/Therapeutic/<br>Vulnerable Group Feeding | 6 864            | 4 170 109            | 0.3                        | 0.1                                      |
| HIV/AIDS and OVC* Programming                              | 4 987            | 4 043 064            | 0.2                        | 0.1                                      |
| Emergency Preparedness and Response                        | 489              | 243 561              | 0.0                        | 0.0                                      |
| <b>TOTAL</b>   | <b>2 734 339</b> | <b>1 622 144 352</b> | <b>100.0</b>               | <b>28.3</b>                              |

\* Orphans and other vulnerable children.

### Areas of Activity

90. Long-term conflict and chronic food deficits give rise to more predictable and prolonged life-threatening forms of hunger: 32 country offices expect that the work they are currently doing to save lives in crisis situations will continue into the next biennium. Table 21 shows the ten countries that have the largest projected volume of Strategic Objective 1 needs, and the gross operational costs of these; 93 percent of gross planned operational costs for activities related to Strategic Objective 1 are concentrated in these ten countries.

| <b>TABLE 21: STRATEGIC OBJECTIVE 1 — TOP TEN COUNTRIES</b> |                  |                      |                            |  |
|--|------------------|----------------------|----------------------------|--|
| <b>TOP 10 COUNTRIES</b>                                    | <b>mt</b>        | <b>US\$</b>          | <b>As a % of SO1 costs</b> | <b>As a % of total operational costs</b> |
| Sudan  | 600 484          | 584 078 268          | 36.0                       | 10.2                                     |
| Ethiopia   | 475 318          | 203 466 407          | 12.5                       | 3.6                                      |
| Eritrea  | 408 888          | 168 309 156          | 10.4                       | 2.9                                      |
| DPRK   | 416 794          | 156 435 292          | 9.6                        | 2.7                                      |
| Uganda   | 212 488          | 115 555 487          | 7.1                        | 2.0                                      |
| Chad   | 93 456           | 98 576 066           | 6.1                        | 1.7                                      |
| Tanzania   | 134 816          | 73 752 692           | 4.5                        | 1.3                                      |
| Kenya  | 116 711          | 58 213 784           | 3.6                        | 1.0                                      |
| Burundi  | 49 054           | 29 634 500           | 1.8                        | 0.5                                      |
| Liberia  | 24 410           | 18 031 947           | 1.1                        | 0.3                                      |
| <b>TOTAL</b>   | <b>2 532 419</b> | <b>1 506 053 599</b> | <b>92.8</b>                | <b>26.3</b>                              |



| <b>TABLE 22: EXPECTED RESULTS AND PERFORMANCE INDICATORS FOR STRATEGIC OBJECTIVE 1</b>   |  |   |  |
|--|--|---|--|
| <b>Outputs</b>   | <b>Output indicators</b>   | <b>Outcomes</b>   | <b>Outcome indicators</b>  |
| Output 1.1 Timely provision of food in sufficient quantity for targeted beneficiaries in conflict and disaster affected areas. | Output indicator 1.1.1 Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex. | Outcome 1.1 Reduced and/or stabilized acute malnutrition in identified populations in conflict and disaster affected areas. | Outcome indicator 1.1.1 Prevalence of acute malnutrition among under-5s in an identified population by gender, assessed using weight-for-height. |
|  | Output Indicator 1.1.2 Actual mt of food distributed through each activity as a percentage of planned distributions, by project category, commodity.                           | Outcome 1.2 Reduced and/or stabilised mortality in an identified population in conflict and disaster affected areas.        | Outcome Indicator 1.2.1 Crude mortality rate in an identified population (pilot indicator – SMART initiative).                                   |
|  | Output Indicator 1.1.3 Percentage of general food distributions occurring more than 7 days later than the planned date of distribution (pilot indicator).                      |   | Outcome Indicator 1.2.2 Under-5 mortality rate in an identified population (pilot indicator – SMART initiative).                                 |

## **Strategic Objective 2: Protect Livelihoods in Crisis Situations and Enhance Resilience to Shocks**

91. In the coming biennium, WFP is projecting that more of its food assistance will address hunger by supporting activities aimed at protecting livelihoods and enhancing resilience to shocks. Strategic Objective 2 is an approach to addressing hunger that protects vulnerable people against risk and supports asset creation; it needs to be well-integrated with national strategies for poverty and hunger reduction. The Strategic Plan (2006–2009) describes an emphasis on ensuring that WFP's transition and development activities are guided by national priorities as an important part of WFP's strategic direction towards 2015.<sup>4</sup>
92. In addition to the framework set out for Strategic Objective 5 to strengthen government-counterpart capacity to manage food-assistance and hunger-reduction programmes, Management Objectives 1 and 4 aim to establish with partners the vulnerability analysis, needs assessment and market analysis capabilities, and the knowledge base necessary to determine more accurately where food aid is an appropriate response to vulnerability and poverty reduction. The related key outputs of programme and technical support divisions are outlined in Section III.
93. As an innovative way to address this Strategic Objective, WFP will launch its drought-insurance project in 2006, whose objective is to develop a risk-management system to protect the livelihoods of populations vulnerable to severe and catastrophic weather risks. The project explores the use of weather insurance to demonstrate the feasibility of establishing timely contingency funding for an effective aid response in the event of severe and catastrophic drought.

<sup>4</sup> Strategic Plan (2006–2009) (WFP/EB.A/2005/5-A). para. 19.



94. The Ethiopian pilot project, if approved by the Board, will put in place an insurance contract with a US\$2 million premium for Ethiopia's 2006 agricultural season from March 2006 to October 2006. This will demonstrate the possibility of transferring least-developed countries' (LDC) weather risks and will help to identify prices for Ethiopian drought risk in international financial markets, potentially allowing better management of these risks. Similar pilot schemes are being developed for the Sahel and southern Africa for 2006. However, the project is not currently included in the 2006–2007 operational budget proposal.
95. Below are activity types contributing to Strategic Objective 2 that WFP plans to support with food aid over the next biennium, and the gross operational cost of this support.

| <b>TABLE 23: KEY ACTIVITIES AND RESOURCE REQUIREMENTS</b> |                  |                      |                            |  |
|---|------------------|----------------------|----------------------------|--|
| <b>ACTIVITY TYPES</b>                                     | <b>mt</b>        | <b>US\$</b>          | <b>As a % of SO2 costs</b> | <b>As a % of total operational costs</b> |
| Food For Assets/Food For Work                             | 1 836 445        | 987 410 181          | 48.5                       | 17.2                                     |
| General Food Distribution                                 | 1 001 328        | 730 153 234          | 35.8                       | 12.7                                     |
| Emergency Infrastructure Rehabilitation                   | -                | 193 090 179          | 9.5                        | 3.4                                      |
| Food For Training   | 68 191           | 61 285 660           | 3.0                        | 1.1                                      |
| Food For Demobilization and Reintegration                 | 32 802           | 32 161 638           | 1.6                        | 0.6                                      |
| HIV/AIDS and OVC Programming                              | 24 789           | 21 594 749           | 1.1                        | 0.4                                      |
| MCH/Supplementary/Therapeutic/Vulnerable Group Feeding    | 10 823           | 7 095 063            | 0.3                        | 0.1                                      |
| Emergency Preparedness and Response                       | 3 639            | 2 030 287            | 0.1                        | 0.0                                      |
| Support to Safety Net Programmes                          | 9 500            | 1 234 159            | 0.1                        | 0.0                                      |
| Repatriation Packages                                     | 1 742            | 974 391              | 0.0                        | 0.0                                      |
| <b>TOTAL</b>  | <b>2 989 259</b> | <b>2 037 029 541</b> | <b>100.0</b>               | <b>35.6</b>                              |

### Areas of Activity

96. In the next biennium, 65 country offices expect that their work will include protecting livelihoods in crisis situations and enhancing communities' resilience to shocks. Table 24 shows the ten countries that have the largest projected volume of Strategic Objective 2 work in the next biennium, and the resources needed; 74 percent of WFP's planned expenditures on Strategic Objective 2 activities are concentrated in these ten countries.



| <b>TABLE 24: STRATEGIC OBJECTIVE 2 — TOP TEN COUNTRIES</b> |                  |                      |                            |  |
|--|------------------|----------------------|----------------------------|--|
| <b>TOP 10 COUNTRIES</b>                                    | <b>mt</b>        | <b>US\$</b>          | <b>As a % of SO2 costs</b> | <b>As a % of total operational costs</b> |
| Sudan  | 515 129          | 712 997 844          | 35.0                       | 12.4                                     |
| Ethiopia   | 410 870          | 203 729 345          | 10.0                       | 3.6                                      |
| DR Congo   | 186 540          | 154 331 420          | 7.6                        | 2.7                                      |
| Zimbabwe   | 228 024          | 123 087 355          | 6.0                        | 2.1                                      |
| Afghanistan  | 106 105          | 82 533 450           | 4.1                        | 1.4                                      |
| Palestinian Territory                                      | 154 072          | 75 579 151           | 3.7                        | 1.3                                      |
| Malawi   | 81 974           | 44 170 074           | 2.2                        | 0.8                                      |
| Bangladesh   | 169 308          | 40 642 338           | 2.0                        | 0.7                                      |
| Tajikistan   | 69 360           | 34 546 829           | 1.7                        | 0.6                                      |
| Colombia   | 41 267           | 31 465 980           | 1.5                        | 0.5                                      |
| <b>TOTAL</b>   | <b>1 962 649</b> | <b>1 503 083 786</b> | <b>73.8</b>                | <b>26.2</b>                              |

| <b>TABLE 25: EXPECTED RESULTS AND PERFORMANCE INDICATORS FOR STRATEGIC OBJECTIVE 2</b>   |   |   |  |
|--|---|---|--|
| <b>Outputs</b>   | <b>Output indicators</b>  | <b>Outcomes</b>   | <b>Outcome indicators</b>  |
| Output 2.1 Timely provision of food in sufficient quantity for targeted beneficiaries in crisis and transition situations or vulnerable to shocks. | Output indicator 2.1.1<br>Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex. | Outcome 2.1 Increased ability to meet food needs within targeted households in crisis situations or vulnerable to shocks. | Outcome indicator 2.1.1<br>Proportion of beneficiary household expenditures devoted to food. |
|  | Output indicator 2.1.2<br>Actual mt of food distributed through each activity as a percentage of planned distributions, by project category, commodity.                           | Outcome 2.2 Increased ability to manage shocks within targeted households in crisis situations or vulnerable to shocks.   | Outcome indicator 2.1.2<br>An indicator on dietary diversity is under review.                |
|  | Output Indicator 2.1.3<br>Actual participants in each activity as a percentage of planned participants, by sex.   |   | Outcome indicator 2.2.1<br>Appropriate indicators under discussion.                          |



### **Strategic Objective 3: Support the Improved Nutrition and Health Status of Children, Mothers and Other Vulnerable People**

97. In the coming biennium, WFP is planning to target more nutritious food to the most vulnerable groups with the most severe hunger and nutrition needs. The Strategic Plan (2006–2009) describes the approach WFP will follow to pursue Strategic Objective 3. Although there is a need for more attention to mother-and-child health (MCH) programmes, which the Strategic Plan describes as one of WFP’s organizational weaknesses, in the last biennium WFP has contributed significantly to understanding of the factors that perpetuate hunger and poverty and of the prominent development role of fighting malnutrition through food assistance. In particular, preventing malnutrition among young children and pregnant and lactating women has been shown to yield significant long-term benefits.
98. The types of nutrition interventions that WFP supports with food assistance include: (i) MCH programmes, (ii) clinic-based supplementary and therapeutic feeding, (iii) nutrition-related food-for-education activities, (iv) support to people living with HIV/AIDS, their families and the caregivers of orphans and other vulnerable children and (v) micronutrient-fortification projects supported through the distribution of family rations to workers.
99. Within the policy framework set out in the three nutrition documents approved by the Board at EB.A/2004<sup>5</sup> and the Strategic Plan (2006–2009),<sup>6</sup> WFP will conduct more research and analysis on food assistance and nutrition, and apply more of the knowledge gained to its programmes. Major outputs under Management Objective 4 include tools, methods and guidance to support evidence-based nutrition programming and to measure the results achieved.
100. Table 26 shows the activity types that contribute to Strategic Objective 3 that WFP plans to support with food aid over the next biennium, and the gross operational cost of this support.

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<sup>5</sup> “Food for Nutrition: Mainstreaming Nutrition in WFP” (WFP/EB.A/2004/5-A/1); “Micronutrient Fortification: WFP Experiences and Ways Forward” (WFP/EB.A/2004/5-A/2); “Nutrition in Emergencies: WFP Experiences and Challenges” (WFP/EB.A/2004/5-A/3).

<sup>6</sup> Strategic Plan (2006–2009) (WFP/EB.A/2005/5-A), page 10 para. 16.





| <b>TABLE 26: KEY ACTIVITIES AND RESOURCE REQUIREMENTS</b> |                  |                      |                            |  |
|---|------------------|----------------------|----------------------------|--|
| <b>ACTIVITY TYPES</b>                                     | <b>mt</b>        | <b>US\$</b>          | <b>As a % of SO3 costs</b> | <b>As a % of total operational costs</b> |
| MCH/supplementary/therapeutic/vulnerable group feeding    | 1 723 221        | 770 608 674          | 70.5                       | 13.5                                     |
| HIV/AIDS and OVC programming                              | 499 609          | 295 951 452          | 27.1                       | 5.2                                      |
| School feeding  | 66 999           | 24 449 656           | 2.2                        | 0.4                                      |
| General food distribution                                 | 3 470            | 1 925 963            | 0.2                        | 0.0                                      |
| Food for assets/food for work                             | 503              | 312 780              | 0.0                        | 0.0                                      |
| Capacity-building   | -                | 158 400              | 0.0                        | 0.0                                      |
| Food for training   | 34               | 17 586               | 0.0                        | 0.0                                      |
| <b>TOTAL</b>  | <b>2 293 836</b> | <b>1 093 424 510</b> | <b>100.0</b>               | <b>19.1</b>                              |

### Areas of Activity

101. In the next biennium, 59 country offices expect that their work will include improving the nutrition and health status of children, mothers and other vulnerable people. Table 27 shows the ten countries that have the largest projected volume of Strategic Objective 3 work in the next biennium, and the resources needed; 69 percent of WFP's planned expenditures on Strategic Objective 3 activities are concentrated in these countries.

| <b>TABLE 27: STRATEGIC OBJECTIVE 3 — TOP TEN COUNTRIES</b> |                  |                    |                            |  |
|--|------------------|--------------------|----------------------------|--|
| <b>TOP 10 COUNTRIES</b>                                    | <b>mt</b>        | <b>US\$</b>        | <b>As a % of SO3 costs</b> | <b>As a % of total operational costs</b> |
| DPRK   | 806 514          | 302 708 900        | 27.7                       | 5.3                                      |
| Ethiopia   | 148 853          | 92 606 443         | 8.5                        | 1.6                                      |
| Sudan  | 81 067           | 80 813 855         | 7.4                        | 1.4                                      |
| Zambia   | 116 787          | 64 080 457         | 5.9                        | 1.1                                      |
| Indonesia  | 167 725          | 61 947 741         | 5.7                        | 1.1                                      |
| Malawi   | 59 812           | 32 062 419         | 2.9                        | 0.6                                      |
| Bangladesh   | 144 196          | 31 899 906         | 2.9                        | 0.6                                      |
| Zimbabwe   | 55 378           | 29 893 044         | 2.7                        | 0.5                                      |
| Mozambique   | 52 305           | 29 346 289         | 2.7                        | 0.5                                      |
| Haiti  | 35 064           | 27 987 033         | 2.6                        | 0.5                                      |
| <b>TOTAL</b>   | <b>1 667 701</b> | <b>753 346 087</b> | <b>68.9</b>                | <b>13.2</b>                              |



| <b>TABLE 28: EXPECTED RESULTS AND PERFORMANCE INDICATORS FOR STRATEGIC OBJECTIVE 3</b>  |  |  |  |
|---|--|--|--|
| <b>Outputs</b>  | <b>Output indicators</b>   | <b>Outcomes</b>  | <b>Outcome indicators</b>  |
| Output 3.1 Timely provision of nutritious food in sufficient quantity for targeted young children, mothers and other targeted beneficiaries vulnerable to nutrition and health risks. | Output indicator 3.1.1<br>Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex.  | Outcome 3.1 Reduced level of malnutrition among targeted children.                               | Outcome indicator 3.1.1<br>Prevalence of under-5 malnutrition among targeted children (assessed using height, weight and age, disaggregated by gender).  |
|   | Output indicator 3.1.2<br>Actual metric tons of food distributed through each activity as a percentage of planned distributions, by project category, commodity.   | Outcome 3.2 Reduced level of malnutrition among targeted women.                                  | Outcome indicator 3.2.1<br>Prevalence of malnutrition among targeted women of child-bearing age, assessed using body mass index (BMI) and/or low birth weight. (Pilot continuing.)   |
|   | Output indicator 3.1.3<br>Actual participants in each activity as a percentage of planned participants, by beneficiary category, sex.<br><br>Output indicator 3.1.4<br>Percentage of micronutrient-fortified food delivered through WFP-supported nutrition interventions. | Outcome 3.3 Reduced level of anaemia among targeted beneficiaries.                               | Outcome indicator 3.1.3<br>Prevalence of anaemia among targeted pregnant and lactating women and children. (Pilot continuing.)   |
| Output 3.2 Provision of deworming tablets for targeted children and mothers in WFP-supported activities.  | Output indicator 3.2.1<br>Actual beneficiaries provided with deworming pills through WFP-supported activities as a percentage of planned beneficiaries of deworming pills, by beneficiary category, sex.   | Outcome 3.4 Improved quality of life of beneficiaries targeted in HIV/AIDS-supported programmes. | Outcome indicator 3.4.1<br>Weight gain among beneficiaries (provisional).<br><br>Outcome indicator 3.4.2<br>Treatment adherence rate by specific treatment and care programmes (duration of programme, percent treatment compliance etc.). |

#### **Strategic Objective 4: Support Access to Education and Reduce Gender Disparity in Access to Education and Skills Training**

102. In the coming biennium, WFP is planning to increase its FFE support, working with governments, communities, schools and parents to get more children into school and to increase their ability to concentrate and learn. The final report of the United Nations Millennium Project names provision of meals in school, take-home rations for girls and deworming campaigns through schools as “quick wins” in making progress against hunger.
103. The types of interventions that WFP supports with food assistance include: (i) school meals for pre-primary, primary and secondary school children, teachers and cooks; (ii) take-home rations to help families send their girls to school; (iii) life-skills training for women and adolescent girls; and (iv) training for former combatants. WFP also provides support to caregivers of orphans and vulnerable children, and family rations for workers improving school premises.



104. Below are the gross operational costs planned for the coming biennium of WFP's support to activities that contribute to achieving Strategic Objective 4.

| <b>TABLE 29: KEY ACTIVITIES AND RESOURCE REQUIREMENTS</b> |                  |                    |                            |  |
|---|------------------|--------------------|----------------------------|--|
| <b>ACTIVITY TYPES</b>                                     | <b>mt</b>        | <b>US\$</b>        | <b>As a % of SO4 costs</b> | <b>As a % of total operational costs</b> |
| School feeding  | 1 520 576        | 869 105 806        | 92.9                       | 15.2                                     |
| Food for training   | 84 364           | 38 625 095         | 4.1                        | 0.7                                      |
| HIV/AIDS and OVC programming                              | 32 097           | 17 822 838         | 1.9                        | 0.3                                      |
| Food for demobilization and reintegration                 | 4 890            | 3 989 213          | 0.4                        | 0.1                                      |
| Support to safety-net programmes                          | 183              | 3 279 672          | 0.4                        | 0.1                                      |
| Food for assets/food for work                             | 4 833            | 2 881 562          | 0.3                        | 0.1                                      |
| <b>TOTAL</b>  | <b>1 646 943</b> | <b>935 704 186</b> | <b>100.0</b>               | <b>16.3</b>                              |

### Areas of Activity

105. In the next biennium, 68 WFP country offices expect that their work will include support to education and reducing gender disparity in access to education and skills training. The following table shows the ten countries that have planned the largest volume of Strategic Objective 4 work in the next biennium, and the resources needed; 51 percent of WFP's planned expenditures on Strategic Objective 4 activities are focused on these countries.

| <b>TABLE 30: STRATEGIC OBJECTIVE 4 — TOP TEN COUNTRIES</b> |                |                    |                            |  |
|--|----------------|--------------------|----------------------------|--|
| <b>TOP 10 COUNTRIES</b>                                    | <b>mt</b>      | <b>US\$</b>        | <b>As a % of SO4 costs</b> | <b>As a % of total operational costs</b> |
| Afghanistan  | 200 068        | 152 465 619        | 16.3                       | 2.7                                      |
| Sudan  | 95 376         | 65 527 602         | 7.0                        | 1.1                                      |
| Mozambique   | 69 504         | 41 374 283         | 4.4                        | 0.7                                      |
| Liberia  | 55 405         | 40 714 937         | 4.4                        | 0.7                                      |
| Kenya  | 94 639         | 38 249 489         | 4.1                        | 0.7                                      |
| Uganda   | 63 694         | 35 081 548         | 3.7                        | 0.6                                      |
| Angola   | 41 643         | 30 332 590         | 3.2                        | 0.5                                      |
| Burundi  | 47 090         | 25 760 114         | 2.8                        | 0.4                                      |
| Zimbabwe   | 42 347         | 22 858 911         | 2.4                        | 0.4                                      |
| Ethiopia   | 45 914         | 21 301 066         | 2.3                        | 0.4                                      |
| <b>TOTAL</b>   | <b>755 680</b> | <b>473 666 159</b> | <b>50.6</b>                | <b>8.3</b>                               |



**TABLE 31: EXPECTED RESULTS AND PERFORMANCE  
INDICATORS FOR STRATEGIC OBJECTIVE 4**

| Outputs  | Output indicators  | Outcomes   | Outcome indicators  |
|--|--|--|---|
| <p>Output 4.1 Timely provision of food in sufficient quantity for targeted children, adolescent girls and adults to improve access to education in schools and non-formal education centres.</p> | <p>Output indicator 4.1.1 Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex.</p> <p>Output indicator 4.1.2 Actual metric tons of food distributed through each activity as a percentage of planned distributions, by project category, commodity.</p> <p>Output indicator 4.1.3 Actual participants in each activity as a percentage of planned participants, by beneficiary category, sex.</p> | <p>Outcome 4.1 Increased enrolment of boys and girls in WFP assisted schools.</p>  | <p>Outcome indicator 4.1.1 Absolute enrolment: Numbers of boys and girls enrolled in WFP-assisted primary schools and, if applicable, pre-schools and secondary schools.</p> <p>Outcome indicator 4.1.2 Net enrolment rate: percentages of primary school age boys and girls enrolled in WFP-assisted primary schools and, if applicable, pre-schools and secondary schools.</p> <p>Outcome indicator 4.1.3 School enrolment rates for orphans and vulnerable children from households receiving take-home rations.</p> |
|  |  | <p>Outcome 4.2 Improved attendance of boys and girls in WFP-assisted schools.</p>  | <p>Outcome indicator 4.2.1 Attendance rate: percentages of boys and girls attending classes in WFP-assisted primary schools and, if applicable, pre-schools and secondary schools.</p> <p>Outcome indicator 4.2.2 Attendance rate: percentage of orphans and vulnerable children from households receiving take-home rations attending classes in schools.</p>  |
|  |  | <p>Outcome 4.3 Improved capacity to concentrate and learn among boys and girls in WFP-assisted schools.</p>  | <p>Outcome indicator 4.3.1 Teachers' perception of children's ability to concentrate and learn in school as a result of school feeding.</p>   |
|  |  | <p>Outcome 4.4 Reduced gender disparity between boys and girls in WFP-assisted primary and secondary schools and non-formal education centres.</p> | <p>Outcome indicator 4.4.1 Ratio of girls to boys enrolled in WFP assisted schools.</p> <p>Outcome indicator 4.4.2 Ratio of women and adolescent girls to men completing food for training activities.</p>  |



## Strategic Objective 5: Strengthen the Capacities of Countries and Regions to Establish and Manage Food-Assistance and Hunger-Reduction Programmes

106. Capacity-building with partners is not new to WFP's work, but the policy framework for Strategic Objective 5 is new,<sup>7</sup> and a corporate set of outcomes, outputs, indicators and activity types is under development. The principle of mainstreaming capacity-building underlies WFP's policy framework. Such capacity-building interventions may be linked to particular WFP projects or may be independent interventions not linked to a WFP project.
107. WFP conducted a survey to establish a capacity-building baseline of activities in August 2004. The survey found that WFP is currently undertaking about 320 capacity-building interventions in 65 countries to implement food-based programmes, strengthen policy formulation, share information and raise public awareness. The Management Plan (2006–2007) projects that almost 1 percent of WFP's operational expenditures in the next biennium will be directed toward Strategic Objective 5-related activities.

### Areas of Activity

| TABLE 32: STRATEGIC OBJECTIVE 5 — TOP TEN COUNTRIES |              |                   |                     |                                   |
|---|--------------|-------------------|---------------------|-----------------------------------|
| TOP 10 COUNTRIES                                    | mt           | US\$              | As a % of SO5 costs | As a % of total operational costs |
| Ethiopia  | -            | 11 491 045        | 29.5                | 0.2                               |
| Latin America and Caribbean                         | -            | 8 570 004         | 22.0                | 0.1                               |
| Algeria   | -            | 5 807 543         | 14.9                | 0.1                               |
| Afghanistan   | -            | 3 156 635         | 8.1                 | 0.1                               |
| Mali  | 4 382        | 2 176 890         | 5.6                 | 0.0                               |
| Southern Africa                                     | -            | 1 319 494         | 3.4                 | 0.0                               |
| Liberia   | -            | 1 000 000         | 2.6                 | 0.0                               |
| Armenia   | -            | 997 740           | 2.6                 | 0.0                               |
| Azerbaijan  | -            | 840 000           | 2.2                 | 0.0                               |
| Angola  | -            | 522 432           | 1.3                 | 0.0                               |
| <b>TOTAL</b>  | <b>4 382</b> | <b>35 881 783</b> | <b>92.1</b>         | <b>0.6</b>                        |

<sup>7</sup> The policy framework for this Strategic Objective is provided by "Building Country and Regional Capacities" (WFP/EB.3/2004/4-A). The legal mechanism by which WFP can raise resources for such interventions is contained in "Financial Framework for Strategic Priority 5 Implementation" (WFP/EB.1/2005/5-A).



**TABLE 33: EXPECTED RESULTS AND PERFORMANCE  
INDICATORS FOR STRATEGIC OBJECTIVE 5**

| Outputs   | Output indicators  | Outcomes   | Outcome indicators                           |
|---|--|--|--|
| Output 5.1 Provision of capacity-building assistance to country and regional entities involved in food assistance and hunger reduction efforts. | <p>Output indicator 5.1.1<br/>Actual counterpart staff at local, regional and national levels trained under WFP's technical assistance activities as a percentage of the planned number.</p> <p>Output indicator 5.1.2<br/>Number of areas of technical services and cooperation where capacity-building activities were provided.</p> | Outcome 5.1 Increased capacity to identify food needs, develop strategies and carry-out food based programmes within targeted countries. | Outcome indicator 5.1.1<br>To be determined. |



## SECTION III: 2006–2007 SUPPORT BUDGET

### OVERVIEW OF THE SUPPORT BUDGET

108. This section provides a consolidated overview of the WFP support budget for 2006–2007. It describes how weaknesses and risks identified in the Strategic Plan related to the support budget will be addressed in the 2006–2007 biennium and gives an overview of non-ISC-funded support budget activities implemented through donor trust funds. The section concludes with two financial policy issues related to GCCCs and Financial Regulation 9.9, and an update on United Nations Reform.
109. In accordance with the United Nations initiative to harmonize budgets and in line with previous biennia WFP's 2006–2007 budget shows support costs separately from operational costs. Other United Nations agencies prepare a single support cost budget, but WFP's unique funding structure requires that DSC and PSA be consolidated to give a complete picture of support costs.
110. The support budget is designed to provide effective and efficient support to WFP operations, either directly or indirectly through management and administrative and programme-support functions in Headquarters, the regional bureaux, and country offices.
111. Table 34 outlines the total support budget, which combines DSC and PSA components, for 2006–2007, with comparative actual figures for 2002–2003 and estimated figures for 2004–2005. It shows that the support budget required for the expenditure level of US\$6.353 billion amounts to US\$1,052 million, or 17 percent.



| <b>TABLE 34: WFP SUPPORT BUDGET (PSA and DSC)</b>   |                             |                                |                               |
|---|-----------------------------|--------------------------------|-------------------------------|
|   | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>proposed</b> |
|   | <b>(US\$ thousand)</b>      |                                |                               |
| Programme support—regional and country offices  | 589 978                     | 667 348                        | 783 212                       |
| Programme support—Headquarters  | 21 082                      | 39 818                         | 37 590                        |
| <b>Subtotal programme support</b>   | <b>611 060</b>              | <b>707 166</b>                 | <b>820 802</b>                |
| Management and administration   | 128 444                     | 214 330                        | 206 359                       |
| <b>Subtotal regular support</b>   | <b>739 504</b>              | <b>921 496</b>                 | <b>1 027 161</b>              |
| Capital and capacity funds <sup>8</sup>   | 0                           | 49 095                         | 24 975                        |
| <b>TOTAL SUPPORT BUDGET</b>   | <b>739 504</b>              | <b>970 591</b>                 | <b>1 052 136</b>              |
|   | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>proposed</b> |
|   | <b>(percent)</b>            |                                |                               |
| Programme support as a percentage of total WFP budget   | 12                          | 11.8                           | 12.9                          |
| Management and administration as a percentage of total WFP budget   | 2.5                         | 3.6                            | 3.2                           |
| Programme support and management administration as a percentage of total WFP budget, excluding capital and capacity funds | 14.6                        | 15.4                           | 16.2                          |
| Programme support and management administration as a percentage of total WFP budget, including capital and capacity funds | 14.6                        | 16.2                           | 16.6                          |

### Strategic Framework Issues Addressed by the Support Budget

112. The Strategic Plan 2006–2009 identified six organizational weaknesses. The weaknesses to be addressed primarily by the support budget are weakness 4, mainly related to providing evidence of achieved results, and fundraising and communications weaknesses 5 and 6.

#### Weakness 4: RBM-related

113. Through the 2004–2005 biennium, RBM division has worked with all units in WFP to improve the documentation of results. WFP plans to finalize corporate implementation of RBM in the 2006–2007 biennium, and a continuation of the RBM fund is therefore proposed.

<sup>8</sup> Capital Asset Fund, Security Fund, Results Based Management Fund and Strengthening Financial Management Fund in 2004–2005. Capital Asset Fund, Results Based Management Fund and Strengthening Financial Management Fund 2006–2007.





## Weaknesses 5 and 6: Fundraising-and Communications-related

114. In the 2004–2005 biennium, the Fundraising and Communications Department (FD) was strengthened and its resources were increased significantly, mainly to cover the establishment of a small private-sector group, investment in fundraising through decentralized donor-relations functions and an increase in advocacy. This investment contributed to an increased income of US\$1 billion. In 2006–2007 it is proposed to sustain the resource levels of FD and ensure continued advocacy and visibility for WFP worldwide. Continued decentralization of fundraising activities will result in WFP opening a new office in Riyadh, establishing a donor-relations presence in Hong Kong and Seoul and the conversion of the China office in Beijing from a regular country office into a fundraising office.

### Additional Weakness: Operational Capacity

115. As the Strategic Plan (2006–2009) was being prepared during the first semester of 2005, WFP was dealing with the impacts of the growing emergency in Darfur, the new emergency for the Indian Ocean tsunami and increasing needs in Niger. It has become apparent to WFP management that an additional weakness should be added to the above list: WFP's insufficient capacity to deal effectively with up to three major emergencies simultaneously. This Management Plan addresses this additional weakness by strengthening field capacity, improving technical support, increasing commodity purchasing and transport capacity, and improving aviation support and emergency response.

### Risks

116. The risks to WFP—listed in the overview—will be mitigated through specific activities undertaken within the support structure.

⇒ *Risk 1: Lack of Funding*

117. Lack of funding is a real and constant risk for WFP, which is therefore proposing to continue its investment in fundraising, especially in the area of public awareness and communications.

⇒ *Risk 2: Financial Constraints Resulting from Market Price Fluctuations*

118. This risk will be addressed under the newly established CFO structure, which oversees the activities of the Finance Division (ADF) and OEDB. The consolidation of these two offices will result in (i) greater coordination to close the planning-budgeting-implementation-reporting loop from a financial perspective, (ii) tighter integration of information for decision making and reporting purposes, (iii) enhanced, more consistent support and advice to the field and other offices, (iv) improved, more comprehensive financial advice to managers and (v) elimination of duplicated functions in some cases.

119. This change is a logical extension of the SFM initiative. As WFP increases its financial management capacity through staffing, training, reports, policies and manuals for example, it is also necessary to improve the structure underlying this capacity. Consolidating these two offices provides a firmer foundation for ensuring optimal use of WFP's financial resources.



⇒ *Risk 3: Security*

120. To address this issue, WFP set up a special security fund of US\$20 million in the 2004-2005 biennium. An overview of the security budget is provided in paragraphs 235 to 240.

⇒ *Risk 4: Staff Capacity and Retention in Stressful Work Environments*

121. For international staff, WFP is implementing a new career management programme to improve recruitment, career management, training, reassignment and promotions. The National Staff Project will aim to improve the contractual status of locally recruited staff, especially those who have been with WFP for more than five years under special service agreements and service contracts. To recognize this group of approximately 1,800 committed, long-serving employees, WFP plans to change their contractual status into a Fixed Term contract where possible, thus making them full United Nations staff members with all related rights and privileges and the possibility of enrolling in the United Nations Joint Pension Fund (UNJPF). This will be one of the outcomes of extensive staffing review exercises in most country offices, which should be completed in the first quarter of 2006.

⇒ *Risk 5: Over-stretching WFP with too Many Initiatives*

122. WFP has recently created an Office of Change Management to ensure a coordinated corporate, approach to implementing the many necessary changes.

### **Direct Support Costs**

123. Of the total WFP support cost projection for 2006–2007, US\$659 million or 63 percent, are DSC. The projected DSC requirements for the 2006–2007 biennium are 18 percent higher than the estimated DSC expenditures for 2004–2005. The increased DSC costs are largely because of:

- the weak US dollar over the first 18 months of the biennium and the consequent increase in staff costs;
- increased SO activity; and
- increased security costs attributable to DSC.

124. DSC costs are projected to be 10.3 percent of total costs, compared with 9.3 percent in 2004-2005.

125. The increase in DSC costs for the 2006–2007 biennium has been kept to a minimum as a result of country offices implementing cost containment and cost sharing with other United Nations agencies, implementing partners and counterparts. Increased emphasis on the management of the fixed assets of existing operations has led to reductions in projected capital expenditures and recurring costs.

126. For the 2006–2007 budget, country offices prepared DSC budgets based on total needs required to implement the operational budget. Table 35 shows total DSC costs by region.



| <b>TABLE 35: DIRECT SUPPORT COSTS, BY REGION (US\$ thousand)</b> |                             |                                |                                |
|--|-----------------------------|--------------------------------|--------------------------------|
|  | <b>2002–2003<br/>actual</b> | <b>2004–2005<br/>estimated</b> | <b>2006–2007<br/>projected</b> |
| ODB Asia   | 41 888                      | 81 626                         | 72 438                         |
| ODPC Latin America and the Caribbean                             | 7 874                       | 10 089                         | 23 837                         |
| ODC Mediterranean, Middle East and Central Asia                  | 233 999                     | 133 858                        | 68 009                         |
| ODK Eastern and Central Africa                                   | 115 974                     | 202 699                        | 363 102*                       |
| ODD West Africa  | 29 859                      | 56 588                         | 70 215                         |
| ODJ Southern Africa  | 77 863                      | 72 850                         | 62 055                         |
| <b>TOTAL</b>   | <b>507 457</b>              | <b>557 710</b>                 | <b>659 654</b>                 |

\* In ODK, Sudan accounts for US\$214 million (32 percent of the total).

| <b>TABLE 36: DIRECT SUPPORT COSTS, BY EXPENDITURE ITEM<br/>(US\$ thousand)</b> |                                |                                 |
|--|--------------------------------|---------------------------------|
|  | <b>2004–2005<br/>estimates</b> | <b>2006–2007<br/>projection</b> |
| Staff  | 296 085                        | 365 637                         |
| Consultants  | 43 250                         | 31 936                          |
| Travel   | 73 635                         | 75 390                          |
| Communications   | 18 723                         | 17 277                          |
| Information systems  | 30 222                         | 23 280                          |
| Other office expenses  | 95 795                         | 146 134                         |
| <b>TOTAL</b>   | <b>557 710</b>                 | <b>659 654</b>                  |

### Direct Support Cost Advance Facility (DSCAF)

127. DSCAF was approved by the Board in 1999 as part of the revised resource and long-term financing (R&LTF) policies. As a result of growing demand, the Board approved that it should be increased to US\$60 million during 2004–2005.

128. Because of growing need for an ODOC advance mechanism, the Secretariat informed the Board at EB.A/2005 through the Management Plan update of its intentions to widen the scope of DSCAF usage and commence advancing ODOC to all project categories for the following reasons:

- the nature and timing of ODOC are similar to the non-staff component of DSC: in many cases such expenditures need to be made towards the beginning of the operation in order to facilitate implementation;
- the important role of many of SOs which have large ODOC components, in facilitating other operations; delays in the implementation of SO can have a significant knock-on effect elsewhere; and
- growing emphasis on the use of implementing partners and other counterparts, which rely heavily on ODOC.



129. To date in the 2004–2005 biennium, WFP has advanced US\$172.7 million from the DSCAF on a revolving basis, of which US\$40 million was for development activities and US\$123.4 million for EMOPs and PRROs, and US\$9.3 million for SOs. DSCAF benefited 103 operations in 70 countries. In early 2005, WFP had outstanding advances of over US\$50 million, the highest utilization of the facility since it was created.
130. During 2004, US\$22.7 million was advanced to Sudan to help the country office to meet its growing non-food requirement; much of the advanced funding was allocated for the Darfur crisis. The funding gave the country office immediate access to much-needed DSC, allowing additional staff to be hired, increasing WFP presence in the country. The funding was used to purchase equipment such as IT equipment and vehicles used for the opening of new sub-offices throughout the greater Darfur region.
131. During the tsunami crisis, WFP was able respond quickly by allocating US\$16.3 million in DSC from the DSCAF to the regional bureau within a matter of days. This allowed ODB to set up and implement operations immediately.
132. DSCAF has been vital in maintaining many other operations during difficult resourcing periods.
133. To date, all advances from the DSCAF have been recovered.

## PSA BUDGET

### Overview

134. The PSA budget includes programme support and management and administration. Support through PSA is considered indirect: that is, it is not linked to any specific operation.
135. The PSA budget is resource-based and grounded in WFP's objectives and its capacity to raise resources. It takes into account the Board's view that WFP should provide PSA funding for core processes.
136. WFP has grown significantly over the last three biennia; a continuation of that growth is reflected in the overall 2006–2007 budget proposal. Given the uncertain nature of WFP's funding, however, it is important not to allow significant growth in PSA until it becomes clear that resources will be available to sustain such growth. The total indirect cost budget proposal therefore reflects a 5 percent reduction compared with the 2004–2005 biennium:

| <b>TABLE 37: TOTAL INDIRECT COSTS</b> |                               |                                      |
|---------------------------------------|-------------------------------|--------------------------------------|
|                                       | <b>2004–2005<br/>forecast</b> | <b>2006–2007<br/>budget proposal</b> |
| Regular PSA                           | 297                           | 368                                  |
| PSA exchange variance                 | 66                            | -                                    |
| Capital and capacity funds            | 49                            | 25                                   |
| <b>Total indirect costs</b>           | <b>412</b>                    | <b>393</b>                           |



137. In the 2006–2007 budget, 37 percent of total support costs are budgeted under PSA compared with 42 percent for 2004–2005, adjusted for exchange rates. The regular PSA budget amounts to US\$367.5 million. In addition, US\$25.5 million is proposed for capital and capacity funds, giving an overall PSA total of US\$393 million.
138. The strategy to build the PSA budget for the 2006–2007 biennium has been based on four parameters:
- strengthen field operations to ensure that WFP can deal with up to three sudden major emergencies at the same time;
  - sustain the investment in fundraising and communications to raise more donations to fund approved programmes more fully;
  - maintain adequate levels of finance and human resources support to the field; and
  - strengthen technical support, food procurement, transport, emergency preparedness and aviation support to the field.
139. The operational level of WFP has grown considerably over the last six to eight years, especially because of the increase in EMOPs and PRROs, so it is necessary to continue to strengthen support to the field. This budget cycle seeks to continue the decentralization process, providing support resources as close to beneficiaries as possible. Some PSA resources have therefore been shifted from Headquarters and regional bureaux to the country offices, and a new funding structure for these offices is proposed. The Business Process Review (BPR) and the operations review have pointed WFP in the direction of further decentralization of decision-making for the implementation and management of WFP operations.
140. Table 38 compares the projected 2006–2007 PSA by appropriation line with 2002–2003 actual and 2004–2005 estimated costs.

| <b>TABLE 38: PSA, BY APPROPRIATION LINE (US\$ thousand)</b> |                                     |                        |                       |                                     |                        |                       |                                     |                        |                       |
|---|-------------------------------------|------------------------|-----------------------|-------------------------------------|------------------------|-----------------------|-------------------------------------|------------------------|-----------------------|
|   | <b>2002–2003<br/>PSA post count</b> |                        |                       | <b>2004–2005<br/>PSA post count</b> |                        |                       | <b>2006–2007<br/>PSA post count</b> |                        |                       |
|   | <b>Prof.<br/>posts</b>              | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> | <b>Prof.<br/>posts</b>              | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> | <b>Prof.<br/>posts</b>              | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> |
| Programme support— regional bureaux and country offices     | 157                                 | 655                    | 82 521                | 205                                 | 807                    | 109 638               | 222                                 | 829                    | 123 558               |
| Programme support— Headquarters                             | 45                                  | 108                    | 21 082                | 72                                  | 147                    | 39 818                | 84                                  | 150                    | 37 590                |
| Management & Administration                                 | 236                                 | 488                    | 128 444               | 345                                 | 646                    | 214 330               | 327                                 | 619                    | 206 359               |
| <b>TOTAL</b>  | <b>438</b>                          | <b>1 251</b>           | <b>232 048</b>        | <b>622</b>                          | <b>1600</b>            | <b>363 787</b>        | <b>633</b>                          | <b>1 598</b>           | <b>367 507</b>        |

Note: Total cost column reflects both staff and non-staff costs.



## Programme Support—Regional Bureaux and Country Offices

141. In 2006–2007, the PSA component of the support budget will cover 77 country offices, six regional bureaux and one sub-regional bureau.<sup>9</sup>
142. Table 39 shows the distribution of staff and costs by region within this category for 2006–2007 compared with 2002–2003 and 2004–2005.

| <b>TABLE 39: PROGRAMME SUPPORT—REGIONAL BUREAUX AND COUNTRY OFFICES BY REGION (US\$ thousand)</b> |                    |                    |                   |                    |                    |                   |                    |                    |                   |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
|   | <b>2002–2003</b>   |                    |                   | <b>2004–2005</b>   |                    |                   | <b>2006–2007</b>   |                    |                   |
|   | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> |
| Asia (ODB)  | 25                 | 95                 | 12 335            | 30                 | 116                | 15 602            | 35                 | 113                | 17 803            |
| Latin America and Caribbean (ODPC)  | 24                 | 98                 | 14 379            | 28                 | 112                | 16 629            | 30                 | 113                | 16 758            |
| Mediterranean Middle East and Central Asia (ODC)  | 27                 | 134                | 14 702            | 39                 | 158                | 20 178            | 43                 | 165                | 23 341            |
| West Africa (ODD)   | 35                 | 152                | 16 782            | 48                 | 194                | 25 131            | 52                 | 213                | 28 776            |
| Eastern and Central Africa (ODK)  | 26                 | 103                | 14 723            | 32                 | 124                | 16 084            | 35                 | 105                | 18 612            |
| Southern Africa (ODJ)   | 20                 | 73                 | 9 600             | 28                 | 103                | 14 012            | 29                 | 121                | 16 268            |
| Field Contingency Fund  |                    |                    |                   |                    |                    | 2 000             |                    |                    | 2 000             |
| <b>TOTAL</b>  | <b>157</b>         | <b>655</b>         | <b>82 521</b>     | <b>205</b>         | <b>807</b>         | <b>109 638</b>    | <b>222</b>         | <b>829</b>         | <b>123 558</b>    |

*Note:* The total cost column reflects staff and non-staff costs. The field contingency fund is to be allocated as needed.

143. This proposal amounts to US\$123.6 million compared with US\$109.6 million in the 2004–2005 biennium. This increase of US\$14.0 million over the latest 2004–2005 estimates is mainly attributed to the strengthening of country offices.
144. During the 2004–2005 biennium, WFP established new country offices, in Namibia, Swaziland and Timor Leste. For the 2006–2007 biennium WFP plans to convert the China country office into a fundraising/liaison office. The total number of country offices in the 2006–2007 biennium is therefore planned at 77.

<sup>9</sup> The sub-regional bureau in Yaoundé is included in the figures for ODD.



## Restructuring Country Offices

145. During the 2004–2005 biennium, the Secretariat has worked with the Board on the BPR. The mainstreaming of these improved practices shifts more operational responsibility to country offices and gives them increased flexibility in using resources to implement WFP operations. Some offices have the full capacity to handle this shift; others need further support. This issue has been addressed by adding further support resources to these country offices.
146. As outlined in the fourth update note to the Board<sup>10</sup> on the Management Plan (2004-2005), an internal task force was established in July 2004 to review the need to strengthen small country offices to enable them to address tasks being decentralized to them.
147. The task force presented its preliminary findings to the Executive Director in November 2004. The main findings were that, at that time, 33 country offices were considered small on the basis of tonnage throughput and ability to generate DSC. The task force highlighted the limited resources to cope with the corporate requirements in the areas of programme – including thematic areas such as HIV/AIDS and nutrition – financial management and corporate reporting. Based on the preliminary proposal, the Executive Director approved an interim revised PSA-funded standard structure for small offices for 2005, which added one additional professional position or national officer, depending on the complexity of the operations. The funding for this initiative came partly from internal personnel savings and partly from an internal redistribution from large to small country offices. The small country offices were strengthened with a one-time investment in information and communications technology (ICT) equipment funded by the Capital Asset Fund.
148. For the 2006–2007 biennium, it is proposed that this change in country office structure is institutionalized and expanded from 33 to 42 small country offices.
149. Table 40 outlines three different structures for country offices:

| <b>TABLE 40: COUNTRY OFFICE STANDARD STRUCTURES</b> |   |                                  |
|---|---|----------------------------------|
| <b>Size of country</b>                              | <b>PSA allocation</b>   | <b>Number of country offices</b> |
| Large   | One country director.   | 10                               |
| Medium  | One country director plus US\$400,000 in local operating costs including national PSA-funded staff.   | 25                               |
| Small   | One country director plus one additional professional staff plus US\$400,000 for local operating costs including national PSA-funded staff. | 42                               |

150. A large country office is defined by a planned throughput of more than 200,000 mt per biennium. A medium country office is defined by a planned throughput of less than 200,000 mt per biennium and 80 percent of total planned DSC of more than US\$2 million. A small country office is defined by a planned throughput of less than 200,000 mt per biennium and 80 percent of total planned DSC of less than US\$2 million.

<sup>10</sup> WFP/EB.A/2005/6-E/1.





151. The use of national staff is being expanded in many country offices, resulting in substantial cost savings. Priority is being given to qualified national staff in the reassignment process to convert to the international staff category.

## **Operations Review**

152. An operations review began in September 2004, prompted by the latest organizational changes and the need to conduct a review of the progress of decentralization starting from the field and moving upwards. The objective of the operations review is to optimize WFP's management and support structure to enable the country offices to carry out WFP's mandate more effectively, with maximum support from Headquarters and the regional bureaux.
153. The review found that WFP has made progress in decentralizing decision-making and operational support by increasing delegations of authority to field-level managers, by relocating regional bureaux out of Rome and by restructuring support and management within and from Headquarters.
154. The operations review team concluded that considerable responsibility and authority had been decentralized to country offices. Country directors feel that they have been delegated sufficient authority to carry out their operations.
155. Decentralization has helped to shift the centre of gravity for delegations of authority and operational control from Headquarters to country offices, but several other challenges have arisen as a result. These include inefficient information exchange between the field and Headquarters caused by a growing communications gap, a dispersion of technical and administrative support between regional bureaux and Headquarters; and difficulty in coordinating the many improvement initiatives. To deal with these challenges, the operations review team made recommendations that will ensure: (i) horizontal and vertical coordination and communication of organizational changes to address the recurrent comment of "too many initiatives, too many changes"; (ii) the participation by all country offices in the management of organizational developments; and (iii) determination of the ideal range, type, location and level of management and technical support to country offices.
156. The operational review process is ongoing. One of the activities foreseen before the end of the year is a review and refinement of the terms of reference for regional bureaux and the rationalization of technical support in WFP's operation and policy departments in Rome. The Executive Summary of the preliminary report of the operations review is attached as Annex VI.

## **Regional Overviews**

157. This section provides an overview of the six regions where WFP carries out operational activities and what the overall plans are for the 2006–2007 biennium.

### **Asia Region (ODB)**

158. ODB covers operations in 11 countries, some of them presenting the greatest challenges for WFP, and currently assists programmes in: Bangladesh, Bhutan, Cambodia, DPRK, India, Indonesia, Laos, Myanmar, Nepal, Sri Lanka and Timor-Leste. ODB accounts for about 15 percent of WFP's overall food aid requirements over the next biennium.





159. Asia is home to 450 million of 800 million hungry poor people worldwide. The region suffers from high rates of malnutrition; 60 percent of malnourished children live in Asia; it is also prone to natural disasters: 80 percent of people affected by disasters worldwide live in the region.
160. WFP's programmes in ODB are diverse, ranging from large EMOP in tsunami-affected countries and in DPRK to long-term development projects in Bangladesh, India, Nepal and Cambodia focusing on school feeding and FFW. In Bangladesh and in Nepal, WFP also assists about 130,000 refugees from Myanmar and Bhutan.
161. During the next biennium, WFP plans to assist 18.5 million beneficiaries in 2006 and 18.3 million in 2007 with approximately 2.3 million mt. ODB's total net operational budget for the next biennium, minus anticipated carry-overs from 2005, is estimated at US\$778 million.

### **Middle East, Central Asia and Eastern Europe Region (ODC)**

162. ODC covers 16 countries: Afghanistan, Albania, Algeria, Armenia, Azerbaijan, Egypt, Georgia, the Islamic Republic of Iran, Iraq, Jordan, Pakistan, the Occupied Palestinian Territory, the Russian Federation, Syria, Tajikistan and Yemen. ODC accounts for about 11 percent of WFP's overall food requirements over the next biennium.
163. Mid-term and long-term planning could be hampered by the unpredictability of the political and security situation in the region. ODC has life-saving PRROs and EMOPs in Afghanistan, Chechnya and Ingushetia, and provides on going assistance to refugees in Iran. ODC is involved in long-term DEVs in Egypt, Jordan, Pakistan, Syria and Yemen aimed at targeting food aid through health and education interventions in the most vulnerable districts, and supporting local counterparts.
164. During the next biennium, WFP plans to assist 11.8 million beneficiaries in 2006 and 8.7 million in 2007 with 1 million mt. ODC's total net operational budget for the next biennium, minus anticipated carry-overs from 2005, is estimated at US\$570 million.

### **West Africa Region (ODD)**

165. ODD covers 18 countries: Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Central African Republic, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Senegal, Sierra Leone, and São Tomé and Príncipe; because of its size, a sub-regional bureau is maintained in Yaoundé (ODDY). ODD will account for 8.4 percent of WFP's overall food requirements over the next biennium.
166. ODD continues to suffer from mutually reinforcing problems: ongoing conflict, recurring natural disasters and chronic poverty and food insecurity, which can potentially turn into full-scale emergencies.
167. It is anticipated that ODD will have to address three main challenges during the next biennium: (i) mitigating the life-threatening consequences of civil conflicts in the sub-region; (ii) preserving livelihoods of communities directly or indirectly affected by emergencies; and, (iii) managing the aftermath of the severe food crisis caused by drought and the worst locust invasion in 15 years, which affected most of the Sahel region — mostly countries at the very bottom of the Human Development Index (HDI).
168. In spite of two major constraints — limited donor funding and staffing levels — ODD needs to continue to support country offices in emergency preparedness — including



early-warning and contingency plans — vulnerability assessment and programme design and implementation, all in compliance with RBM.

169. During the next biennium, WFP plans to assist 7.7 million beneficiaries in 2006 and 7.1 million in 2007 with 644 thousand mt. ODD's total net operational budget for the next biennium, minus anticipated carry-overs from 2005, is estimated at US\$421 million.

### **Southern Africa Region (ODJ)**

170. ODJ will provide technical and operational guidance to nine countries: Angola, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. ODJ accounts for approximately 10.4 percent of WFP's overall food requirements over the next biennium.
171. The current food-security crisis in the region is a complex of environmental, economic and governance factors and the HIV/AIDS pandemic, which reduces people's capacities to cope with poverty, disasters, political instability, economic decline, policy constraints, foreign-currency shortages, inflation and unemployment. Most people infected with HIV/AIDS are aged 15 to 49, the most productive years. In southern Africa, 59 percent of HIV/AIDS infections are among women providing agricultural and domestic labour; the same women are also responsible for transmitting agricultural skills to children.
172. During the next biennium, the regional PRRO will continue in Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe, assisting 7.1 million people in 2006 and 1.6 million in 2007. In Angola, WFP will continue to provide assistance to help resettle and reintegrate 500,000 IDP's and former combatants.
173. Refugee issues will remain prominent in ODJ in 2006 and 2007. Country-specific PRROs in ODJ will continue to assist 98,000 refugees in Namibia, Malawi and Zambia per year.
174. During the next biennium, WFP plans to assist 9.3 million beneficiaries in 2006 and 3.9 million in 2007 with 1.1 million mt. ODJ's total net operational budget for the next biennium, minus anticipated carry-overs from 2005, is estimated at US\$538 million.

### **East and Central Africa Region (ODK)**

175. ODK covers 12 countries: Burundi, Djibouti, DRC, the Republic of Congo, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Uganda and Tanzania. ODK accounts for approximately 51.9 percent of WFP's overall food requirements over the next biennium.
176. In ODK, five countries are seriously affected by ongoing civil conflicts, with large-scale population displacements and protracted refugee operations. The Greater Darfur crisis has led to displacement of 2 million people, who require food assistance; the number of beneficiaries could increase during the "hunger season" because of a poor harvest; 200,000 Sudanese living on the western border were forced to cross over into Chad to seek safety. There are recurrent food insecurity and malnutrition in Ethiopia, Eritrea, the Great Lakes region and DRC. The entire region suffers from chronic structural under-development and poverty compounded by HIV/AIDS, which is critically affecting the number of workers aged 15–49.
177. Lack of access to education and decreasing literacy rates continue to hamper sustainable development. The region continues to be challenged by complex problems, including natural and man-made disasters, resulting in large numbers of people becoming dependent on humanitarian assistance.



178. ODK will continue to improve its emergency preparedness and response procedures. Attention is being paid to issues such as HIV/AIDS and school feeding, which have considerable impact in the region.
179. During the next biennium, WFP plans to assist 22.3 million beneficiaries in 2006 and 18.7 million in 2007 with 4.12 million mt. ODK's total net operational budget for the next biennium, minus anticipated carry-overs from 2005 is estimated at US\$2.647 billion.
180. In this region, Sudan accounts for 48 percent of the proposed operational budget and has an anticipated throughput of 1.29 million mt. ODK proposes to meet the needs of 5 million beneficiaries through 11 projects; 5 Sos, three EMOPs, two PRROs and one DEV.

### **Latin America and the Caribbean Region (ODPC)**

181. ODPC will provide technical and operational guidance to 11 countries: Bolivia, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Peru. ODPC accounts for approximately 3.5 percent of WFP's overall food requirements over the next biennium.
182. ODPC programmes will focus on improved response to nutritional problems and protection of livelihoods from the effects of shocks. Support to school feeding is a major undertaking, with emphasis on promoting government ownership of the programmes.
183. ODPC's major challenge during the next biennium is to ensure that the needs of the hungry poor are met, with an emphasis on placing hunger on government agendas. ODPC will invest in improving the region's capacity to face major natural disasters and will continue to provide support in Haiti, Colombia and Central America to assist crisis-affected groups. ODPC will strengthen its HIV/AIDS programmes in Peru and Honduras and augment activities in Haiti.
184. During the next biennium, WFP plans to assist 5.3 million beneficiaries in 2006 and 4.6 million in 2007 with 347,000 mt. ODPC's total net operational budget for the next biennium, minus anticipated carry-overs from 2005 is estimated at US\$181 million.

### **Programme Support—Headquarters**

185. This sub-category of PSA constitutes support to WFP programmes by OD in Headquarters. OD comprises: ODO the Office of the Director of Operations (ODO), which includes the Assessment and Preparedness Division (ODA); Programme Management (ODMP); and the Transport and Procurement Division (ODT).
186. One of the conclusions of the WFP operations review calls for more efficient and timely technical support to country offices. WFP therefore plans to consolidate all technical support units — currently, the technical support units reside in OD and the Policy and External Affairs Department (PD). This is expected to improve support and generate overall cost savings. The decision on how best to consolidate these units will be made before the end of 2005.
187. Programme support in Headquarters will be strengthened in the areas of procurement, shipping, logistics and aviation support, including air safety.
188. Table 41 shows staff and non-staff cost estimates for 2006–2007 for programme support at Headquarters compared with 2002–2003 actual and 2004–2005 estimated costs.



| <b>TABLE 41: PROGRAMME SUPPORT—HEADQUARTERS (US\$ thousand)</b> |                             |                        |                       |                                |                        |                       |                                |                        |                       |
|---|-----------------------------|------------------------|-----------------------|--------------------------------|------------------------|-----------------------|--------------------------------|------------------------|-----------------------|
|   | <b>2002–2003<br/>actual</b> |                        |                       | <b>2004–2005<br/>estimated</b> |                        |                       | <b>2006–2007<br/>projected</b> |                        |                       |
|   | <b>Prof.<br/>posts</b>      | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> | <b>Prof.<br/>posts</b>         | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> | <b>Prof.<br/>posts</b>         | <b>Total<br/>posts</b> | <b>Total<br/>cost</b> |
| ODO/MP  | 14                          | 40                     | 7 901                 | 13                             | 54                     | 19 109                | 20                             | 35                     | 10 173                |
| ODT/A   | 31                          | 68                     | 13 181                | 59                             | 93                     | 20 709                | 51                             | 88                     | 20 441                |
| ODMP  | -                           | -                      | -                     | -                              | -                      | -                     | 13                             | 27                     | 6 977                 |
| <b>TOTAL</b>  | <b>45</b>                   | <b>108</b>             | <b>21 082</b>         | <b>72</b>                      | <b>147</b>             | <b>39 818</b>         | <b>84</b>                      | <b>150</b>             | <b>37 590</b>         |

Note 1: Total cost columns reflect staff and non-staff costs.

Note 2: In 2002–2003/2004–2005 ODO and ODMP are represented as combined. For 2006–2007, ODO is represented alone. In 2002–2003/2004–2005, ODA was part of ODT and is therefore represented together with this division.

189. The proposed figure for Headquarters programme support is US\$37.6 million, compared with US\$39.8 million in the 2004–2005 biennium, a reduction of US\$2.2 million. This 6 percent reduction reflects WFP's commitment to focus more resources in the field.

## OPERATIONS DEPARTMENT—HEADQUARTERS

### Office of the Senior Deputy Director of Operations (ODO)

190. ODO provides support, guidance and leadership to regional bureaux, country offices and offices in Rome to ensure that operational objectives and programme excellence are met. It does this through improved programme design by ensuring that project documents submitted for approval comply with WFP's programme-quality standards. It ensures timely and adequate availability of food to WFP beneficiaries through improved emergency preparedness and response, vulnerability analysis, needs assessment and continuous review of the business process contributing to Strategic and Management Objectives. ODO, a core unit in OD, supports the decentralized OD and ensures that the capacities of country offices, regional bureaux and OD offices are strengthened to meet operational objectives.
191. Through ODA, ODO also provides normative guidance, capacity-building and augmentation in analysis, assessment and emergency preparedness. ODA ensures synergies between VAM, the preparedness measures carried out by ODAP and the needs assessments managed by ODAN. The normative function of ODA includes guidance on analytical techniques, quality control and research on topics such as the role of markets and non-food interventions in emergencies. The capacity-building measures include training programmes and backstopping of VAM, assessment and preparedness officers in the field. The augmentation aspects involve mission support, facilitating partnerships and support for inter-agency initiatives.



### **Transport and Procurement Division (ODT)**

192. ODT, the centre of support for WFP's logistics response capacity and food procurement, provides services for WFP's operations, including support for logistics and disaster preparedness, timely and cost-effective availability of food and guidance on food-procurement to country offices and regional bureaux. ODT also coordinates United Nations common services such as the UNJLC and the UNHAS on behalf of United Nations agencies, and has established an aviation-safety unit to ensure the security of WFP staff.

### **Office of the Director of Programme Management (ODM)**

193. ODM was established on 1 June 2005 to encompass the programming service, including BPR roll-out (ODMP) and to oversee operational reporting (ODMR). ODM is committed to providing a value-added service to country offices and regional bureaux in resource and operations management and analysis of information and its dissemination for decision-making and fundraising purposes. During the first half of the biennium, ODM will carry out building, training and oversight for implementation of the Business Process Review elements to the regional bureaux and country offices.

194. Details of staffing and objects of expenditure by organizational unit and appropriation line can be found in Annex B and C at the end of this document.

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## **MANAGEMENT AND ADMINISTRATION**

195. This component of the support budget covers the Office of the Executive Director (OED), the Policy and External Affairs Department (PD) and FD, which constitute the management offices, and the Administration Department (AD), comprising the Finance Division (ADF), Information and Communications Technology Division (ADI), Human Resources (ADH) and the Management Services Division (ADM).

196. Table 42 provides a breakdown of total costs and staff count for 2006–2007 compared with 2002–2003 actual and 2004–2005 estimates.



| <b>TABLE 42: MANAGEMENT AND ADMINISTRATION (US\$ thousand)</b> |                    |                    |                   |                    |                    |                   |                    |                    |                   |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
|  | <b>2002–2003</b>   |                    |                   | <b>2004–2005</b>   |                    |                   | <b>2006–2007</b>   |                    |                   |
|  | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> | <b>Prof. posts</b> | <b>Total posts</b> | <b>Total cost</b> |
| OED  | 41                 | 82                 | 15 246            | 50                 | 89                 | 30 487            | 52                 | 98                 | 30 988            |
| FD (ex FCD)  | 58                 | 99                 | 21 673            | 71                 | 120                | 39 049            | 69                 | 114                | 39 585            |
| PD (ex PED)  | 44                 | 80                 | 21 232            | 61                 | 105                | 40 279            | 65                 | 106                | 37 090            |
| <b>Subtotal management</b>                                     | <b>143</b>         | <b>261</b>         | <b>58 150</b>     | <b>182</b>         | <b>314</b>         | <b>109 816</b>    | <b>185</b>         | <b>318</b>         | <b>107 663</b>    |
| AD   | 2                  | 3                  | 1 293             | 1                  | 3                  | 754               | 1                  | 2                  | 746               |
| ADF (ex FS )   | 22                 | 52                 | 7 887             | 24                 | 56                 | 12 087            | 28                 | 59                 | 12 649            |
| ADI (ex ICT)   | 30                 | 58                 | 26 683            | 85                 | 120                | 38 215            | 56                 | 86                 | 35 787            |
| ADH (ex HR)  | 28                 | 63                 | 18 098            | 39                 | 94                 | 29 575            | 41                 | 91                 | 23 811            |
| ADM (ex MS)  | 11                 | 51                 | 16 334            | 14                 | 59                 | 23 883            | 15                 | 63                 | 20 032            |
| <b>Subtotal administration</b>                                 | <b>93</b>          | <b>227</b>         | <b>70 294</b>     | <b>163</b>         | <b>332</b>         | <b>104 514</b>    | <b>141</b>         | <b>301</b>         | <b>93 026</b>     |
| Central appropriations <sup>11</sup>                           | -                  | -                  | -                 | -                  | -                  | -                 | -                  | -                  | 5 670             |
| <b>TOTAL</b>   | <b>236</b>         | <b>488</b>         | <b>128 444</b>    | <b>345</b>         | <b>646</b>         | <b>214 330</b>    | <b>327</b>         | <b>619</b>         | <b>206 359</b>    |

The total cost column reflects staff and non-staff cost and includes statutory requirements.

197. The management and administration budget for 2006–2007 amounts to US\$206.4 million compared with US\$214.3 million in 2004–2005. This 4 percent reduction reflects WFP's commitment to focus more resources in the field.

### Office of the Executive Director (OED)

198. OED consists of two offices: OED, and the Office of Budget (OEDB) and three main divisions as described below. OED which supports the Executive Director in his management of WFP, includes the Chief of Staff and a newly created ombudsman position as well as a newly created change management position to oversee and coordinate all new and on going initiatives in WFP. OEDB assists the Executive Director in managing the PSA budget and manages DSC and ODOC, including the advance facility.

<sup>11</sup> Central Appropriations includes WFP's assessed contributions to the International Civil Service Commission (ICSC), the Joint Inspection Unit (JIU) and the Chief Executives' Board (CEB), the standing committee on nutrition and malicious acts insurance, public liability insurance, external audit and a budget for the WFP Global Management Meeting, 2006.



### **Legal Services Division (LEG)**

199. LEG, established by the Executive Director, on 1 September 2004, is a consolidation of WFP's commercial, insurance, maritime and personnel legal services. The objective of the LEG is to minimize the legal risks to which WFP could be exposed and to ensure that its legal interests are protected at all times.

### **Results-Based Management Division (OEDR)**

200. OEDR, established in early 2003, comprises OEDE, funded from the regular PSA budget, and the Office of Performance Measurement and Reporting (OEDP) funded from the RBM fund, which became operational in August 2003. In 2006, the division will continue to implement RBM across WFP, and ensure that the evaluation function continues to be credible, independent and consistent with the WFP Evaluation Policy.

### **Oversight Division (OSD)**

201. OSD supports WFP's Strategic Priorities by providing leadership in oversight and provides an assessment to the Executive Director on the adequacy of WFP's risk management, controls and governance processes. In pursuance of its audit strategy, the Office of Internal Audit (OSDA) will audit approximately 60 country offices, 14 Headquarters and 6 information technology activities during the biennium. The Office of Inspections and Investigations (OSDI) will augment this coverage by conducting 16 inspections, carrying out investigations, providing guidance to other WFP offices undertaking investigatory work on alleged irregularities and the recovery of losses as they arise. OSD will continue to support management in implementing enterprise risk management and other best practices in transparency and accountability and promotion of a culture of integrity. During 2004–2005, a new audit policy was implemented at the request of the Executive Director. The risk-based approach focuses audit resources on areas identified as having the potential to affect achievement of WFP's corporate objectives. The Audit Office has categorized country offices into high-, medium-and-low risk and established a cycle of annual audits for high-risk offices. Medium-and low-risk country offices would be audited in a three-year cycle.

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## **FUNDRAISING AND COMMUNICATIONS DEPARTMENT (FD)**

202. FD is responsible for raising funds from donors to enable WFP to meet the needs of approved programmes and operations. It expects to raise at least US\$5 billion to support WFP operations during the 2006–2007 biennium.

203. WFP's fundraising efforts aim to ensure increased and stable funding from traditional donors, broaden the support base, attract new donors and encourage occasional donors to become regular contributors. More donors need to be involved in meeting the assessed needs; the burden of doing so has to be shared more equitably. WFP's fund-raising strategy will be driven by the objective of increasing the impact of donations through increased flexibility and predictability. This indicates a need for a larger portion of multilateral contributions, more cash donations, smart twinning arrangements and fewer restrictions.





204. Communications and advocacy sensitize the general public, donors, the private sector and political decision-makers to hunger issues and WFP activities. Advocacy is critical in generating financial support in a competitive funding environment. WFP continues not to be well known outside government and NGO circles; more widespread media awareness has developed in the last five years, but efforts must become more aggressive. WFP's investments in public information and advocacy remain modest.
205. WFP aims to raise resources from the private sector through corporations and individuals. The division will continue primarily to target leading international corporations and will expand its internet fundraising activities and provide normative guidance and support to other WFP units and "Friends of WFP" organizations.
206. Specific initiatives include:
- i) The three "Friends of WFP" organizations — Italy, Japan and the USA — which are responsible for public policy/advocacy, visibility and national fund-raising, are expected to generate approximately US\$16.5 million in revenue over the 2006–2007 biennium. Their combined operational cost is US\$1 million, a cost/benefit ratio of approximately 16 to 1.
  - ii) Walk the World is primarily intended to help the general public to understand the problem of hunger and to engage them in a dialogue that could contribute to end hunger over time. Thanks to Walk the World, WFP received US\$950,000 in 2004 and US\$2 million in 2005. We expect to generate approximately US\$4 million in additional revenue over the 2006–2007 biennium. In 2004 the event was largely organized and managed by WFP's corporate partner, TNT. In 2005, WFP assumed a more prominent role, investing US\$2 million. WFP plans to engage new private-sector partners in the next biennium to help support this effort.

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## **POLICY AND EXTERNAL AFFAIRS DEPARTMENT (PD)**

207. PD consists of two main divisions and the Executive Board Secretariat.

### **External Relations Division (PDE)**

208. The primary purpose of PDE is to support Management Objective 1 by strengthening partnerships with United Nations agencies, international and regional organizations and NGOs. The PDE is responsible for United Nations and NGO affairs and includes a unit in Rome and two Liaison Offices in Geneva and New York. The Liaison Office to the African Union (AU) in Addis Ababa (PDA) supports the building of partnership with the AU and Nepad.

### **Policy, Strategy and Programme Support Division (PDP)**

209. PDP provides the policy framework and knowledge base for the five strategic objectives, guidance on their implementation and related materials for advocacy and analyses issues underpinning the Strategic Plan. Its knowledge-building, guidance and advocacy will be essential for WFP's projected expansion of school feeding, HIV/AIDS, livelihoods protection, economic analysis, safety nets and nutrition activities. Implementation and monitoring of WFP's cross-cutting gender commitments will require PDP support.





### **Executive Board Secretariat (PDB)**

210. The Executive Board Secretariat facilitates interaction between the Secretariat and the membership of WFP by organizing Board meetings, facilitating informal consultations, organizing field trips for Board members, and providing translation into the official languages.

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### **ADMINISTRATION DEPARTMENT (AD)**

211. AD is the internal services organization, which provides WFP with:
- Human Resources (HR) services;
  - financial services;
  - infrastructure and goods needed to operate;
  - information services; and
  - safety and security.
212. AD strives for excellence in its service delivery by emphasizing responsiveness and availability of resources, maximizing efficiency, protecting investments and minimizing costs.
213. In this Management Plan, it is committed to:
- upgrading its operation to support activities for emergencies, according to WFP's focus on emergency preparedness;
  - evolving the ERP systems to support a major paradigm shift (WINGS II);
  - developing a career-planning system to foster development of WFP staff.
214. AD consists of four main divisions and an office for the Deputy Executive Director of Administration.

### **Finance Division (ADF)**

215. ADF is responsible for ensuring that financial resources are secured, accounted for and reported. This involves developing and applying financial policies and procedures to ensure that financial transactions are promptly recorded and that financial reports, including financial statements and donor reports, are accurately produced in the required timeframe. ADF supports utilization and control of resources by WFP managers through guidance, training and information and expertise on financial management issues. It provides timely, efficient payroll and payments services and cash liquidity to WFP operations, and manages cash at banks and WFP investments.

### **Information and Communication Technology Division (ADI)**

216. ADI manages a global IT infrastructure and computing environment, ensuring high service availability, connectivity and communication among staff and with the business community.
217. ADI is responsible for working in partnership with users to ensure that technology is used effectively to support operations, business processes and management activities. Existing systems are maintained and new systems are created to adapt to changing business needs.



218. ADI develops and maintains an information and knowledge-management framework that includes corporate reporting and statistics, web services, content and document management, record-keeping and archiving.
219. ADI establishes ICT strategic directions to strengthen WFP operations through coordination of inter-agency activities, partnering public and private sector entities for ICT goods and services and enabling WFP's rapid-response capacity.

### Human Resources Division (ADH)

220. The strength of WFP is its people. ADH works to ensure that the best people are recruited and retained. It aims to maximize staff motivation and productivity by encouraging an ethos of public service in WFP staff.

### Management Services Division (ADM)

221. ADM provides services in administration, security, goods and services procurement, policy formulation and decision-support for management. It supports WFP's programmes by cost-effective delivery of Headquarters services, co-ordination of staff security worldwide, initiatives to automate and improve administrative processes and inter-agency leadership in security, facilities management, common premises and services, goods and services procurement and travel.
222. Details of staffing and objects of expenditure by organizational unit and appropriation line can be found in Annexes B and C.

### Statutory Requirements and Other Central Appropriations

223. Items under this sub-section include the costs of statutory requirements and other centrally controlled appropriations.
224. Table 43 shows how the budgeted requirements for this category 2006–2007 compare with 2004–2005 estimated requirements.

| <b>TABLE 43: STATUTORY REQUIREMENTS AND OTHER CENTRAL APPROPRIATIONS (US\$)</b> |                  |                  |
|---|------------------|------------------|
|   | <b>2004–2005</b> | <b>2006–2007</b> |
| Chief Executive Board   | 280 576          | 300 000          |
| International Civil Service Commission  | 540 641          | 650 000          |
| Joint Inspection Unit   | 1 057 490        | 1 250 000        |
| Salary survey   | 147 487          | 150 000          |
| Standing Committee on Nutrition   | 100 000          | 200 000          |
| Malicious acts insurance  | 2 000 000        | 2 000 000        |
| Public liability insurance  | 620 000          | 620 000          |
| Corporate travel insurance  | 30 000           | 30 000           |
| FAO legal fees  | 260 000          | 120 000          |
| Global management meeting   | 530 000*         | 650 000          |
| External Audit  | 475 000          | 500 000          |
| Fee from self insurance   | -                | (800 000)        |
| <b>Total</b>  | <b>6 041 194</b> | <b>5 670 000</b> |

\*Net of a US\$180,506 contribution from the host country, Ireland.



225. Statutory requirements and other central appropriations include WFP's assessed contributions to institutions in New York. General cost increases are expected for these and are built into the above proposal. With WFP's increased role in nutrition, an additional US\$100,000 has been budgeted for the Standing Committee on Nutrition. The malicious acts insurance, public liability insurance and travel insurance are all budgeted at the level of 2004–2005. With the establishment of the Legal Office in October 2004, all legal work in WFP has been consolidated; it is expected to result in fewer services acquired through FAO. The budget for FAO legal fees has therefore been reduced considerably. The last WFP Global Meeting was held in Dublin in the summer of 2004. On the basis of preliminary cost estimates, US\$650,000 has been budgeted for a similar event in the coming biennium. External audit is budgeted at the contract price of US\$500,000.

### **Other Support Budget Initiatives**

226. WFP plans to continue the following funds:

- Capital Asset Fund (CAF) – 2006–2007 budget proposal: US\$19.975 million.
- RBM one-time fund – 2006–2007 budget proposal: US\$3.5 million.
- Strengthening Financial Management Fund (SFM) 2006–2007 Budget proposal: US\$2 million.
- Security Upgrade Fund – a US\$2 million reimbursement from the original US\$20 million security upgrade fund established in the Management Plan (2004–2005).

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## **CAPITAL ASSET FUND (CAF)**

### **WINGS II**

227. US\$15 million is proposed from the CAF for 2006–2007 to fund WINGS II, which will use the upgrade as an opportunity to enable the changes in business processes that have occurred over the last six years and the integrated business solutions required to support continued evolution of WFP.

228. This funding will be used for phases from analysis, through to training and deployment and will include the elements shown below:

- changes to accounting structures and data migration needed to meet changing business requirements;
- more flexible reporting;
- separation of the finance and logistics modules from the HR module, including development of a suitable interface to de-link future evolution of the two main elements;
- licenses for upgrade to a new version of SAP;
- additional SAP licence maintenance;
- travel related to training users;
- review of planning process; and
- review of HR operating model.



## Expected Results

229. WINGS II will create a strong platform for enabling WFP's new and evolving business requirements:
- structural changes and additional planning, budgeting and forecasting tools that will allow strategic planning to be integrated with operational planning;
  - separation of the HR system that will allow HR to be developed independently, providing greater flexibility;
  - reporting that will allow corporate and country office results to be reported using the structure used for planning;
  - availability of grants management functionalities that will enable greater integration of funds management;
  - supplier relationship management that will provide a platform for developing e-procurement; and
  - elimination of the high-level of customization that was needed in the original version of SAP, thus reducing future maintenance costs.

## Other Capital Expenditure

230. As outlined in Board document WFP/EB.2/2005/5-C/1, WFP is exploring the move to international accounting standards. One of the changes this would require is the capitalization of property, plant and equipment. As an initial step, planned PSA expenditures for property, plant and equipment to a value of US\$5 million have been removed from the regular PSA budget and will be funded through CAF.

## Results-Based Management Fund (OEDR)

231. OEDR, created in February 2003 to put in place a sustainable RBM system will be allocated a fund of US\$3.5 million. OEDR will consolidate performance-based management and accountability-reporting functions, and will help country offices to conduct baseline surveys and follow-up studies. Direct training, self-learning and reference materials will support managing-for-results processes. As results-based planning and management tools evolve and are integrated into information systems during the biennium, core functions will be mainstreamed and some staff will be integrated into other divisions.

## Strengthening Financial Management (SFM) Fund

232. The objective of continuing the SFM initiative is to ensure WFP's effectiveness in the long term through achieving sustainable financial management capacity. Under the SFM fund for 2004–2005, the following major capacity-improvement initiatives were implemented:
- recruitment of the appropriate level of finance staff;
  - training of finance officers;
  - improvement of financial reports; and
  - issue of a finance manual.
233. However, funding is required in 2006–2007 to complete the work of the original fund.



234. The proposed US\$2 million budget for 2006–2007 will be utilized for the following activities:
- Finance officers in country offices that cannot yet fund a finance officer post from other sources but that require the continuation of a finance professional post because of the operational volumes and/or financial risk factor. During the 2006–2007 biennium, a longer-term funding solution to ensure adequate capacity will be developed for these offices.
  - Staff training, which has proved to be one of the most valuable financial capacity-building resources in 2004–2005; there is ongoing need for funding in 2006–2007. Orientation training for new finance officers will be continued, refresher training provided for current finance staff, and, in collaboration with ADH, financial management training for managers will be delivered. Trainings for Headquarters general service staff and liaison office finance staff will also be undertaken.

## SECURITY

### Overview

235. At EB.1/2005, the Board requested that WFP's security costs for 2006–2007, including funding of its share of the budget of the DSS, be addressed in a unified way in the Management Plan (2006–2007) (2005/EB.1/21).
236. The budget for DSS field-related security costs for the 2006–2007 biennium approved by the General Assembly (A/58/6, Sect 31) is US\$165.7 million, compared with US\$113.1 million for the last biennium. The primary component of these higher costs is the larger number of security staff for 2006–2007: United Nations field security coordination officers (FSCOs) increased from 100 to 250, local support staff from 200 to 369 and field-related posts based at New York Headquarters from 20 to 73.
237. Under the cost-sharing formula still in effect, WFP's share will be US\$22.6 million for 2006–2007, based on 9,777 staff in the field as of 31 December 2004, which is equivalent to 13.7 percent of all United Nations field staff.
238. Table 44 provides a summary of field-related security costs for the United Nations system and WFP's share of these for 2002–2007.

|                              | <b>United Nations system<br/>field-related costs</b> | <b>WFP's share of United<br/>Nations field-related<br/>security costs</b> |
|------------------------------|--|---|
| 2002–2003                    | 42.9   | 6.5   |
| 2004–2005                    | 113.1  | 13.2  |
| 2006–2007                    | 165.7  | 22.6  |
| Percentage growth, 2002–2007 | 286  | 248   |

239. These costs will be recovered from the DSC of projects. When required, funding will initially be made available from the DSC Advance Facility to make payments to DSS.



240. To obtain the maximum return from its significant contribution to the United Nations Security-Management System and to ensure coordination, WFP takes the lead at the three primary levels of governance for United Nations security: CEB, the High-Level Committee on Management (HLCM) and Inter-Agency Security Management Network (IASMN) including weekly conference calls with the Under Secretary-General of DSS.

### **WFP Internal Security Costs**

241. In addition to the costs of participating in the United Nations security-management system, WFP bears substantial internal costs for security-related items to enable its mission. The main areas are:

⇒ *Field Security Officers (FSOs)*

242. During 2004–2005, six regional security advisers were funded under the Security Upgrade Programme for the regional bureaux. During 2004–2005, 44 FSOs were recruited, 22 of whom were paid from the Security Upgrade Programme and 22 from DSC. In 2006–2007, most FSOs will be funded directly by DSC.

⇒ *Malicious Acts Insurance Policy (MAIP)*

243. WFP subscribes to a malicious acts insurance policy, which provides relief for the families of international and national staff who lose their lives in WFP service. The cost of this coverage has risen steadily. To contain costs, WFP notified DSS that it would maintain its own MAIP, effective July 2004. Uninterrupted coverage for about 10,000 WFP staff and associated personnel requires a provision of US\$ 2 million for 2006–2007, the same level as 2004–2005.

⇒ *Security Equipment, MOSS compliance*

244. To maintain the MOSS compliance of all WFP country offices, often as a result of threat and risk assessments, equipment related to security and safety is provided, mainly through project DSC. Requirements for security communications equipment and infrastructure and security-related costs relating to evacuations and relocations are also met through DSC.

245. At certain duty stations, staff may use additional residential security measures as approved by the country-level security management team (SMT); these items are funded out of standard staff costs.

### **Summary of WFP Security Costs**

246. Table 45 summarizes and compares WFP's staff safety and security costs for 2004–2005 and 2006–2007 by funding source.



| <b>TABLE 45: UNIFIED SUMMARY OF WFP SECURITY COSTS BY FUNDING SOURCE (US\$ million)</b> |                  |                  |                |
|---|------------------|------------------|----------------|
| <b>Description of activities</b>  | <b>2004–2005</b> | <b>2006–2007</b> | <b>Source</b>  |
| DSS and related costs   |                  |                  |                |
| DSS – WFP cost share for DSS field-related operations                                   | 13.20            | 22.60            | DSC            |
| WFP malicious acts insurance policy – Worldwide coverage                                | 2.00             | 2.00             | PSA            |
| United Nations reform – security component of common premises                           | 0.80             | 0.80             | PSA            |
| <b>Subtotal</b>   | <b>16.00</b>     | <b>25.40</b>     |                |
| Security upgrades and maintenance   |                  |                  |                |
| Security upgrade programme  | 20.00            | 0.30             | PSA            |
| Security maintenance fund (follow up assessments, MOSS)                                 | 0.00             | 2.00             | Security Fund* |
| <b>Subtotal</b>   | <b>20.00</b>     | <b>2.30</b>      |                |
| Secretariat security items  |                  |                  |                |
| Headquarters security branch  | 2.20             | 3.48             | PSA            |
| Field security branch   | 1.14             | 1.35             | PSA            |
| Security awareness training   | 0.55             | 0.55             | PSA            |
| Security advisers   | 0.00             | 2.18             | PSA/DSC        |
| <b>Subtotal</b>   | <b>3.89</b>      | <b>7.56</b>      |                |
| Field/project security items  |                  |                  |                |
| FSOs (29 in 2004–2005; 44 in 2006–2007) plus equipment                                  | 8.05             | 12.22            | DSC            |
| Minimum security telecom standards – (MISTS)  | 1.00             | 1.00             | DSC            |
| Security and safety related equipment – (MOSS)  | 4.89             | 4.89             | DSC            |
| Security communications equipment and infrastructure (FITTEST)                          | 1.90             | 1.90             | DSC            |
| Local field-level security cost-share   | 10.02            | 10.02            | DSC            |
| Commercial aviation security (flight safety and audits)                                 | 0.02             | 0.14             | PSA/DSC        |
| Security evacuation or relocation costs and allowances                                  | 0.20             | 0.20             | SSC            |
| <b>Subtotal</b>   | <b>26.08</b>     | <b>30.37</b>     |                |
| <b>TOTAL</b>  | <b>65.97</b>     | <b>65.63</b>     |                |

\* From reimbursement

### Security Upgrade Fund

247. Following the Board's decision at EB.3/2003, the Executive Director allotted US\$20 million to the Security Upgrade Programme for the 2004–2005 biennium. As of September 2005, 100 percent of the allotted amount had been committed.





248. Of the US\$20 million it is expected that US\$2 million will be reimbursed. For 2006–2007, this remaining US\$2 million will be used to maintain the assessments and MOSS compliance accomplished under the Security Upgrade Programme.

## OTHER INITIATIVES

### Trust Funds for Support Activities

249. Over the years, WFP has benefited from trust funds from donors to help build capacity in such areas as nutrition, contingency planning, Vulnerability analysis and mapping (VAM) and needs assessments. WFP has been able to mainstream part of the activities funded by trust funds into core PSA, but trust funds are still vital in developing new initiatives and new ways of achieving results.
250. Trust funds are not directly linked to PSA or DSC budgets, because they fund activities beyond the regular budgets. The objective of a trust fund contribution is agreed with the donor; distribution is done through the WFP Grants Committee to ensure that corporate priorities are taken into consideration.
251. WFP has benefited from various trust funds in recent years. The largest trust fund was the Institutional Strengthening Partnership Trust Fund (ISP), which provided support in form of capacity-building between 2000 and 2005. The Department for International Development (DFID) has agreed to fund a second institutional strengthening in 2005–2008, which is expected to strengthen WFP in emergency preparedness and implementation of related operations.
252. Belgium, Canada, Denmark, the European Union, France, Germany, Japan, Sweden and the United States have trust fund agreements with WFP supporting thematic areas where more capacity is needed. TNT has also provided funds for WFP through a trust fund.
253. The WFP Grants Committee, chaired by the Senior Deputy Executive Director of Operations, will distribute resources that will become available throughout the biennium according to the objectives of the funds and WFP priorities. The trust fund resources available for the 2006–2007 biennium have therefore not been attributed to organizational units.
254. In 2006–2007 WFP expects to raise US\$52.4 million in trust fund contributions.

### General fund: Special Accounts and Other Expenditures

255. In accordance with its financial regulations, WFP operates special accounts for activities such as self-insurance, advocacy, the emerging donor matching fund and FITTEST. It has other transactions in the General Fund, the most significant of which is private-sector in-kind contributions.
256. It is anticipated that these activities will generate revenue sufficient to cover US\$115 million of expenditure during 2006–2007.





## FINANCIAL POLICY FRAMEWORK ISSUES

### Government Counterpart Cash Contributions (GCCC)

257. In the Management Plan (2004–2005), the Board approved the Secretariat’s proposals for dealing with GCCC as follows:
- For LDCs, local contributions received will be retained in country offices as additional support resources for the country.
  - For non-LDCs, cash received from governments up to 50 percent of local staff and other costs funded from PSA will be treated as GCCC revenue of the General Fund; any excess will be retained in the country offices as additional support resources for the country.
  - For countries where WFP has no office or there is no support from PSA, cash received from governments will be retained locally to meet local expenditures.
258. As outlined in the fourth update note to the Board on the Management Plan,<sup>12</sup> the above policy has given countries an incentive to contribute to WFP’s local operating costs. There are, however, still countries in the non-LDC category that receive modest annual GCCC amounts, but the amount never exceeds the 50 percent of PSA-funded costs in the country. To strengthen the incentive for governments in non-LDC countries to contribute to WFP’s local operating costs, it is proposed to treat all GCCC income as additional support resources to be retained in-country. It is expected the level of GCCC will increase from current levels of approximately US\$3 million per biennium as a result.

### Financial Regulation 9.9

259. The current Financial Regulation 9.9<sup>13</sup> states that:

“Appropriations for programme support and administrative services shall remain available for twelve months following the end of the financial period to which they relate, to the extent they are required to discharge any outstanding legal obligations. At the end of that twelve-month period, the remaining balance of any appropriation shall revert to the General Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations”.

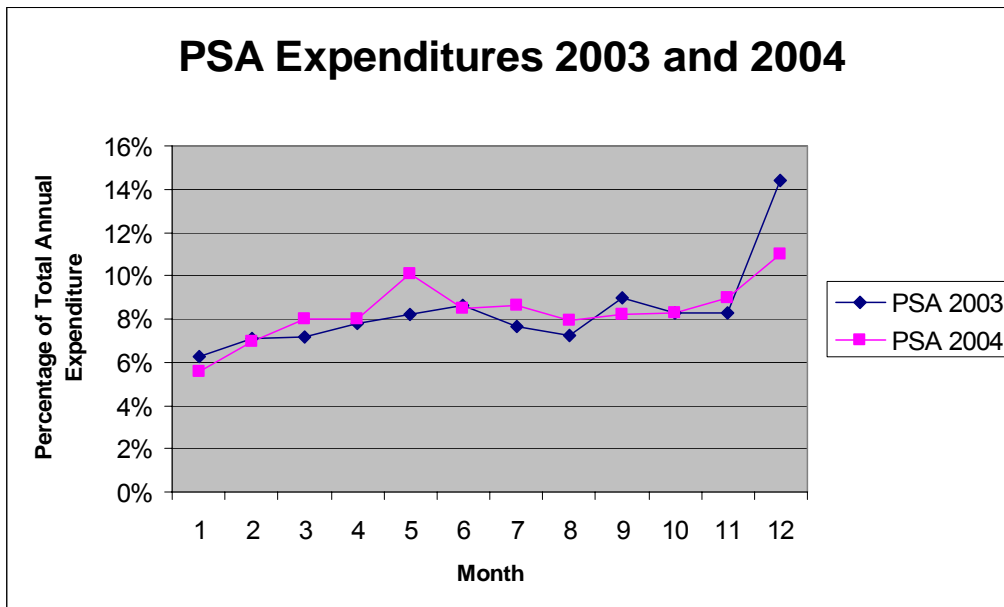
260. This regulation has in the past led to an increased expenditure level at the end of the biennium to pursue implementation of all activities planned before the appropriations expire. Figure 8 illustrates the sharp increase in PSA expenditure at the end of the year, especially obvious at the end of the biennium in December 2003.

<sup>12</sup> WFP/EB.A/2005/6-E/1.

<sup>13</sup> WFP. Financial Regulations. Section IX: The Management Plan. Financial regulation 9.9.



FIGURE 8



261. The Secretariat believes that better budgetary management can be achieved by enabling units to carry unspent balances forward to the next budget period, as long as they are obligated and liquidated within 12 months from the carry-over date. This change would allow units to align expenditure patterns with the progress of their work instead of trying to spend their allotted budget within the time limit set by the budget cycle. The Secretariat therefore proposes the following amended Financial Regulation 9.9:

“All appropriations for programme support and administrative services shall remain available for twelve months following the end of the financial period to which they relate. At the end of that twelve-month period, the remaining balance of any appropriation shall revert to the General Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations”.

262. With this revision, the Secretariat would be able to implement activities more uniformly over the end of a biennium. Activities would be tailored to requirements and underlying needs, because expenditures would not have to be artificially aligned to the budget cycle. By extending the carry over provision, the high biennium-end expenditure pattern could be levelled out and a less volatile link would be established between the different budget levels available during different biennia. This measure would facilitate resource allocation in accordance with priorities and promote efficiency in the use of budgetary resources to deliver programmes and services. It would further shift attention from resource inputs and budgetary controls to output and outcome measurement and results accountability.

263. This policy change is for Board approval in the decision approved by the Executive Director.



## UNITED NATIONS REFORM

264. WFP is fully involved in the initiatives on United Nations reform and is taking the lead in a number of areas. There is an opportunity for improving delivery and reducing the burden on the recipient countries through more coordinated work among all agencies.
265. Some of the more significant issues WFP is engaged in include:
- Unprecedented inter-agency cooperation in southern Africa. A unique new operating model for the United Nations family in the region is being led by the Executive Director in his capacity as the Secretary General's Special Envoy for Humanitarian Needs for Southern Africa. Several United Nations agencies have decided to co-locate their offices in Johannesburg, South Africa, and inter-agency regional efforts are coordinated and led by a regional directors' team (RDT). The RDT is composed of the regional representatives of all the major operational agencies, who meet regularly in an effort to support United Nations country teams (UNCTs) in the countries in crisis in maximizing United Nations impact and effectiveness.
  - The new joint approach with UNICEF in Latin America to broaden regional coverage with cross-agency support in countries where WFP is not present.
  - Work with the UNDG Ex Com agencies in simplification and harmonization to streamline rules and procedures, reduce transaction costs for recipient countries, raise effectiveness and improve accountability. The Ex Com agencies are also taking steps to harmonize and/or share common services and to increase further the number of United Nations houses.
  - The Joint Office Model in Cape Verde. This pilot cooperation programme involves the UNDG Ex-Com agencies working together under a single representative to deliver joint programmes.
  - WFP is fully engaged with the United Nations ICT network in exploring ways of working together to achieve efficiencies and share solutions. WFP is a member of three working groups: one on outsourcing/off-shoring, one on joint information technology training and one that focuses on how to develop shared services.
266. In addition to the above WFP provides leadership in logistics through UNJLC, aviation through UNHAS and, on request, telecommunications for the United Nations community.

## MANAGEMENT OBJECTIVES FOR PROGRAMME SUPPORT, MANAGEMENT AND ADMINISTRATION

267. The core goal of support resources for 2006–2007 is to continue to support WFP's operational programmes to meet the Strategic Objectives and to contribute to the MDGs through food-assisted interventions targeting poor and hungry people. The Strategic Plan (2006–2009) identified seven long-term Management Objectives<sup>14</sup> to guide the work of WFP's programme support, management and administration services in supporting operations in the field.
268. This section presents the overall results framework for the Management Objectives. A corporate results matrix identifying expected results and indicators for each of the seven Management Objectives is included; the 14 expected results and 27 indicators in the matrix

<sup>14</sup> See Strategic Plan (2006-2009) (EB.A/2005/5-A), pp 22-31.



reflect management performance measurements that WFP will track and report on to the Board in its Annual Performance Reports (APR) for 2006 and 2007.

269. The new matrix includes many of the indicators that have been used to report on the Management Priorities in the current biennium merged with the seven Management Objectives for the coming biennium. As a result of experience gained by measuring and reporting on these indicators during 2004 and 2005, nine indicators were revised — mainly minor modifications of wording — nine were removed and two new indicators were added. The complete performance measurement framework is detailed in the *WFP Indicator Compendium*, which records the data source, collection and interpretation method, the frequency of measurement and the division responsible for each indicator.
270. Rather than including a lengthy section in the Management Plan on results by organizational unit, as in the previous plan, the Secretariat has summarized the key outputs to be achieved against each Management Objective in 2006 and 2007 in this section, with the offices primarily responsible for achieving those outputs. This summary is derived from a more detailed division-by-division compilation of results that will serve as an internal management document linking PSA resources to results and forming the basis for developing each unit's annual work plans for 2006 and 2007. Copies of this divisional compilation will be available to Board members on request at EB.2/2005.



## WFP MANAGEMENT OBJECTIVES RESULTS MATRIX

The core PSA goal for 2006–2007 is to continue to support WFP's operational programmes to meet the Strategic Objectives and the MDGs through food-assisted interventions targeted to poor and hungry people.

### MO1 – Build strong partnerships to end hunger

Expected result 1.1 Strengthened partnerships at the global, regional and country levels with United Nations agencies, NGOs and other partners.

Indicator 1.1.1 Percentage of programmes and projects jointly designed with United Nations, International organizations and cooperating partners.

Indicator 1.1.2 Percentage of WFP projects where WFP collaborates with partners (United Nations organizations, international organizations and NGOs) in the provision of mutually complementary inputs and services.

### MO2 – Be the employer of choice for competent staff committed to ending hunger

Expected result 2.1 Staff satisfied with WFP as its employer of choice. They feel supported and their skills are recognized, developed and managed.

Indicator 2.1.1 Average staff satisfaction rating.

Expected result 2.2 WFP has a staff composition with the appropriate mix of gender, nationalities, competencies and motivation in place to respond to the diversity of needs.

Indicator 2.2.1 Percentage of required competencies that are met through PACE.

Indicator 2.2.2 Percentage of staff by gender and geographical distribution.

### MO3 – Excellence in implementing efficient and effective programmes

Expected result 3.1 WFP's capacity to identify impending crises and resulting needs is strengthened.

Indicator 3.1.1 Percentage of new EMOPs and PRROs with basic preparedness tools in place prior to the project being launched.

Indicator 3.1.2 Percentage of Comprehensive Food Security and Vulnerability Analyses (CFSVA) available for Priority Countries.

Expected result 3.2 Adequate, timely and effectively managed food-aid response.

Indicator 3.2.1 Cost of post-delivery commodity losses as a percentage of cost of commodity handled, by programme category.

Indicator 3.2.2 Percentage of EMOPs and PRROs approved during the period that are supported by needs assessment and VAM documentation.



## WFP MANAGEMENT OBJECTIVES RESULTS MATRIX

The core PSA goal for 2006–2007 is to continue to support WFP's operational programmes to meet the Strategic Objectives and the MDGs through food-assisted interventions targeted to poor and hungry people.

### MO3 – Excellence in implementing efficient and effective programmes, (cont'd)

Expected result 3.3 Corporate results-based planning, monitoring and performance analysis is strengthened.

Indicator 3.3.1 Percentage of new WFP project documents submitted to the Project Review Committee (PRC) for approval that follow RBM principles.

Indicator 3.3.2 Percentage of country offices, regional bureaux, and Headquarters units carrying out workplanning and performance reviews according to RBM guidelines.

### MO4 – Build and share knowledge on hunger to Inform combined efforts to end hunger

Expected result 4.1 Policy development and knowledge generation improve project design and implementation.

Indicator 4.1.1 Percentage of WFP projects designed in accordance with WFP policies and strategies.

Indicator 4.1.2 Percentage of evaluation recommendations implemented, categorized by type of recommendation.

### MO5 – Provide technical and operational infrastructure services to support effective operations

Expected result 5.1 Security and safety of staff in WFP operational areas ensured.

Indicator 5.1.1 Percentage change in total staff detained, injured or killed in operations.

Indicator 5.1.2 Percentage of staff successfully evacuated or relocated.

Expected result 5.2 Connectivity between offices and access to information inside and outside WFP is ensured

Indicator 5.2.1 ICT infrastructure reliability.

### MO6 – Be transparent, accountable and manage risk

Expected result 6.1 Improved transparency, oversight and accountability ensured.

Indicator 6.1.1 Percentage of audit, inspection and investigation recommendations implemented.

Indicator 6.1.2 Percentage of monthly financial statements produced in required timeframe.

Expected result 6.2 Best practices in cash and financial contribution management adopted and improved upon.

Indicator 6.2.1 Percentage of cash held in earning accounts.

Indicator 6.2.2 Percentage of contributions receivable.

Expected result 6.3 Corporate results-based reporting capacity is strengthened.

Indicator 6.3.1 Percentage of standard project reports (SPRs) that received a satisfactory rating for reporting outcome level results.



## WFP MANAGEMENT OBJECTIVES RESULTS MATRIX

The core PSA goal for 2006–2007 is to continue to support WFP's operational programmes to meet the Strategic Objectives and the MDGs through food-assisted interventions targeted to poor and hungry people.

### MO7 – Raise resources to meet needs

Expected result 7.1 Increased awareness of WFP and its mission among donor government officials, the media, influential people and the general public.

Indicator 7.1.1 Number of mentions of WFP in targeted print and online media in major countries.

Indicator 7.1.2 Number of parliamentarians, congressional representatives, government officials and journalists who visited WFP projects on visits organized by WFP.

Expected result 7.2 Total volume of contributions is increased; higher percentage of operational needs are met; and an increased proportion of flexible donations meets WFP's resource needs.

Indicator 7.2.1 Contributions to WFP by donors: (i) Total by value of contributions; (ii) proportion of contributions that are multilateral; (iii) proportion of contributions that are cash; (iv) proportion of contributions that are unrestricted; (v) number of donors; and (vi) percentage of resources contributed by the top ten donors.

Indicator 7.2.2 Percentage of assessed needs met.

Indicator 7.2.3 Difference between forecast income and actual contributions.



## MANAGEMENT OBJECTIVE 1

### Build Strong Partnerships to End Hunger

271. Below is an excerpt from the Strategic Plan that summarizes WFP's approach to partnerships under Management Objective 1, followed by a few of the key outputs that divisions are planning to achieve towards this objective over the biennium.

*Ending hunger will require the combined efforts of all partners. Building strong partnerships with national and international partners – national governments, public institutions, United Nations agencies, international organizations, civil society organizations and private-sector bodies – remains the foundation of WFP's approach to fighting hunger. As already noted, this implies not just looking for partners to implement WFP activities; WFP must seek out partners where food assistance might add value to their plans and programmes.* Strategic Plan (2006–2009), para 59.

### Key Outputs

272. The key outputs are as follows:

- a) WFP collaborates with United Nations agencies, NGOs and government counterparts in designing and implementing operations and the provision of complementary services that support global, regional and national initiatives to address hunger and poverty.
- b) Emergency needs assessment missions, vulnerability analysis and emergency preparedness are undertaken jointly with WFP's partners.
- c) Operational information about the food situation of refugees is produced to facilitate coordination with the Office of the United Nations High Commissioner for Refugees (UNHCR).
- d) Partnerships between the Board and other United Nations agencies are fostered through participation in joint meetings of the executive boards and field visits, invitations to heads of agencies to WFP Board Sessions and exchanges of information on governance processes in the United Nations.
- e) The interests of the hungry poor are represented at major United Nations meetings and featured in United Nations reports through WFP's leadership, coordination and participation in a variety of fora.
- f) Support is generated for the partnership for the Child Hunger Initiative.

### Divisions primarily responsible

273. The divisions primarily responsible are:

- External Relations Division (PDE)
- Executive Board Secretariat (PDB)
- Policy, Strategy and Programme Support Division (PDP)
- Analysis, Assessment and Preparedness Service (ODA)
- Office of the Director of Programme Management (ODM)
- Office of the Director of Operations (ODO)





## MANAGEMENT OBJECTIVE 2

### Be the Employer of Choice to Competent Staff Committed to Ending Hunger

274. Below is an excerpt from the Strategic Plan that summarizes WFP's human resources strategy encompassed by Management Objective 2, followed by a few of the key outputs that management and administration divisions are planning to achieve towards this objective over the biennium.

*WFP's operational strength relies on an extensive field network that places staff in difficult and sometimes life-threatening situations. WFP demands a great deal from its staff; its effectiveness depends on competent staff having the commitment to reach those in need, even in stressful environments. This ethos of public service in WFP staff should be supported and encouraged through a human resources strategy that attracts and keeps the best qualified people working for WFP. Strategic Plan (2006–2009) para 61.*

### Key Outputs

275. The key outputs are as follows:

- i) Timely and accurate service is provided and operational effectiveness is increased through open and transparent communications with senior managers and staff on HR policies, procedures and other matters.
- ii) Programmes continue to be developed and delivered to assist staff in acquiring the knowledge and skills to motivate them to perform better. Staff composition with the appropriate mix of competencies and motivation are in place to respond to the diversity of WFP's needs, including increasing the representation of women and nationals from developing countries.
- iii) A second Global Staff Survey (GSS) is undertaken in 2006; staff satisfaction with WFP as the organization that they want to work for has increased from the 2004 GSS.
- iv) A broadbanding/pay-for-performance system in common with other United Nations agencies is piloted to reward high staff performance under stressful conditions.
- v) A joint management development centre is established with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund of Agricultural Development (IFAD) to strengthen senior managerial competencies.
- vi) Work plans and staffing plans are prepared in collaboration with regional and country directors' and an emergency-response roster and training (ERR and ERT) are developed and implemented.

### Divisions primarily responsible

276. The divisions primarily responsible are: ADH and ODO



## MANAGEMENT OBJECTIVE 3

### Excellence in Implementing Efficient and Effective Programmes

277. Below are excerpts from the Strategic Plan that summarize the three aspects of implementing efficient and effective programmes captured by Management Objective 3, followed by some key outputs that programme support divisions are planning to achieve towards this objective over the biennium.

***Programme excellence** – WFP's effectiveness relies on implementing programmes that result in reducing the hunger of vulnerable populations. This requires an efficient business process to ensure timely delivery of adequate food to those in need, and results-based programmes that improve on the basis of learning from experience to support national efforts to reduce hunger.* Strategic Plan (2006–2009), para 64.

### Key Outputs

278. The key outputs are:

- i) Project planning processes are supported to help country offices to programme contributions, monitor fund balances, access funding mechanisms such as the IRA and the working-capital facility, and to forecast the timeliness of funding in relation to beneficiary needs.
- ii) Country offices and regional bureaux are supported to assess nutrition needs and to design and implement effective food-supported interventions resulting in measurable nutrition outcomes.
- iii) Country offices, regional bureaux and Headquarter units are provided with technical, policy and research support for economic analysis of WFP's operations and development and trade policies.
- iv) High quality, cost-effective local foods are purchased to support WFP's operations.
- v) Management information and reporting emphasizes analysis and learning to facilitate management decisions.

***Rapid-response capacity** – In 2004–2005, WFP's rapid-response capacity withstood the strain of multiple large-scale crises in Darfur, Haiti and Asia. The basis of this capacity lies in investments in logistics, stand-by partnerships, technology and processes that allow WFP to mobilize food, staff and other resources to meet sudden-onset needs.* Strategic Plan (2006–2009), para 66.

### Key Outputs:

- vi) Timely delivery of adequate food overland and by sea to all categories of WFP operations is ensured.
- vii) Safe, efficient and cost-effective air transport services continue for WFP and other United Nations humanitarian agencies; WFP's role as lead agency for United Nations logistics response to humanitarian emergencies is established.
- viii) A state-of-the-art supply-chain management system is developed and implemented.
- ix) WFP's operations are supported to conduct effective needs assessment and vulnerability analysis, and to prepare for emergencies.



- x) Country offices and regional bureaux are supported to establish early-warning systems and undertake contingency planning; WFP maintains an appropriate global level of emergency preparedness and capacity to manage and support during crises.

*Effective management* – In 2000 WFP began implementation of a results-based approach to management to improve the effectiveness and accountability of operations by using resources to achieve positive changes in the lives of beneficiaries. The results-based planning and performance analysis process is essential for the dynamic environment in which WFP exists and the need to evolve and improve the capacity to respond to beneficiary needs. Analysing results achieved and adjusting programmes and processes accordingly implies a continual need to learn and change as an organization. The process of change, however, requires management in priority setting and sequencing so that staff are not overwhelmed with new strategies, processes and reporting demands. Strategic Plan (2006–2009) para 68.

### Key Outputs

- xi) Country offices, regional bureaux and WFP's partners are supported through tools, guidance and training to implement RBM in programme planning, monitoring and evaluation (M&E), results measurement and analysis and reporting.

### Divisions primarily responsible

- ODO
- Regional bureaux
- ODA
- ODT
- ODM
- PDP
- OEDR



## MANAGEMENT OBJECTIVE 4

### Build and Share Knowledge on Hunger to Inform Combined Efforts to End Hunger

279. Below is an excerpt from the Strategic Plan that summarizes WFP's approach to building and sharing knowledge on hunger, followed by some of the key outputs that programme support and management divisions are planning to achieve towards this objective over the biennium.

*Hunger, like poverty, is the result of a combination of factors such as inadequate nutrition, poor health, lack of education, low income and insecure environment; its eradication requires comprehensive efforts to address these factors. The identification of hunger as an entity separate from poverty in Millennium Development Goal 1 was a landmark in international thinking that acknowledged that hunger must be tackled directly and not left to trickle-down effects of economic growth. It is known that hunger in fact inhibits poverty eradication through the nexus of risks, vulnerabilities and negative coping strategies adopted by poor people, but there are still significant gaps in knowledge of how best to eradicate hunger. To contribute to global efforts to end hunger, WFP must use partnerships in research and advocacy to share understanding of the needs of beneficiaries and the combination of interventions most likely to bring them out of hunger. This is especially true in new areas such as transition situations and HIV-related programming.* Strategic Plan (2006–2009), para 71.

### Key Outputs

- i) Tools and method for building knowledge about hunger are developed and refined in collaboration with academic institutions to support assessment, analysis and preparedness; WFP participates in regional and global knowledge-building and knowledge-sharing initiatives.
- ii) WFP staff and partners are trained in ECW; gender analysis is mainstreamed throughout WFP's knowledge-building and knowledge-sharing practices.
- iii) Field-based and field-demanded operations research about food, nutrition, micronutrient fortification and supplementation and HIV/AIDS is supported and the findings are published.
- iv) Analytical techniques to assess livelihood changes that result from shocks are developed and implemented.
- v) Knowledge about food for education (FFE) is disseminated to support policy development, targeting and research.

### Divisions primarily responsible

- PDP
- ODA



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## MANAGEMENT OBJECTIVE 5

### Provide Technical and Operational Infrastructure Services to Support Effective Operations

280. Below is an excerpt from the Strategic Plan that summarizes the challenges faced by WFP that Management Objective 5 aims to overcome followed by some outputs that programme support, management and administration divisions are planning to achieve towards this objective over the biennium.

*As an operational agency, WFP has an extensive field presence; organizational support functions in information systems, communications, procurement, security and administration must therefore perform equally across the range of operational situations. As a United Nations agency and a lead humanitarian agency with staff in conflict-affected areas, WFP must as a matter of paramount importance monitor security situations and ensure the security of staff in field operations. WFP also participates in the UNDG working group on common premises and services to support country offices in furthering United Nations harmonization. Strategic Plan (2006–2009), para 73.*

#### Key Outputs

- i) Global telecommunications and IT infrastructure are established to support an effective computing environment, with high service availability and connectivity, robust systems and well-defined procedures.
- ii) WFP's inter-agency leadership is maintained in the fields of security, procurement of goods and services, facilities management, common services and premises and travel; the safety and security of WFP field and Headquarters staff is ensured.
- iii) WFP's planning, operations and reporting are supported through analysis, design and implementation of applications and corporate information systems relevant to changing business needs; the planned SAP upgrade is supported.
- iv) Business intelligence services are supplied from standard reports and presentation level reports on the basis of consolidated corporate data and standardized reporting and statistical method.

#### Divisions primarily responsible

- ADI
- ADM



## MANAGEMENT OBJECTIVE 6

### Be Transparent, Accountable and Manage Risk

281. Below are excerpts from the Strategic Plan that summarize Management Objective 6, followed by some key outputs that management and administration divisions are planning to achieve towards this objective over the biennium.

***Budgeting and financial management*** – *A strong budgeting and financial management capability empowers managers to make more effective use of resources in a transparent and accountable manner. Budget planning, monitoring and adjustments ensure that financial resources are available to managers to meet organizational needs in line with the Strategic Objectives and Management Objectives. Financial management provides accurate, timely financial information for managers, which improves their financial competence, and ensures that specialist financial expertise is available to support managers where required.* Strategic Plan (2006–2009), para 75.

### Key Outputs

- i) Financial and budgetary management of operations strengthened through provision of policies, guidance training and expertise.
- ii) Financial transactions effected and recorded promptly; complete, accurate and up-to-date accounting records maintained.
- iii) Financial reports, analysis and information for management, donors and the Board prepared to a high standard of accuracy and presentation.
- iv) Timely provision of cash resources to operations; optimal cash management and investment monitoring and performance.
- v) Management accounting and budgetary information and analysis to enable informed decision-making is available for the executive staff and PSA organizational units on the implementation of the Management Plan.

***Oversight*** – *The oversight function is a primary component of governance and accountability in terms of (i) ensuring that resources are used efficiently, (ii) that controls are in place and that rules, regulations and donor authorizations are adhered to and (iii) that managers respond swiftly and decisively to any discrepancies found.* Strategic Plan (2006–2009), para 77.

### Key Outputs

- i) Breaches of rules or regulations, unlawful conduct, theft, fraud, mismanagement, harassment, abuse of authority, sexual exploitation of beneficiaries and other forms of malfeasance are investigated, the parties responsible are held accountable and losses sustained by WFP as a result of irregularities are recovered.
- ii) Operational conformity to WFP rules and regulations is improved by cataloguing immediate corrective actions to be taken, making medium and long-term recommendations and by disseminating best practices to improve effectiveness.
- iii) A climate of transparency and accountability is promoted throughout WFP through oversight advisory services to management and awareness-raising for WFP staff.



**Risk management** – WFP recognizes that risk management is another essential element in the framework for good corporate governance and an integral part of good management practices. Considerable progress has been made in introducing risk management in WFP; a policy and strategy document will be presented to the Board in November 2005. During the Strategic Plan period, WFP will mainstream enterprise risk management and embed it in decision-making processes. Strategic Plan (2006–2009), para 79.

### Key Outputs

- iv) Reasonable assurance is provided to senior management that WFP's risk-management processes are adequate and that WFP's operations and support and administrative activities are functioning as expected.
- v) Legal risks to WFP are minimized, with maximum protection of WFP's legal interests in employment matters, partnership agreements and agreements with third parties and transport and logistics operations.
- vi) The self-insurance fund is used and managed effectively and certain insurance policies are placed in the insurance market.

**Accountability reporting** – A range of financial, oversight and programme reports constitute WFP's accountability reporting. Such reports contribute to the transparency of WFP as a public organization and ensure that it remains accountable to the Board, the public and its beneficiaries. Strategic Plan (2006–2009), para 80.

### Key Outputs

- vii) A results-based corporate reporting framework is implemented; corporate performance and accountability reports are prepared and submitted to donors and the Board.

### Divisions primarily responsible

- OED
- OSD
- ADF
- LEG
- OEDR
- PDB



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## MANAGEMENT OBJECTIVE 7

### Raise Resources to Meet Needs

282. Below is an excerpt from the Strategic Plan that introduces the resource-mobilization and communications strategy emphasized by Management Objective 7, followed by some key outputs that programme support divisions are planning to achieve towards this objective over the biennium.

*WFP aims to raise the resources to meet fully the assessed needs of all approved programmes and operations. To do so, it needs to broaden the support base, attract new donors and encourage occasional donors to become regular contributors. More donors need to be involved in meeting assessed needs; the burden of doing so has to be shared more equitably. Multilateral contributions in particular are important in providing WFP flexibility in responding to needs and should be encouraged. The private sector needs to be fully engaged through corporations, foundations or individuals. Strategic Plan (2006–2009), para 82.*

### Key Outputs

- i) The level of funding from traditional donors is maintained and the portion of untied multilateral funding is increased.
- ii) Forecasting processes are established that feed reliable information into the WCF process.
- iii) Procedures are in place to facilitate full cost recovery for regular contributions from eligible donors.
- iv) The volume and percentage of contributions are increased from a broadened donor base and current corporate donors, the internet and other private sources.
- v) Corporate policy and guidance are developed and oversight is assured to enable country offices to increase the level of locally raised resources, public or private.
- vi) WFP is a main voice in the media to alert the world to immediate humanitarian needs and to ensure the necessary resources to respond.
- vii) WFP is positioned over the medium-term and long-term as a leader on hunger and food aid issues, with the aim of ensuring public and donor support.

### Divisions primarily responsible

- FD





| <b>ANNEX I: FOLLOW-UP TO ACABQ AND FAO FINANCE COMMITTEE OBSERVATIONS AND RECOMMENDATIONS</b>  |   |
|--|---|
| The presentation of the Management Plan.... could be further refined by further streamlining the presentation in order to avoid repetition and provide a more user- friendly document.   | WFP continues to streamline the presentation of the Management Plan as outlined in paragraph 3 of section I: Overview.  |
| The follow-up to recommendations made by the Committee...could be included in the context of the issue [they] relate to; the annex to the document should include a checklist with cross-reference to the discussion in the main body of the text.   | The current annex (Annex I) has been reduced from 13 to 2 pages with the more detailed information included in the body of the document as recommended.   |
| While the committee fully understand the necessity for security in the field offices, it stresses the need to ensure, that to the maximum extent possible, actions taken are in concert with the UN Partners in the region concerned   | Paragraphs 235–248 (in Section III: Support) outline the plans for security, including work with other United Nations partners.   |
| DSCAF -- the committee stresses that care should taken to ensure that amounts advanced are reimbursed.   | All advances made from the DSC advance facility have been recovered, as indicated in Section III (Paragraphs 127-133).  |
| Additional PSA: the committee is of the opinion that some of these items , such as the establishment of the results based management unit and decentralization review should have been planned in the context of the original PSA budget. The committee believes that increases in the PSA budget during the course of a budget period should be directly related to an increase in delivery   | The current budget proposes the extension of two of the existing capacity-building funds, RBM and SFM. No new funds have been created. In addition, these funds are shown in the context of PSA to aid transparency and comparability.  |
| PSA- other support costs : [T]he committee points out that most of these would normally be regarded as PSA costs, which would bring the PSA costs to a total of US\$422 Million instead of US\$305 million. (re: 2004–2005 biennium)   | The current budget proposes the extension of two of the existing capacity-building funds, RBM and SFM. However, no new funds have been created. In addition, indirect costs are disclosed together in Table 6 to aid transparency.  |
| ISC rate of 7%.....the committee cautions... that problems may emerge later on and that the adequacy of the ISC rate of 7% may have to be revisited in future.   | The Executive Director has proposed extending the current ISC rate for a period of two years (see Draft Decisions), because it has proved adequate to fund PSA costs for the 2004–2005 biennium (see PSA Equalization Account projection in Table 14).0   |
| The committee believes that care should be taken to avoid duplication among activities of the fund- raising and Communication Department and the Policy and External Relations Department, as well as by the two divisions dealing with such matters as oversight, inspection, evaluation, performance measurement and reporting.  | The main function of each of these units is outlined in section III paragraphs 200 to 209. Care has been taken to ensure there is no duplication.   |
| ASG/UPGRADES.... The committee recommends that the next budget contain full information on the implementation of this authority...instead of proceeding in around – about manner which does not promote transparency.  | The ASG for administration position was approved in the Management Plan for 2004–2005 and filled in September 2004. This brought the total ASG positions to four, one for each of the main departments: Operations; Fundraising and communications; Policy and External Affairs and Administration. No changes are anticipated to this over the course of the management plan period.                         |
| Staff costs/WINGS...The External Auditor...Indicates that complete information on the staff costs associated with programmes and projects is not available at present without an analysis at the individual transaction level. Only information regarding PSA staff is available in WINGS. The external Auditor recommends that WFP consider the merits of identifying and disclosing staff costs on a comprehensive and systematic basis and review whether | Information on all staff costs – including programme and project staff – is available in WINGS. However, difficulties have been encountered in the past in extracting such information on a comprehensive and systematic basis. Various steps have been taken to improve this, including improving the access to staff commitments information, additional training on WINGS reporting and the development of |



**ANNEX I: FOLLOW-UP TO ACABQ AND FAO FINANCE COMMITTEE OBSERVATIONS AND RECOMMENDATIONS**

|  |  |
|--|--|
| current and future information needs are being fully met by WINGS as presently configured  | related reports from the data warehouse.   |
| [The Management Plan and the Strategic Plan] documents should be more closely integrated.  | As outlined throughout the document: the Strategic Objectives, Management Objectives, weaknesses and risks from the Strategic Plan 2006–2009 form the foundation of the current Management Plan.   |
| Management Plan 2004–2005 was based on unusually strong financial position.  | The current financial position is also strong – see in particular the projected PSA equalization account balance in Table 14 and the projected balance sheet in Annex II (Table A.2).  |
| ZBB approach has proved useful in many aspects, valuable and useful lessons had been learned from applying it for the first time in WFP. | Zero based budgeting (ZBB) allowed WFP to realign its support structure to the required level on a once-off basis. On an on-going basis, however, given the nature of WFP's funding modalities, an incremental budget approach was preferred for the current biennium. |
| The Sensitivity Analysis was important and deserved careful study and reflection.  | Section I outlines the funding assumptions for the PSA budget and provides several alternatives to ensure full funding of PSA.   |



**ANNEX II—TABLE A.1: PROJECTED INCOME AND EXPENDITURES AND CHANGES IN FUND BALANCES, 2004–2005 (US\$ million)**

|  | General Fund | Development | EMOP         | PRRO         | Special Operations | Bilaterals and Others | TOTAL        |
|--|--------------|-------------|--------------|--------------|--------------------|-----------------------|--------------|
| <b>2004–2005 Opening balance</b>               | 111          | 246         | 805          | 559          | 33                 | 82                    | <b>1 835</b> |
| <b>Add: Estimated contributions and income</b> |              |             |              |              |                    |                       |              |
| Commodity contributions                        | 0            | 336         | 1 013        | 852          | 0                  | 575                   | <b>2 776</b> |
| Other contributions                            | 113          | 225         | 1 337        | 843          | 196                | 450                   | <b>3 164</b> |
| <b>Sub-total</b>                               | <b>113</b>   | <b>561</b>  | <b>2 350</b> | <b>1 695</b> | <b>196</b>         | <b>1 025</b>          | <b>5 940</b> |
| Interest and other income                      | 48           |             |              |              |                    |                       | <b>48</b>    |
| Transfer of ISC                                | 364          | (36)        | (154)        | (111)        | (13)               | (50)                  | <b>0</b>     |
| <b>TOTAL</b>                                   | <b>525</b>   | <b>525</b>  | <b>2196</b>  | <b>1 584</b> | <b>183</b>         | <b>975</b>            | <b>5 988</b> |
| <b>Less: Estimated expenditures</b>            |              |             |              |              |                    |                       |              |
| Operational costs in commodities               | 0            | 336         | 1013         | 852          | 0                  | 575                   | <b>2 776</b> |
| Other operational costs:                       |              |             |              |              |                    |                       |              |
| External transport                             | 0            | 69          | 259          | 191          | 0                  | 64                    | <b>583</b>   |
| LTSH   | 0            | 62          | 640          | 334          | 0                  | 69                    | <b>1 105</b> |
| ODOC   | 28           | 10          | 74           | 29           | 160                | 168                   | <b>469</b>   |
| DS   | 85           | 48          | 210          | 178          | 23                 | 99                    | <b>643</b>   |
| ISC  | 297          | 0           | 0            | 0            | 0                  | 0                     | <b>297</b>   |
| Other  | 115          | 0           | 0            | 0            | 0                  | 0                     | <b>115</b>   |
| <b>TOTAL</b>                                   | <b>525</b>   | <b>525</b>  | <b>2196</b>  | <b>1 584</b> | <b>183</b>         | <b>975</b>            | <b>5 988</b> |
| <b>Other adjustments</b>                       |              |             |              |              |                    |                       |              |
| Refund of unused balances                      | 0            | (4)         | (13)         | (6)          | (1)                | (14)                  | <b>(37)</b>  |
| <b>2004-2005 Closing balance</b>               | <b>111</b>   | <b>242</b>  | <b>792</b>   | <b>553</b>   | <b>32</b>          | <b>68</b>             | <b>1 798</b> |



| <b>ANNEX II—TABLE A.2: PROJECTED BALANCE SHEET<br/>AS AT 31 DECEMBER 2005<br/>(US\$ million)</b> |                |
|--|----------------|
| <b>ASSETS</b>  |                |
| Cash and short-term investments  | 1 220.5        |
| Funds held in trust by country offices   | 32.5           |
| Accounts receivable  | 317.6          |
| Long-term investments  | 59.3           |
| Contributions receivable   | 1 506.7        |
| <b>TOTAL ASSETS</b>  | <b>3 136.6</b> |
| <b>LIABILITIES</b>   |                |
| Current liabilities  |                |
| Accounts payable   | 266.1          |
| Outstanding obligations  | 698.2          |
| CERF loan  | 5.0            |
| Funds held in trust by country offices   | 32.0           |
| <b>Total Current Liabilities</b>   | <b>1 001.3</b> |
| Long-term liabilities  |                |
| Long-term loan   | 106.0          |
| <b>Total long-term liabilities</b>   | <b>106.0</b>   |
| <b>TOTAL LIABILITIES</b>   | <b>1 107.3</b> |
| <b>RESERVES AND FUND BALANCES</b>  |                |
| Operational reserve  | 57.0           |
| Immediate response account   | 36.7           |
| DSC advance facility   | 60.0           |
| Other reserve accounts   | 78.1           |
| Fund balances  | 1 797.5        |
| <b>TOTAL RESERVES AND FUND BALANCES</b>  | <b>2 029.3</b> |
| <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</b>   | <b>3 136.6</b> |



ANNEX II—TABLE A.3: PROJECTED INCOME AND EXPENDITURES AND CHANGES IN FUND BALANCES, 2006–2007 (US\$ million)

|   | General Fund | DEV          | EMOP         | PRRO         | SO         | Bilaterals and Others | TOTAL        |
|---|--------------|--------------|--------------|--------------|------------|-----------------------|--------------|
| <b>2006–2007 Opening balance</b>                                | 111          | 242          | 792          | 553          | 32         | 68                    | <b>1 798</b> |
| <b>Add: Estimated contributions and income</b>                  |              |              |              |              |            |                       |              |
| Commodity contributions   | -            | 415          | 648          | 1 494        | -          | 40                    | <b>2 597</b> |
| Other contributions   | -            | 345          | 1 077        | 1 759        | 382        | 26                    | <b>3 589</b> |
| Subtotal  | 0            | 760          | 1 725        | 3 253        | 382        | 66                    | <b>6 186</b> |
| Interest and other income                                       | 115          | -            | -            | -            | -          | 52                    | <b>167</b>   |
| Transfer of indirect support cost contributions to General Fund | 393          | (48)         | (111)        | (207)        | (24)       | (3)                   | -            |
| <b>TOTAL</b>  | <b>508</b>   | <b>712</b>   | <b>1 614</b> | <b>3 046</b> | <b>358</b> | <b>115</b>            | <b>6 353</b> |
| <b>Less: Estimated expenditures</b>                             |              |              |              |              |            |                       |              |
| Operational costs in commodities                                | -            | 415          | 648          | 1 494        | -          | 40                    | <b>2 597</b> |
| Ocean transport   | -            | 96           | 209          | 393          | -          | 5                     | <b>703</b>   |
| LTSH  | -            | 109          | 539          | 723          | -          | 6                     | <b>1 377</b> |
| ODOC  | -            | 30           | 20           | 91           | 312        | 4                     | <b>457</b>   |
| DSC   | -            | 62           | 198          | 345          | 46         | 8                     | <b>659</b>   |
| ISC   | 368          | -            | -            | -            | -          | -                     | <b>368</b>   |
| Capital and Capacity Funds                                      | 25           | -            | -            | -            | -          | -                     | <b>25</b>    |
| Others  | 115          | -            | -            | -            | -          | 52                    | <b>167</b>   |
| <b>TOTAL</b>  | <b>508</b>   | <b>712</b>   | <b>1 614</b> | <b>3 046</b> | <b>358</b> | <b>115</b>            | <b>6 353</b> |
| <b>2006-2007 Closing balance</b>                                | <b>111</b>   | <b>242</b>   | <b>792</b>   | <b>553</b>   | <b>32</b>  | <b>68</b>             | <b>1 798</b> |
| <i>Volume (in thousand tons)</i>                                |              | <i>1 490</i> | <i>2 473</i> | <i>5 304</i> |            | <i>254</i>            | <b>9 521</b> |



**TABLE B: PSA AND DSC STAFFING TABLE BY APPROPRIATION LINE, 2004-2005 AND 2006-2007**

| Division  | International professional category and above |     |    |             |             |              |              |              |              |            | Others       |              |                |                |
|---|---|-----|----|-------------|-------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|----------------|----------------|
|   | ED  | AED | D2 | D1          | P5          | P4           | P3           | P2           | P1           | Total      | Nat. Prof.   | GS and Other | Grand Total    |                |
| <b>A. PROGRAMME SUPPORT - REGIONAL AND COUNTRY OFFICES</b>    |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| <b>Regional Bureaux</b>                                       |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| <b>Asia (ODB)</b>   |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 1.0         | 5.0          | 7.0          | 2.0          | 1.0          | -          | 17.0         | 2.0          | 20.0           | 39.0           |
|   | DSC   | -   | -  | -           | -           | -            | 2.0          | -            | 1.0          | -          | 3.0          | -            | 11.5           | 14.5           |
| 2006-2007   | PSA   | -   | -  | 1.0         | 1.0         | 5.0          | 8.0          | 3.5          | 1.0          | -          | 19.5         | 4.0          | 18.0           | 41.5           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | -            | -          | -            | -            | -              | -              |
| <b>Mediterranean, Middle East and Central Asia (ODC)</b>      |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 1.0         | 7.0          | 6.0          | 5.0          | 1.0          | -          | 21.0         | 5.0          | 26.5           | 52.5           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | 1.0          | -          | 1.0          | -            | 1.0            | 2.0            |
| 2006-2007   | PSA   | -   | -  | 1.0         | 1.0         | 5.5          | 7.0          | 3.0          | 1.0          | -          | 18.5         | 4.0          | 31.0           | 53.5           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | -            | -          | -            | -            | -              | -              |
| <b>Latin America and Caribbean (ODPC)</b>                     |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 1.0         | 4.0          | 3.0          | 5.0          | -            | -          | 14.0         | 2.0          | 21.0           | 37.0           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | -            | -          | -            | -            | -              | -              |
| 2006-2007   | PSA   | -   | -  | 1.0         | 1.0         | 3.0          | 5.0          | 3.5          | -            | -          | 13.5         | 3.0          | 24.0           | 40.5           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | -            | -          | -            | -            | -              | -              |
| <b>Eastern &amp; Central Africa (ODK)</b>                     |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 1.0         | 3.0          | 9.0          | 4.0          | 1.0          | -          | 19.0         | 9.0          | 21.0           | 49.0           |
|   | DSC   | -   | -  | -           | -           | -            | 1.0          | 2.5          | 1.0          | -          | 4.5          | 2.0          | 25.0           | 31.5           |
| 2006-2007   | PSA   | -   | -  | 1.0         | 1.0         | 4.0          | 10.0         | 4.0          | 1.0          | -          | 21.0         | 11.0         | 31.0           | 63.0           |
|   | DSC   | -   | -  | -           | -           | -            | 1.5          | 3.0          | 1.0          | -          | 5.5          | 3.0          | 25.0           | 33.5           |
| <b>West Africa (ODD) - incl ODDY</b>                          |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 2.0         | 5.0          | 8.0          | 5.0          | 2.0          | 1.0        | 24.0         | 15.0         | 28.0           | 67.0           |
|   | DSC   | -   | -  | -           | -           | -            | 1.0          | 1.0          | 0.5          | -          | 2.5          | -            | 2.1            | 4.6            |
| 2006-2007   | PSA   | -   | -  | 1.0         | 2.0         | 4.0          | 9.8          | 6.3          | 0.2          | 0.5        | 23.7         | 18.0         | 31.0           | 72.7           |
|   | DSC   | -   | -  | -           | -           | -            | 1.0          | 1.0          | -            | -          | 2.0          | -            | -              | 2.0            |
| <b>Southern Africa (ODJ)</b>                                  |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 1.0         | 1.0         | 3.0          | 6.0          | 6.0          | 1.0          | -          | 18.0         | 8.0          | 25.5           | 51.5           |
|   | DSC   | -   | -  | -           | -           | -            | 1.0          | 1.0          | -            | -          | 2.0          | -            | 19.0           | 21.0           |
| 2006-2007   | PSA   | -   | -  | 1.0         | 1.0         | 3.0          | 5.4          | 4.0          | 1.5          | -          | 15.9         | 7.0          | 21.5           | 44.4           |
|   | DSC   | -   | -  | -           | -           | -            | -            | -            | -            | -          | -            | -            | -              | -              |
| <b>Subtotal Regional Bureaux</b>                              |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 6.0         | 7.0         | 27.0         | 39.0         | 27.0         | 6.0          | 1.0        | 113.0        | 41.0         | 142.0          | 296.0          |
|   | DSC   | -   | -  | -           | -           | -            | 5.0          | 4.5          | 3.5          | -          | 13.0         | 2.0          | 58.6           | 73.6           |
| 2006-2007   | PSA   | -   | -  | 6.0         | 7.0         | 24.5         | 45.1         | 24.3         | 4.7          | 0.5        | 112.0        | 47.0         | 156.5          | 315.5          |
|   | DSC   | -   | -  | -           | -           | -            | 2.5          | 4.0          | 1.0          | -          | 7.5          | 3.0          | 25.0           | 35.5           |
| <b>Country offices</b>  |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 5.0         | 27.0        | 43.0         | 2.0          | 15.0         | -            | -          | 92.0         | 185.0        | 234.0          | 511.0          |
|   | DSC   | -   | -  | -           | 4           | 39.0         | 94.0         | 200.0        | 103.0        | 2.0        | 442.0        | 217.0        | 4840.0         | 5 499.0        |
| 2006-2007   | PSA   | -   | -  | 9.0         | 42.0        | 24.3         | -            | 35.0         | -            | -          | 110.3        | 122.0        | 281.5          | 513.8          |
|   | DSC   | -   | -  | 0.0         | 3.0         | 50.5         | 121.0        | 292.5        | 121.0        | 2.0        | 590.0        | 315.0        | 4402.0         | 5 307.0        |
| <b>TOTAL PROGRAMME SUPPORT - REGIONAL AND COUNTRY OFFICES</b> |   |     |    |             |             |              |              |              |              |            |              |              |                |                |
| 2004-2005   | PSA   | -   | -  | 11.0        | 34.0        | 70.0         | 41.0         | 42.0         | 6.0          | 1.0        | 205.0        | 226.0        | 376.0          | 807.0          |
|   | DSC   | -   | -  | -           | 4.0         | 39.0         | 99.0         | 204.5        | 106.5        | 2.0        | 455.0        | 219.0        | 4 898.6        | 5 572.6        |
|   | <b>TOTAL 2004-2005</b>                        | -   | -  | <b>11.0</b> | <b>38.0</b> | <b>109.0</b> | <b>140.0</b> | <b>246.5</b> | <b>112.5</b> | <b>3.0</b> | <b>660.0</b> | <b>445.0</b> | <b>5 274.6</b> | <b>6 379.6</b> |
| 2006-2007   | PSA   | -   | -  | 15.0        | 49.0        | 48.8         | 45.1         | 59.3         | 4.7          | 0.5        | 222.3        | 169.0        | 438.0          | 829.3          |
|   | DSC   | -   | -  | -           | 3.0         | 50.5         | 123.5        | 296.5        | 122.0        | 2.0        | 597.5        | 318.0        | 4 427.0        | 5 342.5        |
|   | <b>TOTAL 2006-2007</b>                        | -   | -  | <b>15.0</b> | <b>52.0</b> | <b>99.3</b>  | <b>168.6</b> | <b>355.8</b> | <b>126.7</b> | <b>2.5</b> | <b>819.8</b> | <b>487.0</b> | <b>4 865.0</b> | <b>6 171.8</b> |



**TABLE B: PSA AND DSC STAFFING TABLE BY APPROPRIATION LINE, 2004-2005 AND 2006-2007**

| Division  | International professional category and above |     |     |      |      |      |      |      |      |       | Others     |              |             |
|---|---|-----|-----|------|------|------|------|------|------|-------|------------|--------------|-------------|
|   | ED  | AED | D2  | D1   | P5   | P4   | P3   | P2   | P1   | Total | Nat. Prof. | GS and Other | Grand Total |
| <b>B. PROGRAMME SUPPORT - HEADQUARTERS (OPERATIONS DEPARTMENT)</b>    |   |     |     |      |      |      |      |      |      |       |            |              |             |
| Office of the Asst. Executive Director - Operations Dept. (ODO)       |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | 1.0 | 1.0  | 2.0  | 1.0  | 1.0  | 1.0  | -    | 8.0   | -          | 11.0         | 19.0        |
| 2006-2007   | PSA   | -   | 1.0 | 1.0  | 2.0  | 2.0  | -    | -    | -    | 6.0   | -          | 10.0         | 16.0        |
| Programme Management Division (ODM)                                   |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | 1.0  | 1.0  | 2.0  | 3.0  | 6.0  | 3.0  | 16.0  | -          | 19.0         | 35.0        |
| 2006-2007   | PSA   | -   | -   | 1.0  | 1.0  | 1.5  | 4.0  | 4.3  | 1.5  | 13.3  | -          | 14.0         | 27.3        |
| Analysis Assessment & Preparedness Division (ODA)                     |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | -    | 4.0  | 7.0  | 2.0  | -    | -    | 13.0  | -          | 5.0          | 18.0        |
| 2006-2007   | PSA   | -   | -   | -    | 2.0  | 4.0  | 6.0  | 2.0  | -    | 14.0  | -          | 5.0          | 19.0        |
| Transport & Procurement Division (ODT)                                |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | 1.0  | 4.0  | 5.0  | 14.0 | 11.0 | -    | 35.0  | -          | 40.0         | 75.0        |
| 2006-2007   | PSA   | -   | -   | 1.0  | 5.0  | 6.0  | 21.0 | 15.0 | 3.0  | 51.0  | -          | 37.0         | 88.0        |
| <b>TOTAL PROGRAMME SUPPORT - HEADQUARTERS (OPERATIONS DEPARTMENT)</b> |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | 1.0 | 3.0  | 6.0  | 13.0 | 25.0 | 20.0 | 4.0  | 72.0  | -          | 75.0         | 147.0       |
| 2006-2007   | PSA   | -   | 1.0 | 3.0  | 8.0  | 13.5 | 33.0 | 21.3 | 4.5  | 84.3  | -          | 66.0         | 150.3       |
| <b>C. MANAGEMENT &amp; ADMINISTRATION</b>                             |   |     |     |      |      |      |      |      |      |       |            |              |             |
| <b>Management</b>   |   |     |     |      |      |      |      |      |      |       |            |              |             |
| Office of the Executive Director (OED)                                |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | 1.0 | -   | 1.0  | 2.0  | 1.0  | 1.0  | 2.0  | 2.0  | 10.0  | -          | 9.0          | 19.0        |
| 2006-2007   | PSA   | 1.0 | -   | 3.0  | 1.5  | 3.3  | 1.0  | 3.0  | -    | 12.8  | -          | 11.0         | 23.8        |
| Office of Budget (OEDB)   |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | -    | 1.0  | 1.0  | 1.0  | 2.0  | 2.0  | 7.0   | -          | 10.0         | 17.0        |
| 2006-2007   | PSA   | -   | -   | -    | 1.0  | 1.0  | 1.0  | 1.0  | 2.0  | 6.0   | -          | 9.0          | 15.0        |
| Legal Division (LEG)  |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | 1.0  | 1.0  | 2.0  | 5.0  | 1.0  | -    | 10.0  | -          | 8.0          | 18.0        |
| 2006-2007   | PSA   | -   | -   | 1.0  | 1.0  | 2.0  | 5.0  | 1.0  | -    | 10.0  | -          | 14.0         | 24.0        |
| Inspector General & Oversight Services Division (OSD)                 |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | 1.0  | 1.0  | 4.0  | 8.0  | 2.0  | -    | 16.0  | -          | 8.0          | 24.0        |
| 2006-2007   | PSA   | -   | -   | 1.0  | 1.0  | 4.0  | 7.0  | 3.0  | -    | 16.0  | -          | 8.0          | 24.0        |
| Fundraising & Communications Dept (FD)                                |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | 1.0 | 5.0  | 7.0  | 22.0 | 17.0 | 14.0 | 4.0  | 71.0  | -          | 49.0         | 120.0       |
| 2006-2007   | PSA   | -   | 1.0 | 6.0  | 7.0  | 20.0 | 17.0 | 13.0 | 4.0  | 69.0  | -          | 45.0         | 114.0       |
| Policy & External Affairs Dept (PD)                                   |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | 1.0 | 4.0  | 8.0  | 15.0 | 12.0 | 17.0 | 4.0  | 61.0  | -          | 44.0         | 105.0       |
| 2006-2007   | PSA   | -   | 1.0 | 2.1  | 10.0 | 13.0 | 17.0 | 15.0 | 6.3  | 65.3  | -          | 41.0         | 106.3       |
| Results-Based Management Division (OEDR)                              |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | -   | -   | -    | 1.0  | 2.0  | 4.0  | -    | -    | 7.0   | -          | 4.0          | 11.0        |
| 2006-2007   | PSA   | -   | -   | -    | 1.0  | 2.0  | 4.0  | -    | -    | 7.0   | -          | 4.0          | 11.0        |
| <b>Subtotal, Management</b>   |   |     |     |      |      |      |      |      |      |       |            |              |             |
| 2004-2005   | PSA   | 1.0 | 2.0 | 12.0 | 21.0 | 47.0 | 48.0 | 38.0 | 12.0 | 182.0 | -          | 132.0        | 314.0       |
| 2006-2007   | PSA   | 1.0 | 2.0 | 13.1 | 22.5 | 45.3 | 52.0 | 36.0 | 12.3 | 186.1 | -          | 132.0        | 318.1       |



**TABLE B: PSA AND DSC STAFFING TABLE BY APPROPRIATION LINE, 2004-2005 AND 2006-2007**

| Division  |                        | International professional category and above |            |             |              |              |              |              |              |            | Others         |              |                |                |
|---|------------------------|---|------------|-------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|--------------|----------------|----------------|
|   |                        | ED  | AED        | D2          | D1           | P5           | P4           | P3           | P2           | P1         | Total          | Nat. Prof.   | GS and Other   | Grand Total    |
| <b>Administration</b>   |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| Office of the Assistant Executive Director Administration (ADD) |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | 1.0        | -           | -            | -            | -            | -            | -            | -          | 1.0            | -            | 2.0            | 3.0            |
| 2006-2007   | PSA                    | -   | 1.0        | -           | -            | -            | -            | -            | -            | -          | 1.0            | -            | 1.0            | 2.0            |
| Finance Division (ADF)  |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | -          | 1.0         | 1.0          | 5.0          | 7.0          | 7.0          | 3.0          | -          | 24.0           | -            | 32.0           | 56.0           |
| 2006-2007   | PSA                    | -   | -          | 1.0         | 1.0          | 6.0          | 8.0          | 8.0          | 4.0          | -          | 28.0           | -            | 31.0           | 59.0           |
| Information & Communication Technology Division (ADI)           |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | -          | 1.0         | -            | 6.0          | 30.0         | 20.0         | 27.0         | 1.0        | 85.0           | -            | 35.0           | 120.0          |
| 2006-2007   | PSA                    | -   | -          | 1.0         | -            | 7.0          | 19.0         | 10.0         | 19.0         | -          | 56.0           | -            | 30.0           | 86.0           |
| Human Resources Division (ADH)                                  |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | -          | 1.0         | 2.0          | 4.0          | 5.0          | 8.0          | 19.0         | -          | 39.0           | -            | 55.0           | 94.0           |
| 2006-2007   | PSA                    | -   | -          | 1.0         | 2.0          | 5.0          | 5.0          | 11.0         | 17.0         | -          | 41.0           | -            | 50.0           | 91.0           |
| Management Services Division (ADM)                              |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | -          | -           | 1.0          | 3.0          | 7.0          | 2.0          | 1.0          | -          | 14.0           | -            | 45.0           | 59.0           |
| 2006-2007   | PSA                    | -   | -          | -           | 1.3          | 4.8          | 5.0          | 2.3          | 1.8          | -          | 15.0           | -            | 47.8           | 62.8           |
| <b>Subtotal. Administration</b>                                 |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | -   | 1.0        | 3.0         | 4.0          | 18.0         | 49.0         | 37.0         | 50.0         | 1.0        | 163.0          | -            | 169.0          | 332.0          |
| 2006-2007   | PSA                    | -   | 1.0        | 3.0         | 4.3          | 22.8         | 37.0         | 31.3         | 41.8         | -          | 141.0          | -            | 159.8          | 300.8          |
| <b>TOTAL MANAGEMENT &amp; ADMINISTRATION</b>                    |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | 1.0   | 3.0        | 15.0        | 25.0         | 65.0         | 97.0         | 75.0         | 62.0         | 2.0        | 345.0          | -            | 301.0          | 646.0          |
| 2006-2007   | PSA                    | 1.0   | 3.0        | 16.1        | 26.8         | 68.0         | 89.0         | 67.3         | 54.0         | 2.0        | 327.1          | -            | 291.8          | 618.8          |
| <b>GRAND TOTAL</b>  |                        |   |            |             |              |              |              |              |              |            |                |              |                |                |
| 2004-2005   | PSA                    | 1.0   | 4.0        | 29.0        | 65.0         | 148.0        | 163.0        | 137.0        | 72.0         | 3.0        | 622.0          | 226.0        | 752.0          | 1 600.0        |
|   | DSC                    | -   | -          | 11.0        | 38.0         | 109.0        | 140.0        | 246.5        | 112.5        | 3.0        | 660.0          | 445.0        | 5 274.6        | 6 379.6        |
|   | <b>TOTAL 2004-2005</b> | <b>1.0</b>                                    | <b>4.0</b> | <b>40.0</b> | <b>103.0</b> | <b>257.0</b> | <b>303.0</b> | <b>383.5</b> | <b>184.5</b> | <b>6.0</b> | <b>1 282.0</b> | <b>671.0</b> | <b>6 026.6</b> | <b>7 979.6</b> |
| 2006-2007   | PSA                    | 1.0   | 4.0        | 34.1        | 83.8         | 130.3        | 167.1        | 147.8        | 63.2         | 2.5        | 633.6          | 169.0        | 795.8          | 1 598.4        |
|   | DSC                    | -   | -          | -           | 3.0          | 50.5         | 123.5        | 296.5        | 122.0        | 2.0        | 597.5          | 318.0        | 4 427.0        | 5 342.5        |
|   | <b>TOTAL 2006-2007</b> | <b>1.0</b>                                    | <b>4.0</b> | <b>34.1</b> | <b>86.8</b>  | <b>180.8</b> | <b>290.6</b> | <b>444.3</b> | <b>185.2</b> | <b>4.5</b> | <b>1 231.1</b> | <b>487.0</b> | <b>5 222.8</b> | <b>6 940.9</b> |





Table C: PSA budget organizational unit and by appropriation line, 2004-2005 and 2006-2007 (in thousand US\$)

|  | Staff Cost | Consultancy | Overtime | Duty Travel | Training | Rental | Utilities | Office Supplies | Comm/IT Services | Insurance | Equipment Repair | Vehicle Running Costs | Other Office Expenses | Hospitality | TCIT Equipment | Services from FAO | UN Org Services | Contribution UN bodies | Governing Body | Total Non-Staff Cost | 2004-2005 New Initiatives | TOTAL   | PSA Exchange Variance | Projected Carry-over | GRAND TOTAL |
|--|------------|-------------|----------|-------------|----------|--------|-----------|-----------------|------------------|-----------|------------------|-----------------------|-----------------------|-------------|----------------|-------------------|-----------------|------------------------|----------------|----------------------|---------------------------|---------|-----------------------|----------------------|-------------|
| <b>A. PROGRAMME SUPPORT - REGIONAL AND COUNTRY OFFICES</b>             |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Regional Bureaux</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Asia (ODB)</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 5 420      | 80          | 13       | 281         | 132      | 0      | 26        | 14              | 296              | 1         | 5                | 10                    | 77                    | 2           | 17             | 0                 | 5               | 2                      | 0              | 960                  | 914                       | 7 294   | 316                   | -222                 |             |
| 2006-2007  | 6 647      | 88          | 14       | 178         | 215      | 161    | 30        | 25              | 330              | 2         | 12               | 10                    | 99                    | 3           | 0              | 0                 | 30              | 3                      | 0              | 1 200                | 0                         | 7 847   |                       |                      |             |
| <b>Mediterranean, Middle East and Central Asia (ODC)</b>               |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 6 236      | 395         | 22       | 171         | 254      | 184    | 3         | 46              | 163              | 0         | 23               | 34                    | 11                    | 0           | 37             | 0                 | 0               | 0                      | 0              | 1 344                | 0                         | 7 580   | 380                   | -250                 |             |
| 2006-2007  | 7 273      | 290         | 19       | 247         | 116      | 190    | 24        | 22              | 260              | 1         | 28               | 15                    | 82                    | 0           | 0              | 0                 | 5               | 20                     | 0              | 1 318                | 0                         | 8 592   |                       |                      |             |
| <b>Latin America and Caribbean (ODPC)</b>                              |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 4 836      | 366         | 20       | 380         | 342      | 14     | 73        | 63              | 124              | 5         | 38               | 6                     | 194                   | 1           | 93             | 0                 | 3               | 0                      | 1              | 1 724                | 439                       | 7 000   | 335                   | -179                 |             |
| 2006-2007  | 5 602      | 185         | 2        | 285         | 133      | 4      | 58        | 27              | 39               | 4         | 36               | 9                     | 188                   | 1           | 0              | 0                 | 5               | 0                      | 0              | 977                  | 0                         | 6 579   |                       |                      |             |
| <b>Eastern &amp; Central Africa (ODK)</b>                              |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 5 605      | 92          | 2        | 531         | 451      | 303    | 33        | 185             | 272              | 14        | 47               | 57                    | 68                    | 2           | 257            | 0                 | 15              | 56                     | 0              | 2 385                | 119                       | 8 110   | 290                   | -243                 |             |
| 2006-2007  | 7 282      | 20          | 8        | 200         | 85       | 400    | 32        | 40              | 190              | 19        | 31               | 47                    | 35                    | 4           | 0              | 0                 | 23              | 70                     | 0              | 1 204                | 0                         | 8 466   |                       |                      |             |
| <b>West Africa (ODD) - incl ODDY</b>                                   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 8 187      | 179         | 45       | 443         | 247      | 180    | 133       | 135             | 508              | 7         | 93               | 54                    | 243                   | 8           | 133            | 2                 | 4               | 0                      | 0              | 2 413                | 0                         | 10 599  | 468                   | -339                 |             |
| 2006-2007  | 9 979      | 33          | 18       | 483         | 102      | 48     | 122       | 46              | 344              | 17        | 169              | 118                   | 155                   | 12          | 0              | 6                 | 23              | 0                      | 0              | 1 696                | 0                         | 11 674  |                       |                      |             |
| <b>Southern Africa (ODJ)</b>   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 5 887      | 35          | 2        | 468         | 283      | 168    | 0         | 87              | 183              | 1         | 0                | 49                    | 154                   | 1           | 13             | 0                 | 0               | 0                      | 0              | 1 443                | 0                         | 7 330   | 297                   | -259                 |             |
| 2006-2007  | 6 660      | 54          | 2        | 280         | 236      | 426    | 0         | 3               | 85               | 0         | 0                | 45                    | 201                   | 0           | 0              | 0                 | 0               | 0                      | 0              | 1 331                | 0                         | 7 991   |                       |                      |             |
| <b>Subtotal Regional Bureaux</b>                                       |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 36 171     | 1 146       | 104      | 2 274       | 1 709    | 850    | 268       | 530             | 1 546            | 28        | 206              | 210                   | 748                   | 14          | 549            | 2                 | 26              | 58                     | 1              | 10 269               | 1 472                     | 47 913  | 2 085                 | -1 492               | 48 506      |
| 2006-2007  | 43 423     | 671         | 63       | 1 674       | 887      | 1 229  | 266       | 163             | 1 248            | 43        | 276              | 242                   | 760                   | 20          | 0              | 6                 | 86              | 93                     | 0              | 7 726                | 0                         | 51 149  |                       |                      | 51 149      |
| <b>Country offices</b>   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 41 512     | 1 198       | 172      | 2 313       | 604      | 2 454  | 517       | 1 118           | 2 221            | 87        | 283              | 966                   | 1 933                 | 99          | 810            | 0                 | 221             | 127                    | 14             | 15 138               | 2 000                     | 58 651  | 3 710                 | -1 228               | 61 133      |
| 2006-2007  | 40 194     | 0           | 0        | 0           | 0        | 0      | 0         | 0               | 0                | 0         | 0                | 0                     | 30 215                | 0           | 0              | 0                 | 0               | 0                      | 0              | 30 215               | 2 000                     | 72 409  |                       |                      | 72 409      |
| <b>TOTAL PROGRAMME SUPPORT - REGIONAL AND COUNTRY OFFICES</b>          |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 77 683     | 2 344       | 276      | 4 587       | 2 313    | 3 304  | 785       | 1 648           | 3 767            | 115       | 489              | 1 177                 | 2 681                 | 113         | 1 359          | 2                 | 247             | 185                    | 15             | 25 408               | 3 472                     | 106 563 | 5 796                 | -2 721               | 109 638     |
| 2006-2007  | 83 617     | 671         | 63       | 1 674       | 887      | 1 229  | 266       | 163             | 1 248            | 43        | 276              | 242                   | 30 975                | 20          | 0              | 6                 | 86              | 93                     | 0              | 37 941               | 2 000                     | 123 558 |                       |                      | 123 558     |
| <b>B. PROGRAMME SUPPORT - HEADQUARTERS (OPERATIONS DEPARTMENT)</b>     |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Office of the Asst. Executive Director - Operations Dept. (ODO)</b> |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 8 795      | 97          | 32       | 209         | 2        | 0      | 0         | 5               | 52               | 0         | 0                | 5                     | 18                    | 0           | 0              | 0                 | 0               | 0                      | 2              | 423                  | 0                         | 9 219   | 4 732                 | -419                 |             |
| 2006-2007  | 3 732      | 96          | 0        | 322         | 0        | 0      | 0         | 9               | 50               | 0         | 0                | 0                     | 0                     | 5           | 0              | 0                 | 0               | 0                      | 0              | 482                  | 0                         | 4 214   |                       |                      |             |
| <b>Programme Management Division (ODM)</b>                             |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 1 630      | 1 170       | 10       | 634         | 218      | 0      | 0         | 6               | 76               | 0         | 0                | 0                     | 0                     | 0           | 62             | 0                 | 0               | 0                      | 0              | 2 177                | 0                         | 3 807   | 877                   | -78                  |             |
| 2006-2007  | 5 743      | 118         | 18       | 803         | 225      | 0      | 0         | 24              | 40               | 0         | 0                | 0                     | 5                     | 0           | 0              | 0                 | 0               | 0                      | 0              | 1 233                | 0                         | 6 977   |                       |                      |             |
| <b>Analysis Assessment &amp; Preparedness Division (ODA)</b>           |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 0          | 988         | 3        | 344         | 49       | 0      | 0         | 18              | 71               | 0         | 0                | 0                     | 24                    | 0           | 22             | 0                 | 0               | 0                      | 5              | 1 525                | 0                         | 1 525   |                       |                      |             |
| 2006-2007  | 5 027      | 430         | 6        | 312         | 52       | 0      | 0         | 28              | 61               | 0         | 0                | 0                     | 28                    | 0           | 0              | 0                 | 0               | 12                     | 2              | 931                  | 0                         | 5 958   |                       |                      |             |
| <b>Transport &amp; Procurement Division (ODT)</b>                      |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 11 901     | 179         | 16       | 393         | 35       | 0      | 0         | 47              | 363              | 0         | 0                | 0                     | 0                     | 8           | 72             | 0                 | 0               | 0                      | 0              | 1 113                | 0                         | 13 014  | 6 402                 | -567                 |             |
| 2006-2007  | 19 633     | 95          | 31       | 386         | 20       | 0      | 0         | 33              | 236              | 0         | 0                | 0                     | 6                     | 0           | 0              | 0                 | 0               | 0                      | 0              | 808                  | 0                         | 20 441  |                       |                      |             |
| <b>TOTAL PROGRAMME SUPPORT - HEADQUARTERS (OPERATIONS DEPARTMENT)</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 22 326     | 2 435       | 61       | 1 580       | 304      | 0      | 0         | 77              | 563              | 0         | 0                | 5                     | 42                    | 8           | 157            | 0                 | 0               | 0                      | 7              | 5 239                | 1 307                     | 28 872  | 12 011                | -1 064               | 39 818      |
| 2006-2007  | 34 136     | 740         | 55       | 1 823       | 297      | 0      | 0         | 94              | 387              | 0         | 0                | 0                     | 39                    | 5           | 0              | 0                 | 0               | 12                     | 2              | 3 454                | 0                         | 37 590  |                       |                      | 37 590      |
| <b>C. MANAGEMENT &amp; ADMINISTRATION</b>                              |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Management</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Office of the Executive Director (OED)</b>                          |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 2 507      | 529         | 135      | 1 159       | 61       | 0      | 0         | 12              | 144              | 0         | 8                | 0                     | 39                    | 51          | 44             | 0                 | 0               | 0                      | 0              | 2 182                | 3 817                     | 8 506   | 1 349                 | -120                 |             |
| 2006-2007  | 6 525      | 185         | 150      | 1 169       | 154      | 0      | 0         | 15              | 205              | 0         | 0                | 0                     | 308                   | 60          | 0              | 0                 | 0               | 0                      | 0              | 2 247                | 0                         | 8 772   |                       |                      |             |
| <b>Office of Budget (OEDB)</b>   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 2 131      | 45          | 15       | 83          | 71       | 0      | 0         | 9               | 22               | 0         | 0                | 0                     | 0                     | 0           | 8              | 0                 | 0               | 0                      | 0              | 252                  | 0                         | 2 383   | 1 146                 | -102                 |             |
| 2006-2007  | 2 666      | 36          | 6        | 95          | 33       | 0      | 0         | 0               | 17               | 0         | 0                | 0                     | 0                     | 0           | 0              | 0                 | 0               | 0                      | 0              | 188                  | 0                         | 3 054   |                       |                      |             |
| <b>Legal Division (LEG)</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 1 422      | 25          | 0        | 79          | 2        | 0      | 0         | 2               | 34               | 300       | 0                | 0                     | 515                   | 0           | 0              | 0                 | 0               | 0                      | 0              | 959                  | 0                         | 2 380   | 765                   | -68                  |             |
| 2006-2007  | 5 053      | 225         | 4        | 216         | 10       | 0      | 0         | 4               | 100              | 0         | 0                | 0                     | 310                   | 2           | 0              | 0                 | 0               | 0                      | 0              | 871                  | 0                         | 5 924   |                       |                      |             |



Table C: PSA budget organizational unit and by appropriation line, 2004-2005 and 2006-2007 (in thousand US\$)

|  | Staff Cost | Consultancy | Overtime | Duty Travel | Training | Rental | Utilities | Office Supplies | Comm/IT Services | Insurance | Equipment Repair | Vehicle Running Costs | Other Office Expenses | Hospitality | TCIT Equipment | Services from FAO | UN Org Services | Contribution UN bodies | Governing Body | Total Non-Staff Cost | 2004-2005 New Initiatives | TOTAL   | PSA Exchange Variance | Projected Carry-over | GRAND TOTAL |
|--|------------|-------------|----------|-------------|----------|--------|-----------|-----------------|------------------|-----------|------------------|-----------------------|-----------------------|-------------|----------------|-------------------|-----------------|------------------------|----------------|----------------------|---------------------------|---------|-----------------------|----------------------|-------------|
| <b>Inspector General &amp; Oversight Services Division (OSD)</b>       |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 3 967      | 176         | 0        | 677         | 41       | 0      | 0         | 2               | 91               | 0         | 5                | 0                     | 2                     | 31          | 0              | 0                 | 0               | 0                      | 0              | 1 026                | 594                       | 5 586   | 2 134                 | -189                 |             |
| 2006-2007  | 6 195      | 395         | 7        | 1 065       | 159      | 0      | 0         | 32              | 119              | 0         | 0                | 0                     | 33                    | 0           | 0              | 0                 | 0               | 0                      | 0              | 1 811                | 0                         | 8 006   |                       |                      |             |
| <b>Fundraising &amp; Communications Dept (FD)</b>                      |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 17 996     | 4 419       | 45       | 2 131       | 465      | 490    | 44        | 1 086           | 998              | 4         | 1                | 4                     | 552                   | 64          | 422            | 100               | 7               | 353                    | 28             | 11 214               | 1 076                     | 30 286  | 9 616                 | -852                 |             |
| 2006-2007  | 28 932     | 2 194       | 95       | 1 895       | 73       | 1 149  | 103       | 2 481           | 672              | 41        | 29               | 38                    | 774                   | 108         |                | 115               | 0               | 876                    | 12             | 10 653               | 0                         | 39 585  |                       |                      |             |
| <b>Policy &amp; External Affairs Dept (PD)</b>                         |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 16 151     | 5 472       | 161      | 2 098       | 1 970    | 304    | 9         | 698             | 385              | 0         | 12               | 37                    | 194                   | 56          | 355            | 0                 | 0               | 298                    | 205            | 1 879                | 14 132                    | 2 076   | 32 360                | 8 689                | -770        |
| 2006-2007  | 25 577     | 3 183       | 163      | 2 560       | 936      | 892    | 14        | 526             | 451              | 0         | 19               | 21                    | 113                   | 76          | 0              | 0                 | 100             | 116                    | 2 343          | 11 513               | 0                         | 37 090  |                       |                      |             |
| <b>Results-Based Management Division (OEDR)</b>                        |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 2 848      | 1 955       | 1        | 368         | 31       | 8      | 0         | 5               | 34               | 0         | 0                | 0                     | 0                     | 0           | 34             | 0                 | 0               | 25                     | 9              | 2 472                | 0                         | 5 320   | 1 532                 | -136                 |             |
| 2006-2007  | 2 833      | 1 946       | 0        | 360         | 30       | 0      | 0         | 3               | 12               | 0         | 0                | 0                     | 3                     | 0           | 0              | 0                 | 40              | 6                      | 0              | 2 399                | 0                         | 5 232   |                       |                      |             |
| <b>Subtotal Management</b>   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 47 022     | 12 620      | 358      | 6 595       | 2 641    | 802    | 53        | 1 814           | 1 708            | 304       | 27               | 42                    | 1 303                 | 203         | 863            | 100               | 306             | 583                    | 1 916          | 32 237               | 7 563                     | 86 821  | 25 231                | -2 236               | 109 816     |
| 2006-2007  | 77 981     | 8 163       | 425      | 7 360       | 1 395    | 2 042  | 116       | 3 061           | 1 576            | 41        | 48               | 60                    | 1 541                 | 247         | 0              | 115               | 140             | 998                    | 2 355          | 29 682               | 0                         | 107 663 |                       |                      | 107 663     |
| <b>Administration</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| <b>Office of the Assistant Executive Director Administration (ADD)</b> |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 378        | 131         | 2        | 46          | 0        | 0      | 0         | 0               | 2                | 0         | 0                | 2                     | 0                     | 6           | 0              | 0                 | 1               | 0                      | 0              | 191                  | 0                         | 569     | 203                   | -18                  |             |
| 2006-2007  | 694        | 39          | 0        | 13          | 0        | 0      | 0         | 0               | 0                | 0         | 0                | 0                     | 0                     | 0           | 0              | 0                 | 0               | 0                      | 0              | 52                   | 0                         | 746     |                       |                      |             |
| <b>Finance Division (ADF)</b>  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 7 745      | 138         | 34       | 106         | 8        | 0      | 0         | 2               | 17               | 0         | 2                | 0                     | 0                     | 1           | 4              | 0                 | 0               | 0                      | 0              | 312                  | 234                       | 8 291   | 4 166                 | -369                 |             |
| 2006-2007  | 12 055     | 150         | 101      | 174         | 57       | 0      | 0         | 6               | 60               | 0         | 3                | 0                     | 23                    | 2           | 0              | 20                | 0               | 0                      | 0              | 594                  | 0                         | 12 649  |                       |                      |             |
| <b>Information &amp; Communication Technology Division (ADI)</b>       |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 15 145     | 2 921       | 42       | 876         | 374      | 0      | 27        | 158             | 8 328            | 0         | 0                | 0                     | 15                    | 0           | 759            | 0                 | 0               | 0                      | 0              | 13 500               | 2 200                     | 30 845  | 8 086                 | -716                 |             |
| 2006-2007  | 18 259     | 2 309       | 24       | 1 154       | 1 258    | 0      | 30        | 0               | 8 011            | 0         | 0                | 0                     | 0                     | 0           | 0              | 0                 | 4 742           | 0                      | 0              | 17 528               | 0                         | 35 787  |                       |                      |             |
| <b>Human Resources Division (ADH)</b>                                  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 11 782     | 2 613       | 29       | 719         | 3 173    | 0      | 11        | 7               | 218              | 0         | 4                | 0                     | 51                    | 1           | 93             | 607               | 34              | 0                      | 3              | 7 563                | 4 452                     | 23 798  | 6 339                 | -562                 |             |
| 2006-2007  | 16 623     | 1 420       | 107      | 839         | 2 962    | 0      | 0         | 88              | 250              | 0         | 3                | 0                     | 133                   | 2           | 0              | 1 129             | 230             | 25                     | 0              | 7 188                | 0                         | 23 811  |                       |                      |             |
| <b>Management Services Division (ADM)</b>                              |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 6 592      | 787         | 253      | 367         | 82       | 104    | 1 413     | 1 130           | 2 143            | 135       | 2 922            | 328                   | 204                   | 3           | 57             | 275               | 0               | 0                      | 0              | 10 203               | 2 757                     | 19 552  | 4 646                 | -314                 |             |
| 2006-2007  | 9 662      | 760         | 388      | 423         | 153      | 0      | 1 768     | 468             | 945              | 0         | 3 960            | 323                   | 626                   | 1           | 0              | 555               | 0               | 0                      | 0              | 10 370               | 0                         | 20 032  |                       |                      |             |
| <b>Subtotal Administration</b>   |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 41 642     | 6 590       | 361      | 2 114       | 3 638    | 104    | 1 451     | 1 298           | 10 707           | 135       | 2 928            | 330                   | 270                   | 11          | 913            | 882               | 36              | 0                      | 3              | 31 770               | 9 642                     | 83 054  | 23 440                | -1 979               | 104 514     |
| 2006-2007  | 57 294     | 4 677       | 619      | 2 603       | 4 429    | 0      | 1 798     | 562             | 9 266            | 0         | 3 966            | 323                   | 782                   | 5           | 0              | 1 704             | 4 972           | 25                     | 0              | 35 732               | 0                         | 93 026  |                       |                      | 93 026      |
| <b>TOTAL MANAGEMENT &amp; ADMINISTRATION</b>                           |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 88 663     | 19 210      | 719      | 8 709       | 6 279    | 905    | 1 504     | 3 112           | 12 415           | 438       | 2 955            | 372                   | 1 573                 | 214         | 1 776          | 982               | 341             | 583                    | 1 919          | 64 007               | 17 205                    | 169 875 | 48 670                | -4 215               | 214 330     |
| 2006-2007  | 135 275    | 12 841      | 1 045    | 9 963       | 5 824    | 2 042  | 1 914     | 3 623           | 10 842           | 41        | 4 014            | 383                   | 2 323                 | 251         | 0              | 1 819             | 5 112           | 1 023                  | 2 355          | 65 414               | 0                         | 200 689 |                       |                      | 200 689     |
| <b>Central Appropriations 2006-07</b>                                  |            |             |          |             |          |        |           |                 |                  |           |                  |                       |                       |             |                |                   |                 |                        |                |                      |                           |         |                       |                      |             |
| 2004-2005  | 188 672    | 23 989      | 1 056    | 14 875      | 8 897    | 4 209  | 2 289     | 4 837           | 16 745           | 553       | 3 444            | 1 553                 | 4 296                 | 335         | 3 292          | 984               | 589             | 769                    | 1 941          | 94 653               | 21 984                    | 305 310 | 66 477                | -8 000               | 363 787     |
| 2006-2007  | 253 028    | 14 251      | 1 163    | 13 460      | 7 008    | 3 271  | 2 181     | 3 880           | 12 478           | 85        | 4 289            | 625                   | 33 336                | 276         | 0              | 1 825             | 5 198           | 1 128                  | 2 357          | 112 479              | 2 000                     | 367 507 |                       |                      | 367 507     |



**ANNEX III****EVALUATION WORK PLAN FOR 2006–2007****Introduction**

1. Pursuant to decisions made at EB.A/2003, this annex to the Biennial Management Plan presents the biennial work plan and associated budget for OEDE for the 2006–2007 biennium.
2. Following internal discussions regarding the activities to evaluate in the 2006–2007 biennium, discussions were held with Board members at the first annual informal consultation on evaluation in May 2005. Members regarded thematic evaluations and evaluations of emergency assistance, including real-time evaluations, as being of particular value in addition to evaluations of the major relief operations. These views are reflected in the proposed work plan.
3. The biennial output statements of OEDE, as contained in the 2006–2007 PSA budget proposal, are as follows:
  - to provide an independent evaluation service to WFP’s Board, senior management and staff;
  - to support WFP’s move towards becoming a better learning organization, using evaluations, studies and reviews to improve programmes and organizational functions; and
  - to support regional bureaux and country offices in planning, organization and management of decentralized evaluations.

**OEDE’s 2004–2005 Work Plan**

4. As explained in the document “WFP’s Evaluation Policy”,<sup>15</sup> there are now three main evaluation exercises: (i) self-evaluations by country offices, possibly using a consultant as facilitator, (ii) evaluations managed by country offices or regional bureaux, using consultants and (iii) evaluations managed by OEDE.
5. For 2004–2005, 64 field-based evaluations were envisaged, of which 18 would be managed by OEDE, 17 by the regional bureaux and 11 by country offices; there would also be 18 self-evaluations. It is clear at this stage that there has been slippage in the implementation of most decentralized evaluations managed by regional bureaux and country offices, partly because the culture of undertaking decentralized evaluations is not yet well established in WFP and because the original planning was too ambitious.
6. With regard to OEDE’s own evaluation plans for 2004–2005, 14 field-based evaluations have been undertaken to date or are being undertaken, including a real-time evaluation (RTE) of the tsunami response, which is WFP’s second RTE. A synthesis of the main findings of some of these evaluations, in particular those completed in 2004, will be found in OEDE’s Annual Report, published in 2005.
7. During 2005, OEDE is finalising important thematic evaluations, all based on multiple-country case studies, including (i) targeting in relief operations, (ii) a review of pilot

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<sup>15</sup> WFP/EB.3/2003/4-C.



projects regarding handing over food distribution from UNHCR to WFP in selected WFP/UNHCR refugee operations and (iii) WFP's nutrition interventions. OEDE has completed a review of the UNJLC core unit, which is hosted by WFP, and has prepared a synthesis report of all the UNJLC reviews to date, which should help to guide decision-making on the future of UNJLCs.<sup>16</sup> The WFP/UNHCR evaluation and the UNJLC evaluation were undertaken as joint exercises with UNHCR, UNICEF and Office for the Coordination of Humanitarian Affairs (OCHA).

8. Three other reviews or studies were undertaken or facilitated by OEDE: (i) a review of its first experience with an RTE, in southern Africa, which was intended primarily as a learning/internal evaluation improvement exercise, (ii) a study of corporate follow-up to OEDE evaluation recommendations made in 2000–2002 and (iii) a review of protection issues in the West Africa region.
9. OEDE also assisted the Department for International Development (DFID) in evaluating its first four-year institutional strengthening partnership (ISP) grant to WFP, and provided consultant technical support for OCHA in its first RTE, which evaluated the inter-agency response to the Darfur crisis.
10. During the biennium, the Director of OEDE continued to be a member of the steering committee of the external evaluation of WFP's Enabling Development policy, the report of which has now been finalized. OEDE participated in the United Nations Evaluation Group (UNEG) and co-hosted with IFAD and FAO UNEG's annual meeting in Rome in May 2005, which for the first time gave ample attention to the evaluation of humanitarian assistance. OEDE has been nominated by UNEG to co-chair the task-group on Quality Stamp.

### **Evaluations to be undertaken by OEDE during the 2006–2007 biennium**

11. As recommended during the annual informal consultation on evaluation on 19 May 2005 OEDE will concentrate on thematic, policy and other corporate issues and on evaluations of some of the largest field operations.
12. It has been good practice that all reports of evaluation undertaken by OEDE will be presented by the Board for consideration; for reasons of transparency and accountability, this practice will be continued. The maximum number of OEDE evaluation reports to be presented to the Board will not exceed 12 per year, an average of four reports per session, to which should be added the annual evaluation report. This corresponds with a workload of two evaluations per year per OEDE staff member. The work plan presented below can only be implemented under optimal circumstances and assuming all positions are filled. The 24 evaluations include 7 thematic evaluations and 17 evaluations of field operations.

### **Thematic evaluations**

13. OEDE has identified seven thematic evaluations as follows:
  - i) a review of the impact of evaluation recommendations, which will be an important input into the external peer review planned for 2007;
  - ii) an evaluation of emergency needs assessment (ENA), including the Strengthening Emergency Needs Assessment Capacity (SENAC) initiative managed by ODAN;

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<sup>16</sup> A stakeholders' workshop to review the synthesis report and discuss the 20 main recommendations was held in Rome on 21–22 April 2005.



- iii) a meta-evaluation of EMOPs to identify recurrent lessons from recent OEDE and decentralized evaluations;
- iv) an evaluation of WFP's experience with HIV/AIDS interventions, to date, to be undertaken jointly with partners including Switzerland;
- v) an end-of-term evaluation of ECW, guiding future gender policy;
- vi) an evaluation of the role of school feeding in emergency contexts; and
- vii) an evaluation of recent experience of WFP assistance to livelihoods under corporate Strategic Priority 2, particularly in recovery and relief operations.

For most of the above, the intention is to identify eminent outsiders for purposes of peer review.

### **Project evaluations**

14. OEDE is planning to undertake 17 field operations. In consultation with regional bureaux, the following 15 have been identified:
  - i) six emergency EMOPs, including the long-running EMOPs in the DPRK and Southern Sudan, two more recent EMOPs in Darfur/western Sudan and Niger, and two RTEs not yet specified; preparatory work for the Niger evaluation started in September 2005;
  - ii) eight PRROs including in Indonesia, Algeria, the occupied Palestinian Territory, Tajikistan, southern Africa, Ethiopia 10362.0, Colombia and Haiti; and
  - iii) three country programmes – India, Sierra Leone and Kenya.

### **Annual Evaluation Report 2005**

15. Following preparation of the first annual evaluation report during 2004, the annual evaluation report 2005 will be submitted to the annual informal consultation on evaluation planned for May 2006.

### **OEDE Support to Corporate Guidance and Learning**

16. OEDE will continue to support regional bureaux and country offices in managing decentralized evaluations by assigning responsibility for regional focal points to OEDE evaluation officers. This will involve normative guidance, advice on terms of reference and access to information on experienced evaluation consultants through the electronic consultants list monitored by OEDE.
17. OEDE has continued to support OEDP in corporate work on the Common Monitoring and Evaluation Approach (CMEA initiative). OD has now taken over responsibility for the corporate roll-out of M&E training, following OEDE's involvement in the pilot phase.
18. OEDE has also worked with the *PASS<sub>it on</sub>* initiative being developed by PDP to enhance corporate learning and sharing of lessons. In particular, OEDE has been examining with PDP staff how the new after-action review (ARR) approach may complement or possibly replace field self-evaluations. The ARR was field tested recently by a joint PDP/OEDE team in Georgia and Eritrea; on the basis of the results, the existing M&E module on self-evaluation will be reviewed.
19. More systematic follow-up to evaluation recommendations is planned through development of a web-based application for posting, tracking and reporting on



recommendations. OEDE will also attempt to track how evaluation recommendations are taken into account in the design of subsequent phases of operations through review of documents submitted to the Projects Review Committee; this review will be part of the work undertaken by the thematic evaluation on the impact of evaluation recommendations.

20. Attention will also be given to strengthening capacity to disseminate evaluation results. The present Evaluation Memory System (EMS) is being reconfigured to allow recommendations and lessons learned in Board summary evaluation reports to be separated. An internal M&E web-site facilitates access to summary report and full evaluation reports and to other normative guidance related to evaluation.
21. In line with common good practice, preparatory work has been finalized for an OEDE/evaluation page on the external WFP web-site containing policy papers, programmes of work, Board evaluation reports and as full reports, food aid/food security evaluations undertaken by other agencies, general state-of-the-art developments and other information. Links are provided with external evaluation websites of United Nations agencies, evaluation networks and government evaluation websites. The external OEDE website should be accessible well before EB.2/2005.
22. Dissemination of lessons from evaluations is expected to assume increased importance in the coming biennium. OEDE will prepare evaluation briefs summarizing major findings and lessons learned from individual evaluations; these are intended for wide circulation in WFP and to partners and governments and can be accessed through the internal and external OEDE websites.
23. OEDE will continue to participate in UNEG and is co-chairing the task group on Quality Stamp which has been tasked to monitor the performance of United Nations agencies relative to the recent UNEG-approved norms and standards for evaluation in the United Nations system. OEDE is expected to take part in external peer reviews of evaluation functions in UNDP and UNCEF undertaken at the request of these agencies under the auspices of the OECD/DAC Evaluation Network.

### **OEDE Budget**

24. The OEDE 2006–2007 budget of US\$5.2 million is composed of two elements: staff costs at US\$2.8 million and non-staff costs at US\$2.4 million.

### **Staff Costs**

25. The staffing of OEDE shown in the table below is one of zero growth in real terms, with the same number of positions and grades as in the current budget. The staff budget shows an increase from US\$2 million over 2004–2005 to US\$2.8 million for 2006–2007 because of much increased staff pro-forma costs.



| TYPE/GRADE               | STAFF COUNT |
|--------------------------|-------------|
| D-1                      | 1           |
| P-5                      | 1           |
| P-4 <sup>17</sup>        | 2           |
| JPO                      | 4           |
| G-6                      | 1           |
| G-5 <sup>18</sup>        | 2           |
| G-4                      | 1           |
| <b>TOTAL STAFF COUNT</b> | <b>12</b>   |

### Non-Staff Costs

26. Non-staff costs cover the direct expenditure of carrying out evaluations and other activities identified in the work plan, including hiring consultants and evaluation-specific travel costs of consultants and OEDE staff. Other costs include operating costs for OEDE such as equipment, communications, training, participation in non-project-specific evaluation meetings and steering committees and contributions to professional networks such as ALNAP and UNEG, but excluding WFP contributions to joint evaluations undertaken by other agencies.
27. The average cost of a thematic evaluation was US\$150,000, in some cases less. Average expenditure for a project-specific operation was US\$90,000, but not for all. Other costs are budgeted at US\$100,000, in line with expenditure over the current biennium. The non-staff budget has remained unchanged in terms of US dollars.

<sup>17</sup> At the time of writing, two P-4 posts are vacant as a result of internal reassignment.

<sup>18</sup> One G-5 post, the one for a research assistance, is temporarily frozen.



**REGIONAL EVALUATIONS FOR 2006–2007, INCLUDING SELF EVALUATIONS AND EVALUATIONS MANAGED BY OEDE,  
REGIONAL BUREAUX AND COUNTRY OFFICES**

| Region       | OEDE  | Regional bureau  | Country office   | Self-evaluation  |
|--------------|---|--|--|--|
| ODB          | DPRK EMOP<br>India CP<br>Indonesia PRRO   | Cambodia PRRO<br>Nepal PRRO<br>Myanmar EMOP<br>Sri Lanka CP<br>Sri Lanka PRRO      | East Timor<br>Lao DEV<br>Lao PRRO<br>Nepal CP  |  |
| ODC          | Algeria PRRO<br>Occupied Palestinian Territory PRRO<br>Tajikistan PRRO                  | Syria DEV  | Azerbaijan PRRO<br>Pakistan CP   |  |
| ODD          | Niger EMOP<br>Sierra Leone CP   |  | Cape Verde DEV<br>Mauritania CP<br>Niger CP<br>Senegal PRRO<br>Cote d'Ivoire regional PRRO | Benin DEV<br>Central African Republic DEV<br>Mauritania PRRO |
| ODJ          | Southern Africa regional PRRO   | Lesotho  |  | Malawi   |
| ODK          | Ethiopia PRRO (10362.0)<br>Kenya CP<br>Sudan/Darfur EMOP<br>Southern Sudan EMOP or PRRO | Eritrea PRRO<br>Congo PRRO<br>Ethiopia PRRO (10127.1)<br>Kenya PRRO<br>Uganda PRRO |  |  |
| ODPC         | Colombia PRRO<br>Haiti PRRO   | Cuba   | El Salvador  |  |
| <b>Total</b> | <b>15 (plus two RTEs = 17).</b>   |  |  |  |

OEDE plans to manage 15 field evaluations in 2006–2007, plus two RTEs yet to be identified to a region or country because they will be new EMOPs. OEDE will manage seven thematic evaluations or reviews during the biennium, bringing the total to 24 evaluations.





**ANNEX IV****BUDGET METHODOLOGY****Operational Budget**

1. In developing the Management Plan (2006–2007), country offices and representatives from the regional bureaux and Headquarters estimated food aid requirements for the biennium in terms of programme category and appropriation line to arrive at the operational budget. This involved programme and finance officers from country offices. The proposed operational budgets were then reviewed and signed off at senior level in OD.
2. Country Offices indicated the activity types that the projected requirements would support.

**Staff Costs**

3. WFP has analyzed actual costs versus the standard rates applied for 2004 using information on staff-related expenditures extracted from WINGS. The analysis included all staff on the WFP payroll and was carried out in a way that reflected funding sources. This analysis is the basis for establishing standard rates for the coming biennium.
4. The calculations take into account all payroll costs incurred by WFP in terms of grade, salary, post adjustment and rental subsidy, and include all entitlements paid outside the payroll such as assignment grants, repatriation grants and removal of household effects.
5. Proposed new staff rates have been developed on the basis of actual payouts for 2004 and hence using a weighted average of the first 12 months, including exchange rates and cost/salary increases over the period. The average €/US\$ exchange rate for 2004 was €1=US\$1.25. For the development of Standard Position Rates for 2006–2007, WFP has used a conservative estimate of €1=US\$1.30. This conservative approach is based on data from the Economist Intelligence Unit.
6. Staff cost increases for the coming biennium are estimated at 3 percent including estimated inflation, which would impact post adjustments, and expected salary-scale increases.
7. National staff in country offices are not budgeted at standard rates. WFP has not undertaken a full analysis of expected cost increases in all the countries in which it operates, many of which have unstable economies that make prediction difficult; such an analysis would require extensive work. WFP's conservative global cost-increase estimate for national staff is 3 percent.
8. At the beginning of 2006, WFP will complete the full analysis of standard rates for 2004–2005 versus actual costs.

**Lapse Factor**

9. 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. The lapse rate for 2004–2005 is expected to increase as a result of the large number of proposed additional posts, not all of which will be filled at the beginning of the biennium.
10. A lapse factor of 7 percent was applied in 2004–2005 for professional staff posts at Headquarters; 10 percent was applied for general-service posts at Headquarters.



11. No lapse factor has been applied to the cost estimates, because standard costs are based on actual costs; the lapse factor is thus implicitly calculated.
12. WFP has made more active use of savings from vacant positions during the current biennium. Implementation of WINGS has given WFP a tool for constant monitoring of savings from vacant positions, which have been used to support initiatives and unbudgeted.
13. WFP intends to continue this active use of savings under the new Management Plan. Savings can also be used to offset unexpected cost increases or low income levels.

### Exchange Rate Effects

14. The Management Plan is developed using US dollars, so exchange rates with other currencies can have a major impact on the budget. Exchange-rate information is drawn from the Economist Intelligence Unit and analysis of exchange rates in 2005. The budget has been cast using an exchange rate of €1=US\$1.30.

### Approved Projects and Logical Extensions

15. The operational component of the Management Plan is based on the projects, shown in the table below, which have either been approved in 2005 or are foreseen logical extensions of approved projects.

| <b>NUMBER OF PROJECTS, BY REGION AND PROGRAMME CATEGORY, 2006–2007</b> |            |            |            |            |            |             |              |
|--|------------|------------|------------|------------|------------|-------------|--------------|
|  | <b>ODB</b> | <b>ODC</b> | <b>ODD</b> | <b>ODJ</b> | <b>ODK</b> | <b>ODPC</b> | <b>TOTAL</b> |
| <b>Number of approved projects</b>                                     |            |            |            |            |            |             |              |
| DEV  | 9          | 8          | 19         | 9          | 11         | 12          | <b>68</b>    |
| EMOP   | 2          | 2          | 2          | 0          | 2          | 1           | <b>9</b>     |
| PRRO   | 9          | 11         | 9          | 5          | 13         | 8           | <b>55</b>    |
| SO   | 1          | 1          | 5          | 2          | 8          | 1           | <b>18</b>    |
| Bilaterals   | 4          | 0          | 1          | 0          | 0          | 0           | <b>5</b>     |
| <b>Total approved programmes</b>                                       | <b>25</b>  | <b>22</b>  | <b>36</b>  | <b>16</b>  | <b>34</b>  | <b>22</b>   | <b>155</b>   |
| <b>Number logical extensions</b>                                       |            |            |            |            |            |             |              |
| DEV  | 2          | 1          | 0          | 0          | 0          | 2           | <b>5</b>     |
| EMOP   | 1          | 1          | 1          | 0          | 1          | 0           | <b>4</b>     |
| PRRO   | 4          | 4          | 0          | 0          | 6          | 1           | <b>15</b>    |
| SO   | 0          | 0          | 2          | 0          | 0          | 0           | <b>2</b>     |
| Bilaterals   |            |            |            |            |            |             | <b>0</b>     |
| <b>Total projects for logical extensions</b>                           | <b>7</b>   | <b>6</b>   | <b>3</b>   | <b>0</b>   | <b>7</b>   | <b>3</b>    | <b>26</b>    |
| <b>Total no. of projects</b>   | <b>32</b>  | <b>28</b>  | <b>39</b>  | <b>16</b>  | <b>41</b>  | <b>25</b>   | <b>181</b>   |



## APPROVED PROGRAMMES

16. The table below gives details of the approved programmes amounting to 8.12 million mt, valued at US\$4.306 billion, by region and programme category.

| <b>APPROVED PROGRAMME BY REGION AND PROGRAMME CATEGORY 2006–2007</b> |              |            |            |              |              |             |              |
|--|--------------|------------|------------|--------------|--------------|-------------|--------------|
|  | <b>ODB</b>   | <b>ODC</b> | <b>ODD</b> | <b>ODJ</b>   | <b>ODK*</b>  | <b>ODPC</b> | <b>TOTAL</b> |
| <b>Volume of operations (thousand mt)</b>                            |              |            |            |              |              |             |              |
| DEV  | 359          | 190        | 237        | 172          | 379          | 133         | <b>1 470</b> |
| EMOP   | 1 232        | 51         | 50         |              | 672          |             | <b>2 005</b> |
| PRRO   | 371          | 632        | 310        | 873          | 2 012        | 192         | <b>4 390</b> |
| Bilateral  | 252          |            | 1          |              |              |             | <b>253</b>   |
| <b>TOTAL</b>   | <b>2 214</b> | <b>873</b> | <b>598</b> | <b>1 045</b> | <b>3 063</b> | <b>325</b>  | <b>8 118</b> |
| <b>Value of operations (US\$ million)</b>                            |              |            |            |              |              |             |              |
| DEV  | 103          | 93         | 133        | 91           | 159          | 61          | <b>639</b>   |
| EMOP   | 438          | 28         | 39         |              | 558          |             | <b>1 063</b> |
| PRRO   | 134          | 361        | 189        | 436          | 1 021        | 103         | <b>2 243</b> |
| SO   | 12           | 18         | 16         | 11           | 249          |             | <b>306</b>   |
| Bilateral  | 53           |            | 2          |              |              |             | <b>55</b>    |
| <b>TOTAL</b>   | <b>740</b>   | <b>499</b> | <b>379</b> | <b>538</b>   | <b>1 987</b> | <b>164</b>  | <b>4 306</b> |

\* In ODK, Sudan accounts for 942 thousand mt (31 percent) and US\$992 million (50 percent).

## LOGICAL EXTENSIONS

17. Logical extensions have been defined as projects that are likely to be approved after 31 December 2005. They amount to 1.40 million mt, valued at US\$828 million. The breakdown by region and programme category is provided in the table below.



| <b>LOGICAL EXTENSION BY REGION AND PROGRAMME CATEGORY, 2006–2007</b> |            |            |            |            |              |             |              |
|--|------------|------------|------------|------------|--------------|-------------|--------------|
|  | <b>ODB</b> | <b>ODC</b> | <b>ODD</b> | <b>ODJ</b> | <b>ODK*</b>  | <b>ODPC</b> | <b>TOTAL</b> |
| <b>Volume of operations (thousand mt)</b>                            |            |            |            |            |              |             |              |
| DEV  | 8          | 4          |            |            |              | 7           | <b>19</b>    |
| EMOP   | 35         | 39         | 46         |            | 350          |             | <b>470</b>   |
| PRRO   | 78         | 114        |            |            | 706          | 16          | <b>914</b>   |
| Bilateral  |            |            |            |            |              |             | <b>0</b>     |
| <b>TOTAL</b>   | <b>121</b> | <b>157</b> | <b>46</b>  | <b>0</b>   | <b>1 056</b> | <b>23</b>   | <b>1 403</b> |
| <b>Value of operations (US\$ million)</b>                            |            |            |            |            |              |             |              |
| DEV  | 4          | 1          |            |            |              | 7           | <b>11</b>    |
| EMOP   | 9          | 19         | 36         |            | 289          |             | <b>354</b>   |
| PRRO   | 25         | 51         |            |            | 371          | 11          | <b>457</b>   |
| SO   |            |            | 6          |            |              |             | <b>6</b>     |
| Bilateral  |            |            |            |            |              |             | <b>0</b>     |
| <b>TOTAL</b>   | <b>38</b>  | <b>71</b>  | <b>42</b>  | <b>0</b>   | <b>660</b>   | <b>17</b>   | <b>828</b>   |

\*In ODK, Sudan accounts for 350 thousand mt (33 percent) and US\$289 million (27percent).

## ROUNDING

18. In some tables, totals do not add up as a result of rounding.

## OTHER

19. All monetary values are in United States dollars, unless otherwise stated. All quantities of food commodities are in metric tons unless otherwise stated. One billion equals one thousand million.



## ANNEX V

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### TERMINOLOGY

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

Descriptions of the programme activity type that WFP will support to meet beneficiary needs are also provide in this annex. For easy reference, they are grouped together at the end.

#### **Account**

A formal record of an asset, liability, revenue or expense for which the effects of transactions are indicated in terms of money or other unit of measurement.

#### **Allotment**

A financial authorization issued by the Executive Director 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 Board for specified purposes in the programme support and administrative budget for a financial period, against which obligations up to the amount approved may be incurred for those purposes.

#### **Appropriation line**

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

#### **Bilateral contribution**

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

#### **Board**

The Executive Board of WFP and its predecessors.

#### **Broad-based appeal**

An appeal made by WFP or by WFP jointly with other funds, programmes or agencies for a regional project or for a number of separate country programmes, projects or activities.

#### **Capacity-building**

Capacity-building encompasses a range of non-food activities that stimulate a learning process among individuals, organizations, or within a society to improve the ability of a country or a region to respond to and reduce hunger. WFP's capacity-building activities share WFP's expertise and methods to identify hunger needs, to develop strategies to reduce hunger and to carry out food-based programs and to measure impact. *Examples of activities are:*



Counterpart training, exchange visits; technical advice, secondment of staff, guidelines and manuals; counterpart involvement in WFP processes and surveys; workshops and consultations; information sharing and support to networks, support to community organization and decision-making, support to local government and civil society organizations, support to public awareness campaigns and resource mobilization strategies

### **Contributions**

A donation of appropriate commodities, non-food items, acceptable services or cash made in accordance with procedures set out in WFP's Financial Regulations. A contribution may be multilateral, directed multilateral or bilateral.

### **Country programme**

A country programme approved by the Board in accordance with General Regulation VI.2 (c).

### **Descriptions of programme activities**

Programme activity types are listed in order from the largest portion of the 2006 – 2007 operational budget consumed (by General Food Distribution) to the smallest portion (by Emergency Preparedness and Response).

### **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 that would not be incurred were that activity to cease.

### **Emergency infrastructure rehabilitation**

In order to permit timely and efficient delivery of food assistance to meet emergency and protracted relief needs, WFP may be required to undertake Special Operations to rehabilitate components of the logistics infrastructure of a particular country. For example, undertaking emergency rehabilitation of part of a rail or road network in a given country or the rehabilitation of non-functional or run-down ports or airports to ensure that there are no delays in food movements at these points.

### **Emergency preparedness and response**

*Emergency Preparedness* consists of systems, actions, arrangements and procedures that come into play in anticipation of a potential humanitarian emergency to ensure a rapid, effective and appropriate approach to risk management and response that may save lives and livelihoods. It comprises several systems, tools and functions including early warning and information preparedness, contingency and operational planning, normative guidance and capacity building (training), readiness of stand-by capacities, as well as augmentation capacity and funding mechanisms. Effective preparedness leads to a more efficient response. *Emergency Response* consists of the organized set of procedures, measures and actions taken



to ensure the provision of timely, rapid, effective and appropriate emergency food assistance to the desired beneficiary populations for life saving and livelihood protection purposes.

### **Executive Director**

The Executive Director of the World Food Programme, or the official to whom the Executive Director has delegated authority and responsibility for the matter in question.

### **Ex Gratia payment**

A payment made when there is no legal liability, but for which there is a moral obligation to make such payment desirable.

### **Finance Committee**

The Finance Committee of FAO.

### **Financial period**

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

### **Financial Rules**

The rules established under Financial Regulation 2.2.

### **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.

### **Food for Assets/Food for work**

‘Food for assets’ activities are undertaken through community-based, participatory processes which create or rehabilitate assets with the purpose of enhancing, restoring or securing the resilience of vulnerable beneficiary households.

In ‘Food for work’ projects and activities food is given as full or partial payment for work performed in the context of a supervised work programme.

### **Food for demobilization and reintegration**

Food provided to disarmed ex-combatants and their dependents as part of a comprehensive UN-supported demobilisation, reinsertion and reintegration programme. WFP also provides targeted assistance to address the needs of vulnerable groups, especially children affiliated with armed forces and groups, disabled combatants and HIV/AIDS affected beneficiaries. Depending on the programme design, WFP may continue to support the process of reintegration through programmes targeting the communities of resettlement, with possible interventions including general food distribution, food-for-work and food-for-training.

### **Food for training**

The provision of food to improve access to training programmes for individuals from food insecure households.



**Full-cost recovery**

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

**Fund**

An accounting entity with a self-balancing set of accounts recording cash and other financial and non-financial resources, together with related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**General food distribution**

The provision of food to all households or targeted sub-groups within a specified population, to meet their basic nutritional needs.

**General Fund**

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

**General Regulations**

The General Regulations of the World Food Programme, as approved by the General Assembly of the United Nations and the Conference of FAO.

**General Rules**

The General Rules of the World Food Programme, as approved by its Executive Board.

**HIV-Aids and OVC Programming**

*HIV/AIDS Programming* consists of food supported programmes targeting food insecure HIV/AIDS positive individuals, and their families, who are enrolled in programmes such as those providing antiretroviral therapy (ART), the prevention of mother to child transmission (PMTCT) of HIV, and tuberculosis (TB) management. This category also includes food support provided through home-based care (HBC) programmes in which chronically ill HIV positive persons receive care at home and as well as livelihood support for HIV affected families.

WFP also supports HIV/AIDS prevention programmes that do not include a food component directly but use WFP's distribution sites and/or logistics capacities as a platform for prevention education.

Targeting is based on food insecurity and not on HIV/AIDS status alone, and in most cases family rations are provided.

*OVC Programming* consists of food supported programmes targeting orphans and other vulnerable children (OVC). An orphan is defined as a child below the age of 18 years who has lost one or both parents; a vulnerable child is one with no or restricted access to basic needs, a child living in a food insecure household, whether he or she lives with a parent or not. OVC programmes strive to identify and support children living in difficult situations for instance, in households with a chronically-ill parent or children living outside of their immediate family. Emphasis is placed on ensuring their access to formal and non-formal education





(e.g. community schools and vocational, agricultural and life skills training). Children in-school meals and take-home rations are provided to families as an incentive to keep children in school and in family settings

### **IEFR**

The International Emergency Food Reserve.

### **Indirect support cost**

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

### **IRA**

The Immediate Response Account of the IEFR.

### **Management Plan**

The biennial comprehensive plan of work approved by the Board, inclusive of planned outcomes and indicators of achievement, together with the WFP Budget.

### **MCH/Supplementary/therapeutic and vulnerable group feeding**

Activities aimed at improving the nutritional status of selected and particularly vulnerable beneficiaries, including clinic-based Mother Child Health programmes .

Supplementary feeding is the provision of food, additional to a ration, in order to supplement energy and nutrients missing from the diet of those with special nutritional needs.

Therapeutic Feeding is provided under close medical supervision for the severely malnourished, to rehabilitate their nutritional status.

### **Multilateral contribution**

A contribution, for which WFP determines the country programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to a broad-based appeal made for which WFP determines, within the scope of the broad-based appeal, the country programme or WFP activities in which the contribution will be used and how it will be used, and for which the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.

### **Obligation**

A written commitment of monies resulting in a liability against an allotment.

### **Operational costs**

The costs of commodities, ocean transportation and related costs, and landside transport, storage and handling (LTSH) and other input provided by WFP to beneficiaries, the government of the recipient country or other implementing partners.



**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.

**Passenger air service**

WFP may provide air transport services on a case-by-case basis through a Special Operation by using privately owned aircraft, charter services or business owned aircraft to transport passengers in compliance with aviation regulations set by international bodies. At the request of the humanitarian community, a Special Operation for Passenger Air Service can be undertaken if (i) no alternative mode of transport (road/rail etc) is available due to lack of infrastructure and there is no alternative safe and secure mode of transport; (ii) commercial air transport is unreliable and/or unable to satisfy the air transport needs of the humanitarian community.

**Programme category**

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

**Programme category fund**

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

**Programme support and administrative budget**

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

**Project**

A separately identified undertaking within a programme category.

**Project agreement**

A document, howsoever designated, executed in accordance with the provisions of General Regulation XI.

**Repatriation packages**

A repatriation package is a mix of commodities and/or cash provided to people who have been displaced and are returning to their place of origin to help to maintain their health and nutrition status while they re-settle. The package is determined by the nature of displacement, length of displacement and access to own assets. Food is included in a repatriation package if it is determined that the returning population will need food while they re-establish their lives in the place of origin. A repatriation package can be followed by re-integration assistance when the returning population requires longer-term assistance to re-establish their lives and livelihoods



**School feeding**

The daily distribution, throughout the school year, of school meals - any one or a combination of breakfast, mid-morning snack and lunch - to encourage school attendance and to address children's short-term hunger.

Take-home rations are usually take-home family rations to pupils in areas affected by a combination of endemic poverty, prevalent malnutrition, low educational indicators, low gender parity in education and/or a high prevalence rate of HIV/AIDS.

**Special account**

An account established by the Executive Director for a special contribution, or for monies earmarked for specific activities, the balance of which may be brought forward to the succeeding financial period.

**Strategic Plan**

The four-year plan that highlights the main features of the proposed programme of work for the ensuing financial period and that is prepared every two years on a rolling basis.

**Support to safety net programmes**

A safety net programme is a suite of policy and programme instruments such as general food subsidies, targeted income transfers, public works, school feeding, social funds, and small scale credit designed to reduce poverty and protect the income entitlements of particularly vulnerable groups. WFP provides food in support of such programmes, usually through vulnerable group feeding, MCH, school feeding and food for work.

**Trust fund**

An identifiable subdivision of the WFP Fund, established by the Executive Director in order to account for a special contribution, the purpose, scope and reporting procedures of which have been agreed with the donor.

**WFP Budget**

The biennial budget component of the Management Plan approved by the Board indicating estimated resources and expenditures for programmes, projects and activities and shall include a programme support and administrative budget.



## ANNEX VI

### OPERATIONS REVIEW REPORT: EXECUTIVE SUMMARY

1. In 1996, WFP began implementing the Executive Director's vision to strengthen Country Offices (COs), and to empower further the Country Directors (CDs). Over the past nine years, WFP has made great strides in decentralizing decision making and operational support, which manifested itself in increased delegations of authority to field-level managers, relocated Regional Bureaux (RBs) out of Rome, and restructured support and management within, and from, HQ. In effect, decentralization was to empower the COs to assist beneficiaries more effectively.
2. The WFP Operations Review Team benefited from the services of Boston Consulting Group (BCG) throughout the project. The Team worked together to frame the issues identified through interviews conducted in Rome, in the field, and telephonically. A comprehensive questionnaire conducted by BCG corroborated issues identified earlier in the Project, and provided statistical data from more than 50 CDs to support the Team's findings and recommendations.
3. A 'bottom-up' approach was applied to ensure that the findings and subsequent recommendations were based on actual experiences, issues and challenges as conveyed by the CDs and field-level staff. The interviews were guided by the following questions:
  - Do COs have the support and the authority necessary to effectively manage their operations?
  - Where should existing or additional support ideally be located?
  - How can the organization best provide oversight to the COs?

### OVERVIEW

4. Considerable responsibility and authority have been decentralized to the COs, and CDs generally feel that they have been delegated sufficient authority to carry out their operations, with limited exceptions. However, the real challenge identified was in ensuring that COs were given sufficient capacity to use this authority effectively, and within current corporate structures and funding arrangements.
5. While decentralization has helped shift the center of gravity for delegations of authority and operational control from HQ to the COs, several other challenges have arisen as a result. These include: a perceived reduced presence of the operational/field view in HQ decisions; inefficient information exchange between the field and HQ caused by a growing 'communications gap'; a dispersion of technical and administrative support between the RBs and HQ; a difficulty in coordinating the many improvement initiatives; and top-down instructions and guidance that emanate from various units within HQ. Additionally, as new responsibilities have been added to the CO task list, the resources and capacities allocated to COs have not grown concomitantly.
6. In summary the broader fundamental challenges to WFP are:
  - Determining the ideal range, type, location and level of management and technical support to COs. Aligning CO needs for support with the level of resources and capacities available, which will improve field operations in terms of programme quality, regardless of the CO's size;



- Ensuring participation of all COs in the management of key organizational developments (policies, corporate standards), as well as incorporating inputs into WFP's guiding strategies, i.e., listening to the field; and
- Ensuring horizontal and vertical coordination and communication of organizational changes to address the recurrent comment of "too many initiatives, and too many changes."

## KEY FINDINGS OF THE REVIEW

7. Decentralization is still a work in progress. It requires continued fine-tuning to ensure that WFP's organizational and management structures reflect the dynamic world in which we operate, especially as WFP creates new initiatives to respond better to its beneficiaries needs. The key review findings are as follows:
  - COs generally felt that new initiatives and changes are initiated by HQ, and are expected to be implemented in COs, despite the fact that they have not provided, nor been able to provide, adequate input. Insufficient field involvement also results in uncoordinated training and normative guidance that is not sufficiently grounded in field realities. There is a lack of consolidation and coordination of initiatives at HQ, and no coherent voice for change;
  - A common perception from CO interviews was that HQ had grown substantially in size but that the support from HQ is not properly understood;
  - Despite the best intentions, most of the existing communication processes tend to be top-down, resulting in a common perception among COs that their experience and opinions are undervalued;
  - A key CO concern is the pace with which WFP introduces new standards and projects. COs do not have time to absorb and familiarize themselves with a new practice before another one is proposed. They feel that there is no focal point that carefully considers proposals, and then sets priorities for guidelines and directives coming from HQ;
  - Most CDs felt they had the programmatic and budgetary authorities necessary to carry out their roles and responsibilities on a regular basis. Compared to other UN agencies, significant authority has been delegated to the field;
  - Smaller COs need a more consistent and regular level of support throughout the programme cycle. Assistance is often needed in the programme set-up phase and in project implementation, but most frequently additional operational capacity is needed when activities expand suddenly. Conversely, large COs generally require only occasional support from the RB and/or from HQ, which is primarily focused on specific technical issues;
  - Support available to COs is not necessarily tailored to their needs. Programme and technical support offered does not directly reflect CO-perceived requirements;
  - The roles and responsibilities of RDs and CDs are unclear. In practice, RDs and CDs define their own roles and responsibilities according to the regions' and countries' realities, with a broad understanding of the functions they are to fulfil. However, this ad hoc approach has led to ambiguity and differing interpretations of their responsibilities; and
  - In clarifying the roles and responsibilities of the RD, the optimal span of control (number of COs under supervision) needs to be established to ensure proper



management oversight and advice to the COs. The needs of smaller COs are sometimes overshadowed by those of the large COs, and, as a result, smaller COs feel underserved.

## KEY RECOMMENDATIONS

- Create a Corporate Governance System to Improve Communication
8. Decentralization highlights a need for managers at the CO and RB levels to be more involved in organizational decision making, but there is a ‘communications gap’ between the three management levels. A more structured, bottom-up approach to governance, in which the COs are the driving force in setting the agenda for WFP management decisions, will ensure that COs both become, and feel that they are key stakeholders in strategic and policy decisions.
  9. The Team recommends instituting a governance system, whereby CDs would move identified issues forward from the CO-level to a Regional Management Team (RMT), and on to the Corporate Management Team (CMT). The agenda to be addressed by the CMT would then deal with unresolved issues, or priority matters that require organization-wide attention, as they have appeared in the different regions and countries. The model offers a structured forum to ensure a dynamic information loop from the Country Management Team (CoMT) through the RMT, up to the CMT.
    - Appoint a Change Manager to Coordinate & Integrate Initiatives
  10. There is need to appoint a Change Manager in the Office of the Executive Director to coordinate and integrate initiatives, and to ensure that no additional and unrealistic demands are made on WFP’s field offices. The Change Manager should have cross-departmental access and influence in order to ensure that the strategy for all initiatives is consistent with WFP’s vision and direction.
    - RB Structure Determined by CO Needs
  11. Determining the extent, nature and location (CO, RB or HQ) of technical and administrative support to the COs is an issue that requires urgent attention. Toward that end, the Operations Review Team recommends that the support structure in all RBs be tailored to the specific needs of the COs within each region. During a February 2005 meeting with all six Regional Directors, the Team suggested that, rather than maintain a ‘standardized’ RB structure throughout all regions, the COs should be directly involved in determining the type of technical and administrative support they need to do their jobs better. This approach would, in turn, help determine the type of posts needed in the RB, and have the added benefit of assisting the RB in tailoring its budget toward the support needs as expressed by the COs.
    - Issues of Concern Raised
  12. The review also revealed other operational or process-oriented issues that have an adverse impact upon the COs’ ability to manage WFPs’ operations effectively. Of overriding concern was the fact that the decentralized environment in which the COs now operate is not fully appreciated by HQ or the RBs. Other identified issues stemmed from the need for better clarity of roles and responsibilities, and improved cross-departmental coordination at the HQ-level. A full list of operational-level recommendations is included in the Report on the Findings of the Operations Review.



## ACRONYMS USED IN THE DOCUMENT

### WFP Organizational Units

|       |  |
|-------|--|
| OED   | Office of the Executive Director                   |
| OEDB  | Office of Budget                                   |
| OEDBP | Business Planning Branch                           |
| OEDR  | Results-Based Management Division                  |
| OEDSP | Special Project Branch                             |
| OSD   | Inspector General and Oversight Services Division  |
| OSDA  | Office of Internal Audit                           |
| OSDI  | Office of Inspections and Investigations           |
| LEG   | Legal Services Division                            |
| LEGA  | Administrative and Employment Law Branch           |
| LEGC  | Commercial, Contractual and Agreements Law Branch  |
| LEGM  | Maritime, Transport and Insurance Law Branch       |
| AD    | Administration Department                          |
| ADF   | Finance Division                                   |
| ADFA  | Financial Analysis Branch                          |
| ADFC  | Control and Project Accounting Branch              |
| ADFF  | Field Support Branch                               |
| ADFG  | General Accounts Branch                            |
| ADFP  | Payments and Payroll Branch                        |
| ADFT  | Treasury Branch                                    |
| ADH   | Human Resources Division                           |
| ADHD  | Deputy Director                                    |
| ADHC  | Career Planning and Staff Development Branch       |
| ADHI  | Information Support Branch                         |
| ADHO  | Operations Service                                 |
| ADHP  | Policy Monitoring Branch                           |
| ADHR  | Recruitment and Staff Management Branch            |
| ADHS  | Staff Relations Branch                             |
| ADI   | Information and Communications Technology Division |
| ADIB  | Business Coordination Branch                       |
| ADIC  | Competence Centre Branch                           |
| ADII  | Information and Knowledge Management Branch        |



|       |  |
|-------|--|
| ADIS  | Infrastructure Services Branch   |
| ADM   | Management Services Division   |
| ADMA  | Administrative Services Branch   |
| ADMF  | Field Security Branch  |
| ADMH  | Headquarters Security Branch   |
| ADMP  | Non-Food Procurement Branch  |
| ADMT  | Travel Unit  |
| OD    | Operations Department  |
| ODA   | Analysis, Assessment and Preparedness Service  |
| ODAN  | Emergency Needs Assessment Branch  |
| ODAP  | Emergency Preparedness and Response Branch   |
| ODAV  | Vulnerability Analysis and Mapping branch  |
| ODB   | Regional Bureau Bangkok and Country Offices (Asia)                                       |
| ODC   | Regional Bureau Cairo and Country Offices (Middle East, Central Asia and Eastern Europe) |
| ODD   | Regional Bureau Dakar and Country Offices (West Africa)                                  |
| ODDY  | Central Africa Regional Office, Yaoundé  |
| ODJ   | Regional Bureau Johannesburg and Country Offices (Southern Africa)                       |
| ODK   | Regional Bureau Kampala and Country Offices (East and Central Africa)                    |
| ODM   | Programme Management Division  |
| ODMB  | Business Process Group   |
| ODMP  | Programming Service  |
| ODMR  | Operational Reporting Group  |
| ODO   | Office of the Director of Operations   |
| ODPC  | Regional Bureau Panama City and Country Offices (Latin America and the Caribbean)        |
| ODT   | Transport and Procurement Division   |
| ODTF  | Freight Analysis and Support Branch  |
| ODTL  | Logistics Service  |
| ODTP  | Food Procurement Service   |
| ODTS  | Ocean Transport Service  |
| UNJLC | United Nations Joint Logistics Centre  |
| PD    | Policy and External Affairs Department   |
| PDA   | Addis Ababa Office   |
| PDB   | Executive Board Secretariat  |





|      |  |
|------|--|
| PDBC | Conference Servicing Unit                        |
| PDBT | Translation and Documents Unit                   |
| PDE  | External Relations Division                      |
| PDEG | External Relations – Geneva Office               |
| PDN  | New York Office                                  |
| PDP  | Strategy, Policy and Programme Support Division  |
| PDPE | Economic Analysis Unit                           |
| PDPF | School Feeding Service                           |
| PDPG | Gender Unit                                      |
| PDPH | HIV/AIDS Unit                                    |
| PDPN | Nutrition Service                                |
| PDPR | Development Policy and PRSP Support Unit         |
| PDPT | Emergencies and Transition Unit                  |
| PDPW | Representation to the Bretton Woods Institutions |
| FD   | Fundraising and Communications Department        |
| FDC  | Communications Division, Rome                    |
| FDCC | Communications Office, Copenhagen                |
| FDCL | Communications Office, London                    |
| FDCN | Communications Office, Nairobi                   |
| FDD  | Donor Relations Division                         |
| FDDG | Germany Office                                   |
| FDDJ | Japan Office                                     |
| FDE  | European Commission Relations Division           |
| FDP  | Private Sector Fundraising Division              |
| FDU  | United States Relations Division (Washington DC) |
| RBDE | Office of Evaluation                             |
| RBDP | Office of Performance Measurement and Reporting  |

### **Other acronyms**

|     |                           |
|-----|---------------------------|
| APR | Annual Performance Report |
| AU  | African Union             |
| BPR | Business Process Review   |
| CAF | Capital Asset Fund        |
| CCA | Common Country Assessment |
| CEB | Chief Executives' Board   |
| CFO | Chief Financial officer   |



|          |   |
|----------|---|
| CP       | country programme   |
| DEV      | development project   |
| DOC      | direct operational costs  |
| DPRK     | Democratic People's Republic of Korea                                     |
| DRC      | Democratic Republic of Congo  |
| DSCAF    | Direct Support Cost Advance Facility                                      |
| DSS      | United Nations Department of Safety and Security                          |
| ECW      | Enhanced Commitments to Women   |
| EMOP     | emergency operation   |
| ERM      | Enterprise Risk Management  |
| ERR      | emergency-response roster   |
| ERT      | emergency-response training   |
| FAO      | Food and Agriculture Organization of the United Nations                   |
| FFE      | food for education  |
| FITTEST  | Fast Information Technology and Telecommunications Emergency Support Team |
| FSCO     | field security coordination officer                                       |
| FSO      | field security officer  |
| GCCC     | government cash counterpart contribution                                  |
| GSS      | Global Staff Survey   |
| HDI      | Human Development Index   |
| HIV/AIDS | human immunodeficiency virus/acquired immune deficiency syndrome          |
| HLCM     | High-Level Committee on Management  |
| HR       | Human Resources   |
| IASMN    | Inter-Agency Security Management Network                                  |
| ICSC     | International Civil Service Commission                                    |
| ICT      | information and communications technology                                 |
| IDP      | internally displaced person   |
| IFAD     | International Fund for Agricultural Development                           |
| ISC      | indirect support costs  |
| ISP      | Institutional Strengthening Partnership (trust fund)                      |
| JIU      | Joint Inspection Unit   |
| LDC      | least-developed country   |
| LTSH     | landside transport, storage and handling                                  |
| MAIP     | Malicious Acts Insurance Policy   |
| MCH      | mother-and-child health   |



|        |   |
|--------|---|
| MCN    | mother-and-child nutrition                      |
| MDG    | Millennium Development Goal                     |
| M&E    | monitoring and evaluation                       |
| MOSS   | minimum operating safety standards              |
| NGO    | non-governmental organization                   |
| ODOC   | other direct operating costs                    |
| OVC    | orphans and other vulnerable children           |
| PRC    | Project Review Committee                        |
| PRRO   | protracted relief and recovery operation        |
| PRSP   | Poverty Reduction Strategy Paper                |
| PSA    | Programme Support and Administration (budget)   |
| RBM    | results-based management                        |
| RDT    | Regional Directors' Team                        |
| SFM    | Strengthening Financial Management              |
| SMT    | senior management team                          |
| SO     | special operation                               |
| SPR    | standard project report                         |
| SWAP   | sector-wide approach                            |
| UNCT   | United Nations country team                     |
| UNDAF  | United Nations Development Assistance Framework |
| UNDP   | United Nations Development Project              |
| UNFPA  | United Nations Population Fund                  |
| UNHAS  | United Nations Humanitarian Air Service         |
| UNICEF | United Nations Children's Fund                  |
| UNJLC  | United Nations Joint Logistics Centre           |
| UNJPF  | United Nations Joint pension Fund               |
| VAM    | vulnerability analysis and mapping              |

