

برنامج  
الأغذية  
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Programme  
Alimentaire  
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World  
Food  
Programme

Programa  
Mundial  
de Alimentos

**Executive Board  
Annual Session**

**Rome, 22 – 26 May 2000**

# **FINANCIAL AND BUDGETARY MATTERS**

**Agenda item 5**

***For approval***



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**WFP PLEDGING TARGET: 2001-2002**

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## INTRODUCTION

1. This document presents the Executive Director's recommendation for the Executive Board to approve the proposed Pledging Target for WFP's activities for the next biennium, 2001-2002.
2. The target, as approved, may be submitted to the WFP Pledging Conference if so decided by the Executive Board.<sup>1</sup> The WFP Pledging Conference, jointly convened by the Secretary-General of the United Nations and the Director-General of the Food and Agriculture Organization of the United Nations (FAO), would take place in November 2000.
3. It would have been preferable to submit the Pledging Target to the Executive Board after the finalization and eventual approval of WFP's Resource Mobilization Strategy. However, this is not possible in view of the time constraints related to the submission of the document to the United Nations and FAO Secretariats in preparation for the Pledging Conference.

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## SCOPE

4. In past years, the Pledging Target was related to WFP's development programme, which was the Programme's main area of activity. Since WFP's inception, and until the early years of the 1990s, approximately 80 percent of organizational resources were dedicated to development activities, with the balance going to relief assistance. The latter was limited to ad hoc requirements of a short duration. The Pledging Target was a reflection of WFP's core area of activity at the time.
5. However, the balance between development and relief activities has shifted significantly during the past decade. By 1992, approximately 60 percent of WFP's resources were provided to relief activities; this trend has continued up to last year, when the percentage increased to 80 percent.
6. The duration of relief assistance has also changed over time. In the past, relief interventions were in response to ad hoc disasters, for which the assistance was required for a limited duration. Today, due to the complexity of relief interventions, assistance is often needed for an extended period.
7. The above trends have led to an expansion of WFP's focus and core areas of activity. Therefore, WFP's Pledging Target for the next biennium will encompass the three Programme Categories of Development, Protracted Relief and Recovery Operations (PRRO) and Emergency Operations (EMOP).
8. This change of scope is consistent with General Assembly and FAO Conference resolutions. In 1960 and 1961, General Assembly resolutions 1496 (XV) and 1714 (XVI) led to the establishment, on an experimental basis, of the World Food Programme. WFP's mandate was to use surplus food to fight hunger and as a contribution to economic development in less developed countries. The Secretary-General of the United Nations and

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<sup>1</sup> In accordance with the General Regulations and General Rules of the World Food Programme, General Rule XIII.1 (a).



the Director-General of FAO were requested to convene a conference at which Member States were urged to make pledges. At the time, the target and the size of the Programme amounted to US\$100 million. The inclusion of PRROs and EMOPs is consistent with the original intent of the Pledging Conference. It would be more reflective of WFP's budget and its core areas of activities. Furthermore, it would be consistent with WFP's Strategic and Financial Plan, as the projected levels of resources contained in that document and used as a basis for strategic and financial planning in WFP cover the three Programme Categories.

## PREVIOUS TARGETS AND ACHIEVEMENTS

9. The table below represents previous targets and the levels achieved over the past ten years.

Period	Commodity value	Cash	Total	Target	Achieved (percent)
	(million US dollars)				
1989-90	905.8	298.2	1 204.0	1 400	86
1991-92	802.7	349.7	1 152.4	1 500	77
1993-94	635.7	346.1	981.8	1 500	65
1995-96	576.4	252.3	828.7	1 500	55
1997-98	448.2	241.3	689.6	1 300	53

The above targets referred to development activities only.

10. For the most recently completed biennium, 1997–98, a total of US\$689.6 million was contributed, achieving 53 percent of the approved target.
11. In view of the declining trend in the resources provided for development and the percentage of target achievement, the proposed target for 1999-2000 was US\$1 billion, which was approved by the Executive Board at its Annual Session in May 1997. Contributions received at the Pledging Conference in November 1997 amounted to US\$352.6 million, representing only 35 percent of the target.
12. On the basis of contributions received in 1999 and projected for 2000 for Development, it is anticipated that 58 percent of the target will be achieved in the current biennium.<sup>2</sup>

## PROJECTED RESOURCE LEVELS IN 2001–2002

13. According to WFP's Strategic and Financial Plan for 2000–2003, the level of resources forecasted for that period are broken down into three scenarios: low, medium and high. The medium-range scenario is used as the basis for strategic and financial planning. It will

<sup>2</sup> Projected levels of resources for 2000 are according to the WFP Biennial Budget for the period 2000-2001, WFP/EB.3/99/3-A.



also be used in this document as a basis for the projected resource levels in 2001 and 2002. The adjustments made in WFP's Biennial Budget for the period 2000-2001 are taken into account as well. These concern the level of projected resources in 2001 for all Programme Categories and the weighted averages for commodity price, ocean transport and related costs, and landside transport, storage and handling (LTSH) costs.

14. The overall level of contributions under the medium-range scenario for all Programme Categories in 2001 and 2002, taking the above adjustments into account, is 5.18 million tons, or US\$2.6 billion. The breakdown by Programme Category is outlined in the Table in paragraph 18.
15. Since 1991, when a total of US\$994.8 million was reached, the overall level of resources for Development has been steadily decreasing. Over the past five years an average amount of US\$362 million has been achieved, with the lowest level of US\$268.2 million<sup>3</sup> occurring in 1999. It is expected that the downward trend will be reversed as the Enabling Development policy directions of the Executive Board are implemented and donor support grows. For 2000, it is projected that a total of US\$309 million will be resourced. This level will be maintained in 2001 and rise to US\$334 million in 2002.
16. It is estimated that the requirements for humanitarian relief activities will continue to be high during the next biennium. Based on historical levels of contributions to WFP's EMOPs and PRROs, it is expected that strong donor support will continue in the next biennium.
17. For PRROs, the level of support over the past five years has averaged US\$320 million, with the highest level reached in 1999, in the order of US\$382 million. Needs under this Programme Category will continue to increase as a result of the policy decision of the Executive Board in 1998, that EMOPs should not exceed two years in duration, except under abnormal circumstances. Hence, a number of WFP's large EMOPs have become PRROs. It is projected that the level of resources provided to this Programme Category will increase accordingly, as is reflected in the anticipated level of resources of US\$472 million for 2000. This level is maintained in 2001 and rises to US\$733 million in 2002.
18. The donor community has been very responsive to WFP's emergency needs. The average level of contributions over the past five years has been US\$720 million, with the highest amount being reached in 1998, totalling US\$1,003 million. However, due to the policy decision made by the Executive Board in 1998, it is anticipated that the level will decrease in 2001 and 2002, while resources for PRROs will increase commensurately. A total of US\$520 million is projected for 2000. This level will be maintained in 2001 and decrease to US\$227 million in 2002.

<b>PROJECTED RESOURCES 2001-2002</b>	
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<b>Programme Category</b>	<b>Amount (million US dollars)</b>
Development	643
PRRO	1 205

<sup>3</sup> Excluding bilateral contributions.



EMOP	747
<b>Total</b>	<b>2 595</b>

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## PREDICTABILITY

19. Further predictability in the resources provided to WFP would enhance programming efforts, leading to better utilization of resources and resultant cost savings for the Programme. The risks and exposure to pipeline breaks would be minimized, which would in turn help to ensure that the food aid needs of beneficiaries are met in a more timely and effective manner.
20. The Resource Mobilization Strategy, which will be submitted to the Executive Board in October 2000, will include a number of recommendations intended to enhance the predictability of resources contributed to the Programme. Outlined below are a few of the recommendations which are being developed in this regard:
- The objectives under the new Food Aid Convention, approved in June 1999, are very similar to WFP's own priorities. Signatories of the Convention could refer to their commitment as a basis for providing indicative pledges with a longer-term perspective to WFP.
  - Close collaboration between WFP and its Member States and donors should take place in preparation for the WFP Pledging Conference in New York. This venue could be used as a forum for announcing one- or multi-year contributions. Despite the decline in the number of countries announcing contributions at the Conference over the past few years, renewed efforts could be made to make it a more effective pledging forum.
  - At the final Consultation on Resources of each calendar year, WFP should use as a reference for discussion the document "Projected Needs for WFP Projects and Operations", known as the "Blue Book". Yearly pledges could be made by donors on the basis of the operational requirements outlined in that document. In even numbered years, when the Consultation on Resources precedes the WFP Pledging Conference, any announcements made in the former venue could be reiterated in the latter.
  - Many donor governments are already entering into annual individual agreements with WFP which set out terms, modalities and expected levels of funding. Under this planning scenario, donors could be encouraged to provide an early indication of the minimum level of resources expected for the year.
21. While it is understood that not all donors can commit themselves to multi-year pledges, further progress in this regard would be of benefit to the Programme as a whole and to its beneficiaries.

## RECOMMENDATION

22. The Executive Director recommends that the Executive Board consider and approve that the Pledging Target for the next biennium, 2001-2002, be set at US\$2,595,000,000, on the basis of the medium-range scenario of projected resources for Development, PRRO and EMOP categories as contained in the Strategic and Financial Plan 2000-2003, and the



adjustments made to the projected level of resources in 2001 in WFP's Biennial Budget for the period 2000-2001.

