



# **Analysis of WFP Cost Components**

Finance Seminar  
May 16, 2007

# Overview – Total Expenditures

<b>Programme Category (US\$ Million)</b>	<b>2005</b>	<b>2006</b>	<b>%Change 2005-2006</b>
Development	259	268	+4
EMOP	1,046	729	-30
PRRO	1,237	1,233	0
<b>Sub-total Food Projects</b>	<b>2,542</b>	<b>2,230</b>	<b>-12</b>
Special Operations	196	236	+20
<b>TOTAL Programme Category Expenditures</b>	<b>2,738</b>	<b>2,466</b>	<b>-10</b>
Bilateral Ops & Trust Funds	109	94	-14
PSA	212	212	0
Special Accounts & Other	104	129	+24
Accounting Eliminations	(59)	(25)	-58
<b>TOTAL: Non-Programme Category Expenditures</b>	<b>366</b>	<b>410</b>	<b>+12</b>
<b>Sub-total: Not related to Food Projects</b>	<b>562</b>	<b>646</b>	<b>+15</b>
<b>TOTAL EXPENDITURE</b>	<b>3,104</b>	<b>2,876</b>	<b>-7</b>



# Expenditure not related to food projects

- Special Operations **+20%**
  - Common services
- Special Accounts **+24%**
  - Increase in expenditure for FITTEST and UNHRD.
  - New special accounts: ex. Global Logistics Cluster.

# Food Costs



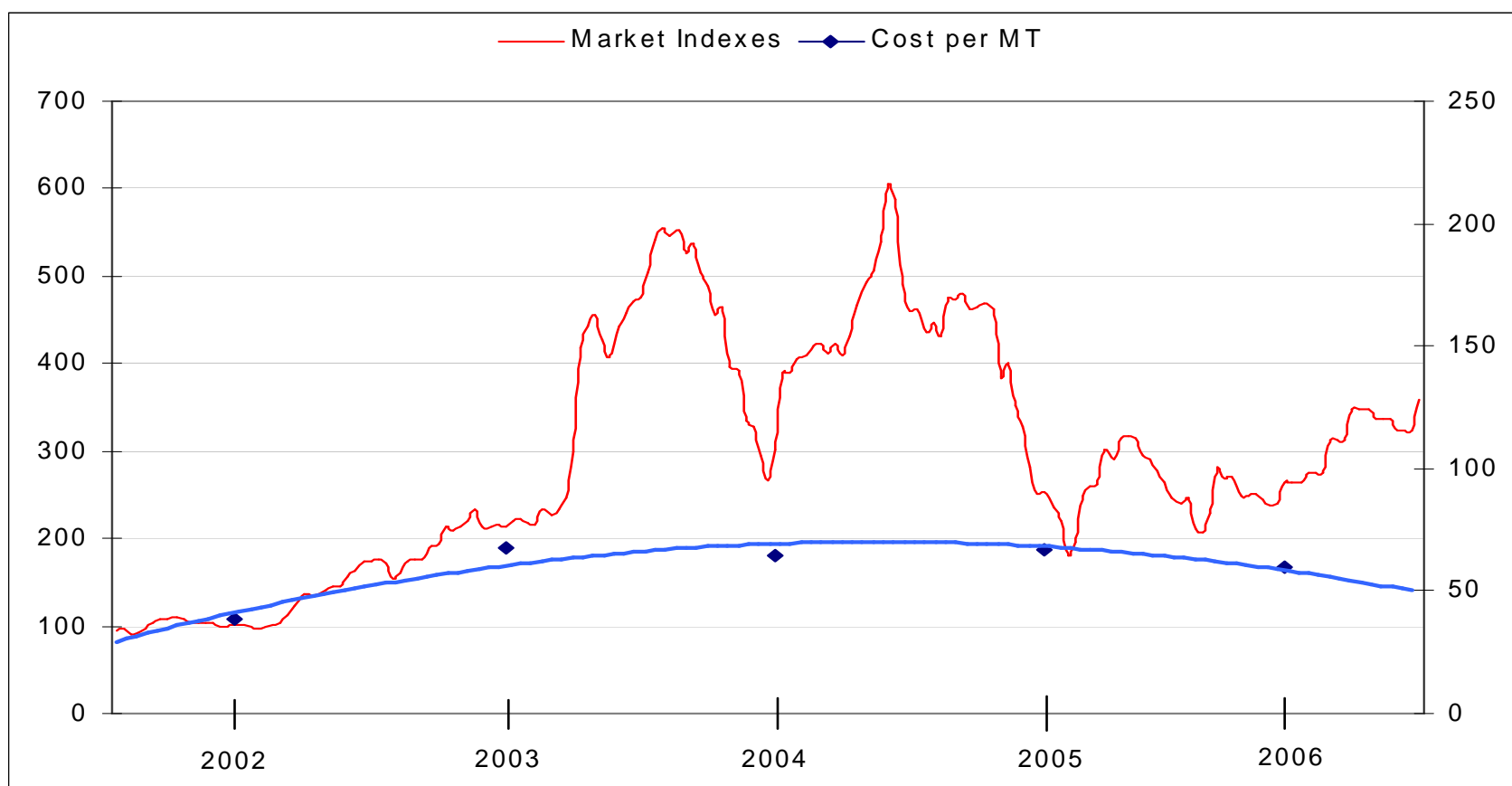
	2005	2006	% Change
<b>Total Cost</b>	<b>1,196</b>	<b>944</b>	<b>-21%</b>
<b>Cost per mt</b>	<b>281.65</b>	<b>233.56</b>	<b>-17%</b>
<b>Cost/mt – FOOD PURCHASES</b>	<b>254.8</b>	<b>250.2</b>	<b>-2%</b>

- High level of carry-over stocks from 2005 reduced food expenditures in 2006
- Cost/mt of purchased food was only 2% lower than in 2005
- Slightly increased proportion of lower-value commodities i.e. cereals

# External Transportation



	2005	2006	% Change
<b>Total Cost</b>	<b>284</b>	<b>242</b>	<b>-14.7</b>
<b>Cost per mt</b>	<b>66.89</b>	<b>59.93</b>	<b>-10%</b>





	2005	2006	% Change
<b>Total Cost</b>	<b>764</b>	<b>720</b>	<b>-5.7%</b>
<b>Cost per mt</b>	<b>179.82</b>	<b>178.29</b>	<b>-1%</b>

- LTSH costs incurred primarily in-country – vary with operational requirements of individual projects and local transport conditions

Main macro-economic factors:

- Fuel prices
- Exchange rate – US\$ : Other Currencies
- Inflation

# ODOC



	2005	2006	% Change
<b>Total Cost</b>	<b>51</b>	<b>53</b>	<b>2.6%</b>
<b>Cost per mt</b>	<b>12.06</b>	<b>13.00</b>	<b>8%</b>

- ODOC are activity inputs provided by WFP and used by beneficiaries, the government and implementing partners
- ODOC only about 3% of total expenditure

Main reasons for increase:

- Size of PRRO operations with rehabilitation component
- Increased capacity building activities aligned with SO5
- Expertise provided to implementing partners: food security, targeting, VAM

	2005	2006	% Change
<b>Total Cost</b>	<b>247</b>	<b>272</b>	<b>10%</b>
<b>Cost per mt</b>	<b>58.2</b>	<b>67.3</b>	<b>16%</b>

Increase in DSC expenditure composed of:

- US\$ 6.1 million related to payments in UN staff security costs;
- US\$1.8 million increase in international staff incentives and allowances;
- US\$16.3 million increase in local staff expenditures, and
- US\$0.7 million increase in other DSC lines.