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RESOURCING FOR A CHANGING ENVIRONMENT

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://www.wfp.org/eb>).

NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration

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.

Deputy Executive Director for External Relations: Mr S. de Mistura tel.: 066513-2200

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).



EXECUTIVE SUMMARY

The purpose of this strategy revision is to examine progress made in recent years, consider lessons learned and identify new opportunities; it provides a roadmap to guide and strengthen the alignment and focus of corporate resourcing activities in a changing environment.

WFP's resourcing efforts and investments are currently guided by the following documents presented to the Board: "A Resource Mobilization Strategy for the World Food Programme" (WFP/EB.3/2000/3-B), "New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base" (WFP/EB.3/2004/4-C), "Funding for Effectiveness" (WFP/EB.2/2005/5-B) and "WFP's Private-Sector Partnership and Fundraising Strategy" (WFP/EB.1/2008/5-B/1).

The decision to revisit WFP's resource mobilization strategy was made in response to:

- a) challenges resulting from the rapidly changing global context – increasing natural and human-incurred disasters, climate change, conflict, continuing volatile food, fuel and economic conditions – and the projected increase in assessed hunger needs expected to prevail for the foreseeable future;
- b) the opportunities for and nature of funding necessary to support the WFP Strategic Plan (2008–2013)¹ in an increasingly competitive cash-based funding environment;
- c) the international momentum generated at the recent G8 and G20 Summits by global leaders' commitment to addressing hunger and food security;
- d) emerging trends in donor behaviours and frameworks, particularly at the country level, with a focus on thematic and country-led ownership for providing funding support to the multilateral institutions initiated as part of United Nations reform efforts and incorporating joint United Nations activities; and
- e) the increasingly active engagement of United Nations country teams in system-wide coherence and harmonization of country-level activities.

WFP's top donors will continue to be the bedrock of the support it receives, but should not be responsible for carrying the whole burden. WFP's resourcing efforts will be driven by the realization that in order to secure a new baseline for funding, innovative approaches and new, complementary sources of support will be essential.

¹ The WFP Strategic Plan (2008–2011) was extended until 2013 as per Board decision 2009/EB.A/3.



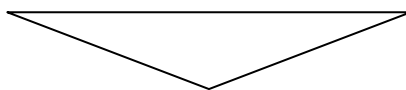
In this regard, WFP will seek to:

- bring greater flexibility and predictability as enshrined in the Principles and Good Practice of Humanitarian Donorship and the Paris Declaration on Aid Effectiveness, working closely and broadening partnerships with its current support base;
- balance the level of support by encouraging contributions from growth areas such as recipient governments and the proliferation of pooled or thematic funds available at the field level, and enhance collaboration with partner United Nations agencies to obtain access to funds that have arisen as a result of United Nations reform;
- strengthen support from other countries, particularly emerging economies;
- invest in country-level resource mobilization efforts through skills training and information exchange, working with national governments on joint programming through United Nations Development Assistance Frameworks and Poverty Reduction Strategy Papers, and in partnership with others; and
- encourage contributions and mechanisms that ensure the most effective, responsive, transparent and efficient use of resources.

WFP's resourcing target is to meet 100 percent of its assessed needs. The indicators to measure WFP's performance in this regard are being developed in conjunction with the corporate exercise managed by the Performance and Accountability Management Division.

Raising the financial support required to meet 100 percent of assessed needs is a challenge, but not an insurmountable one. WFP will need to commit itself to strategic resourcing that provides visibility and transparency of funding, and to expanding its efforts – especially at the country level and with a broader range of partners – in advocating for those who need its help. WFP will need the support of all its donors and partners to go beyond the familiar, and asks the Board to advocate for untied funding that brings maximum flexibility and predictability, particularly through multi-year cash contributions, so it can respond more effectively to the most urgent hunger needs.

DRAFT DECISION*



The Board takes note of “Resourcing for a Changing Environment”
(WFP/EB.1/2010/5-B/Rev.1)

* 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.



INTRODUCTION

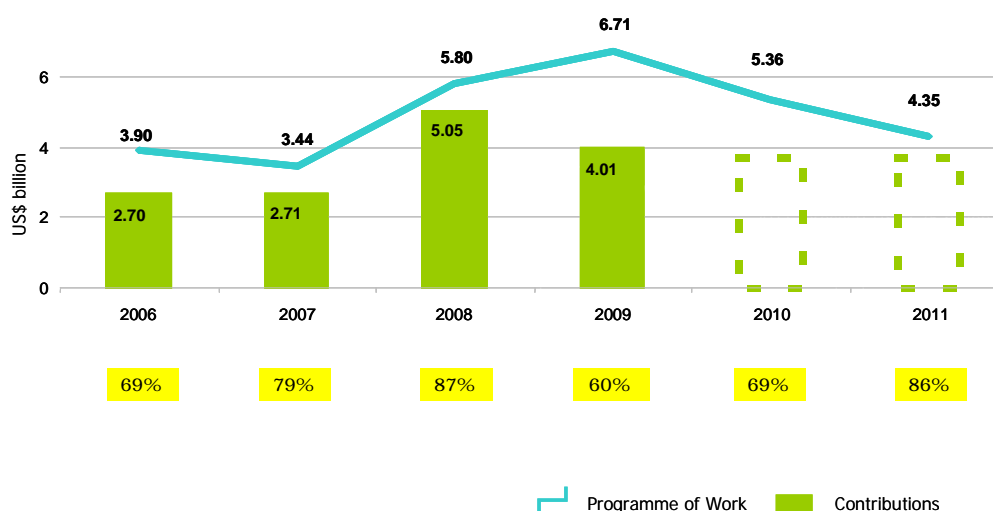
1. The purpose of this strategy revision is to examine the progress made in recent years, consider lessons learned and identify new opportunities; it provides a roadmap to guide and strengthen the alignment and focus of corporate resourcing activities in a changing environment. This paper is a work in progress and will be adjusted as needed to reflect the outcomes of the financial framework review.
2. WFP's resourcing efforts and investments are currently guided by the following documents presented to the Board: "A Resource Mobilization Strategy for the World Food Programme" (WFP/EB.3/2000/3-B), "New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base" (WFP/EB.3/2004/4-C), "Funding for Effectiveness" (WFP/EB.2/2005/5-B) and "WFP's Private-Sector Partnership and Fundraising Strategy" (WFP/EB.1/2008/5-B/1).

RESOURCING OVERVIEW

3. WFP's programme of work for 2010 foresees needs of US\$5.4 billion. The funding projection of US\$3.75 billion – based on indications from donors, and considering the impact of the economic climate – meets 69 percent of the needs foreseen.
4. Thanks to the generosity of 79 donor sources, in 2009 WFP received contributions totalling US\$4 billion. WFP's donors, despite the context of the financial crisis, provided contributions that went beyond the Management Plan projection of US\$3.7 billion. WFP's total operational needs in 2009 were over US\$6.7 billion.
5. In 2008, WFP received an unprecedented level of contributions of US\$5.05 billion, from 98 donors. WFP had required US\$5.8 billion to fund its assessed needs. Throughout 2008 the effects of more droughts, floods and other disasters, climate change and conflict, particularly civil strife, converged with high food and fuel prices and the economic downturn to exacerbate vulnerability and hunger in the world.
6. From 2005 to 2007, WFP received an average of US\$2.7 billion a year, sustaining a funding level of between 69 and 79 percent of the assessed needs defined in the programme of work for the biennium. Just three years ago, WFP required US\$3.4 billion to fund its programme of work.
7. WFP's scale-up in operations since 2008 is indicative of a shift to a higher level of needs, rather than a spike. Because the growth in needs is outpacing the increases in donor funding, more resources will be required in 2010.
8. WFP will continue to strive to resource 100 percent of its assessed needs. The indicators to measure WFP's specific performance in this regard are being developed in conjunction with the corporate exercise managed by the Performance and Accountability Management Division.



Figure 1: Programme of Work and Contributions 2006–2011
(as of 17 January 2010)



9. Organisation for Economic Co-operation and Development (OECD) donors typically provide 80 to 90 percent of WFP's overall funding, and are considered its primary base of support, usually constituting WFP's top 20 donors. In recent years, WFP has received increasingly broad and stronger support from other sources, such as countries in the Middle East, emerging economies and multi-donor or special-purpose funds, such as the Central Emergency Response Fund (CERF) and the Common Humanitarian Funds.
10. WFP has a distinct, complementary strategy for private-sector partnerships, which aims to raise US\$200 million a year by 2017, US\$50 million of which is to be fully flexible. WFP is on track to achieve this.

TABLE 1: CONTRIBUTIONS 2004–2009, BY DONOR GROUP (in US\$ million)
(as of 17 January 2010)

Donor	2004	% of Total 2004	2005	% of Total 2005	2006	% of Total 2006	2007	% of Total 2007	2008	% of Total 2008	2009	% of Total 2009
DAC*	2 117	94	2 557	94	2 240	83	2 364	87	4 010	79	3 521	89
Middle East	5	0	12	0	44	2	14	1	552	11	41	1
BRIC**	28	1	48	2	20	1	28	1	43	1	63	2
Other streams	30	1	15	1	10	0	29	1	10	0	10	0
Host governments	64	3	97	4	130	5	111	4	129	3	114	3
Multi-donor funds	1	0	9	0	219	8	145	5	231	5	206	5
Private donors	22	1	27	1	55	2	49	2	144	3	104	3
Multilateral donors	279	12	276	10	239	9	254	9	883	18	319	8

Note: Individual donors may be categorized in one or more donor groups. Multi-donor funds include system-wide funds such as the CERF, the Common Humanitarian Funds and the World Bank.

* Development Assistance Committee (OECD)

** Brazil, the Russian Federation, India and China



CHALLENGES, RISKS AND OPPORTUNITIES

11. More than 1 billion people now live in chronic hunger. They include 850 million people targeted for hunger reduction as part of global efforts to achieve the Millennium Development Goals (MDGs), who now face an even more difficult struggle out of hunger and poverty, and at least 130 million people who were previously able to feed their families.
12. Of the 1 billion hungry, WFP aims to reach the most destitute and vulnerable, who often have no other means of food security or support. Historically, this group tends to account for about 10 percent of all hungry people. The risk of an increasing global figure implies proportionally increased demands on WFP. Humanitarian needs and their consequent emergency responses continue to represent a significant and growing portion of those demands and are a priority for WFP.
13. Mobilizing funding at the unprecedented scale needed, particularly against the backdrop of the economic downturn, is a complex challenge, but not impossible. WFP will need to go beyond the familiar; identify and cultivate new sources of support; make its case to a broader range of partners; explore the wider range of funding mechanisms that are now available, particularly at the country level, for supporting United Nations reform; and maximize the effectiveness of each single donation that it receives.
14. The implementation of the Strategic Plan continues to require flexible funding. The shift in mandate from food aid to food assistance, and the Strategic Plan's enhanced emphasis on such approaches as voucher and cash-based programmes and on the transfer to national governments of WFP tools – including needs assessments and early-warning capacities – all require the expenditure of cash rather than the distribution of food. WFP needs to meet the challenge of gaining a large portion of its resources in the form of highly flexible cash donations, or risks being unable to respond in the most effective manner possible and being able to provide the optimum hunger solutions.
15. In the current environment, awareness of the plight of the increasing number of hungry people has never been higher. Global food security and malnutrition are in the international spotlight, together with the associated problems related to natural and human-incurred disasters, conflict, market volatility and macroeconomic conditions. This environment presents an opportunity as well as a risk: these issues may also move rapidly out of the spotlight, and in 2010, WFP will need to strive to sustain the momentum of 2008 and 2009. Advocacy will be particularly important in light of increased competition for scarce funds in a context of economic instability and the risks of new financial downturn.
16. Beginning with the Secretary General's High-Level Task Force on the Global Food Security Crisis, there has been a general acknowledgment that attaining sustainable food security requires increased agricultural production; improved monitoring systems to ensure that food crises are anticipated and prevented; and increased support to social protection, including safety net programmes involving food assistance, vouchers and cash transfers, to ensure that governments can respond effectively to the needs of the most vulnerable. The Comprehensive Framework for Action also refers to the need for regional and global mechanisms that improve emergency access to food through emergency grain reserves or stock sharing, and enhance country-level food stocks management. These developments present an opportunity that WFP can capitalize on in coming years.
17. Recognition at the L'Aquila G8 meeting of the need for a collection of measures to effect a global solution to food security and hunger has launched efforts to follow country-led, comprehensive planning frameworks – such as the Comprehensive Africa



Agriculture Development Programme (CAADP) and United Nations Development Assistance Frameworks (UNDAFs) – to bring all the players into an initiative that fosters a renewed and collaborative investment approach for addressing global food security and hunger. This is an opportunity for WFP as an implementing partner and supplier of technical advice working with others and maximizing the agency's comparative advantage.

18. There is broad agreement on the set of short-, medium- and long-term measures that will be needed to attain global food security and combat hunger, and every reason to believe that this challenge will command international attention, commitment and resources. Much of this effort will be country-led and WFP country directors will seize this opportunity to engage in the development of national hunger strategies and solutions such as through UNDAFs and Poverty Reduction Strategy Papers.
19. The challenge will be to maintain this comprehensive and focused attention in the face of competition from domestic and national issues resulting from the global economic downturn. An understanding of the global implications will be essential.
20. WFP's experience of 2009 and previous years indicates that in 2010 and beyond the international community will continue to support WFP in carrying out its mandate as outlined in the Strategic Plan 2008–2013. In 2009, 19 donor governments gave their highest levels of support ever to WFP. In 2010, WFP's target is to meet the hunger needs of 90 million people in 73 countries, at the aforementioned cost of US\$5.4 billion. WFP has received broad assurance that current donors will continue their support, based on proven performance, commitment to effectiveness and delivery of results. However, complementary funding from other sources will also be essential.

THE FRAMEWORK FOR FOOD ASSISTANCE

21. The Principles and Good Practice of Humanitarian Donorship and the Paris Declaration on Aid Effectiveness are the backdrop against which WFP will seek resources to operationalize its Strategic Plan. The emphasis on increasing the alignment of aid with partner countries' priorities, the allocation of humanitarian funding in proportion to needs, the provision of humanitarian assistance in ways that support the recovery of long-term development, flexible and predictable funding, and the central role of the United Nations in providing leadership and coordination stand out among a number of principles relevant to WFP's work.
22. Of particular importance for fundraising are the acknowledgment that funding for new humanitarian crises must not adversely affect funding for ongoing needs, the advantages of longer-term funding arrangements, the increasing importance of joint programmes as part of a more holistic approach, the central role of Consolidated Inter-Agency Appeals and Common Humanitarian Action Plans, and the move to delegate more authority to donors' field offices.
23. In the 2009–2011 period, discussions are taking place on adjustments to the financing policies and regulations under which WFP works. In the financial framework review, the Board is reviewing WFP's financial policy framework to determine which arrangements will enable WFP and its donors to respond better to the challenges of the coming years. The review encompasses the relationship between funding windows and programme categories, to determine which changes will leave WFP better placed to maintain effectiveness. It is expected that the new measures will facilitate better arrangements for donor funding, such as funding mechanisms that would allow flexibility to respond to varying contexts and needs – including through greater predictability – while providing



accountability and transparency regarding the allocation of WFP resources.

24. In May 2009, as part of the financial framework review, the Strategic Resource Allocation Committee (SRAC) was established to oversee financial management and resource allocation activities in WFP. The Resource Management and Accountability Department was created in tandem.
25. The implications of the financial framework review for WFP's resourcing efforts are considerable and of vital importance. However, the strategy revision in this paper is needed to inform WFP's resourcing work in the shorter term. The revision will evolve following formal approval of the various elements of the financial framework. This paper incorporates no assumptions about these potential changes. Rather, to be of practical use now, it is based on the current financial framework; its existing arrangements are likely to remain in place long enough to encompass most of the resourcing of the Strategic Plan (2008–2013).

UNITED NATIONS COHERENCE AND NEW FUNDING MECHANISMS

26. The broad process of United Nations reform has emphasized the need for government ownership of the country-level activities of United Nations funds and programmes; improved collaboration and complementarities of United Nations activities and those of non-governmental organizations (NGOs), under government leadership; and more field-level decision-making to ensure that United Nations-funded activities are in line with government priorities.
27. In recent years, a proliferation of new funding mechanisms – common funds, special-purpose funds, vertical funds, multi-donor trust funds, country or pooled funding mechanisms – have been put in place to foster and support a more integrated approach for the United Nations. Financial support for these mechanisms comes from a broad base of donors. For example, close to US\$2 billion has been provided by 115 Member States and other donors to the CERF. Donors consider these funds a means of improving international humanitarian and development responses in line with Good Humanitarian Donorship principles and the Paris Declaration. Such funding mechanisms also offer several practical advantages, especially to current and potential small donors who do not always have an in-country presence or who wish to minimize transaction costs. In some cases, funding is provided through national governments; in others, resources are allocated directly to United Nations agencies and NGOs. Some multi-donor funds are open-ended, while others function for a determined period. Some are country-specific, while others are thematic. These common funds have themselves become a significant new funding channel, which WFP will continue to explore and utilize.
28. Allocations from the CERF, common funds and agencies rank fifth on WFP's 2009 donor list. WFP is by far the largest agency recipient of CERF funding; it has received a total of US\$532 million since the CERF was launched in March 2006, accounting for approximately 38 percent of the US\$1.4 billion CERF disbursements to date. There is every reason to anticipate that this relationship will continue and grow with continued efforts at the field level.
29. The CERF is likely to remain a pre-eminent source of funding for WFP's emergency operations, though the potential of other funds must also be explored. Multi-donor funds address a wide range of objectives, including all of WFP's Strategic Objectives, and hence are a major potential source of contributions. Although it is more difficult to predict funding levels from multi-donor funds, which have a largely decentralized funding



application process, based on past trends, WFP will aim to secure US\$200 million from multi-donor funds in 2010, with approximately 75 percent of this coming from the CERF. (This is based on the contributions average over the past four years, plus 10 percent). In 2009, US\$206 million was contributed through multi-donor funds and WFP aims to maintain or increase this level of funding through initiatives at the country level in 2010.

30. In the coming years, WFP aspires to increase support from pooled funds, especially as the pace of Delivering as One pilots has increased and substantial development funds are beginning to flow through them. These will provide greater opportunities for WFP and its partner agencies, with which it will work even more closely under the One United Nations framework. In addition, Emergency Response Funds and Common Humanitarian Funds have provided more recent opportunities for increased funding in Ethiopia and the Central African Republic, and are continuing to do so in the Sudan and the Democratic Republic of the Congo. WFP's priorities for the use of these funding sources will be as resources for United Nations Humanitarian Air Services and other common services, such as the cluster lead for logistics and telecommunications. Within the Strategic Plan period, WFP has also received US\$18 million from the MDG Achievement Fund, following the 2008 and onwards call for proposals from the programme area for Children, Food Security and Nutrition. Other promising opportunities for resources are the Peacebuilding Fund, the Sudan Multi-Donor Trust Fund and the proposed funds for Darfur and Southern Sudan.
31. Greater dependence on these relatively new sources of resources will bring potential risks and management challenges, as well as opportunities. The resources made available through pooled funding mechanisms are meant to be additional, but evaluation evidence is inconclusive as to whether they actually are.² WFP will assess the potential contributions from pooled funds to the most appropriate WFP programmes, including enhanced tracking and analysis of past contributions, to determine which funds to target and thereby how best to allocate staff time and resources.
32. In several past years, the World Bank has also provided resources to WFP. Generally, however, this has not been a consistent or predictable source of funding, as resources are channelled directly through national governments wherever possible. The high food and fuel prices in 2008 led to the establishment of the World Bank's Global Food Crisis Response Programme (GFRP), a rapid financing facility to provide up to US\$2 billion to countries affected by the food crisis. A limited portion of GFRP is grant funding, which can be considered for direct funding of United Nations agencies, although again, only in instances where there is limited government capacity to implement directly. At the early stages of funding, WFP received approximately US\$28 million through this fund for five country operations, but did not secure any resources in 2009.
33. Although GFRP funding can be provided through WFP, as is planned for Liberia (US\$4 million) and Sierra Leone (US\$4 million), access to this funding is expected to come mainly through governments that seek WFP support for managing safety net interventions. In Ghana the Ministry of Health wishes to work with WFP to deliver a nutrition programme.
34. In addition, in 2009 the World Bank created an expanded Vulnerability Financing Facility (VFF) to deal with a broader range of needs arising from both the food and

² A 2007 evaluation of the CERF raises the question whether CERF funds are truly additional or a reallocation of bilateral humanitarian support. See Faure, S.D. and Glaser, M. 2007. *Central Emergency Response Fund: Interim Review. Final Report*. Office for the Coordination of Humanitarian Affairs, September, p. 22.



economic crises. GFRP is one component of the VFF, and in the future will focus exclusively on agriculture development programmes. A Rapid Social Response Fund is being established and will fund social safety net programmes, the response area the World Bank sees as most suited to WFP. However, all grants will be country-driven, with preference given to funding governments directly, except where capacity is weak. Governments can, however, choose to channel partial funding through United Nations agencies. Whether regional banks will follow the lead of the World Bank will depend on whether they opt to give priority to social safety nets and protection, rather than retaining a focus on more traditional funding for infrastructure and aggregate production support to the agriculture sector.

35. The Global Agriculture and Food Security Programme (GAFSP), a mechanism being established to facilitate programming of post-L'Aquila pledges, is managed by the World Bank and will become operational in 2010. Again, funding is expected to be channelled through national governments, and the scale of the Programme will depend on how much donor governments choose to channel bilaterally through their own systems and the extent to which they opt to use this multilateral mechanism. WFP may have access to funding directly from the technical assistance window of the GAFSP, but this is not expected to be a significant component in monetary terms.

PRIVATE-SECTOR FUNDING

36. WFP anticipates considerable growth in the support it receives from the private sector as it engages with more global humanitarian partners, extends its outreach to corporate partners and foundations, cultivates high-worth individuals, and builds a programme of better outreach to smaller donors. WFP's Private-Sector Partnership and Fundraising Strategy, approved by the Board in February 2008 (WFP/EB.1/2008/5-B/1), which complements this paper, is guiding WFP's work with the private sector, and is already beginning to show encouraging results.
37. In 2009, support from the private sector totalled US\$104 million, 3 percent of total contributions; this surpassed the annual goal of US\$80 million, and represents major growth from the 2003 level of US\$5.5 million. WFP signed a new long-term partnership with LG Electronics, the first Asian multinational to support WFP internationally, and also signed two new corporate partnerships with Heinz and Kraft, through Project Laser Beam, which was launched in September 2009 at the Clinton Global Initiative. Through Project Laser Beam, WFP is leading the way for a first-ever alliance of food companies – across competitive lines – to fight hunger. In 2010, WFP aims to continue building its geographic network of private-sector support for its Strategic Objectives, focusing on increasing foundation support and contributions from individuals.
38. Private partnerships continue to be a major driver of WFP's enhanced nutrition improvement approach, bringing the expertise of the private sector to the service of the Nutrition Unit. Two specialists from life sciences company DSM have worked in Egypt and Kenya on specific issues, and several nutritionists were added to WFP's roster in 2009, all funded by the private sector. WFP will continue to collaborate closely with the private sector on nutrition, and also in the area of emergency preparedness and response. The private sector continues to support WFP's emergency response capacity, with action in all major emergencies in 2009. An example is the tropical typhoon in the Philippines, where more than US\$1 million dollars was raised rapidly through corporations' networks. In-kind support – such as two cargo flights from TNT – was also forthcoming and prompt, and WFP aims to maintain successful partnerships in this area.



39. WFP benefits from using the internet for raising funds. In 2009, a monthly average of 220,000 people visited the WFP website, including 40,000 individuals who contributed a total of more than US\$1.5 million online.

BROADENING AND BUILDING NEW PARTNERSHIPS

40. At the core of WFP's relationship with its current support base is a spirit of partnership, which involves, in addition to financial support, active interest in all WFP's work, contribution to strategy and policy formulation through participation in the Board, working with WFP for public education on global hunger issues, and sharing expertise to make WFP stronger and better.
41. WFP is further strengthening its partnerships with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD). In November 2009, the Board approved "Directions for Collaboration among the Rome-based Agencies" (WFP/EB.2/2009/11-C). The four pillars of the framework for collaboration are: i) policy advice, knowledge and monitoring; ii) operations; iii) advocacy and communication; and iv) administrative collaboration. Joint action will be pursued at the global, regional, national and local levels, including in the Delivering as One pilot countries.
42. Through collaboration and closer cooperation, the three agencies are working towards mutually beneficial improvements in resource mobilization and overall performance, among other areas. In particular, in the focus area of climate change and related natural resource management measures, WFP, FAO and IFAD aim jointly to mobilize resources for environmental investments to promote good land and water management practices and market development. The three agencies will also work to develop small-scale carbon finance mechanisms for smallholder farmers and on access to climate funding opportunities within the Global Environment Facility (GEF).
43. WFP, FAO and IFAD are coordinating on the implementation of food security projects in Bolivia, Guatemala, Nepal, the Philippines and Senegal, through funding from the European Union's (EU) Food Facility. The US\$1.47 billion Food Facility was established in mid-2008, in collaboration with partners including the World Bank and the United Nations Development Programme (UNDP), to support developing countries in response to high food prices and growing food security needs. The Food Facility has provided US\$117 million to WFP, benefiting WFP projects working to improve the availability of and access to food in Bangladesh, Honduras, Liberia, Pakistan and Sierra Leone, as well as the five countries mentioned above. WFP is also working with the European Commission (EC) on the 2009 L'Aquila Initiative on Global Food Security, to which the EC is the largest contributor.
44. The Rome-based agencies will pursue their partnership while continuing to collaborate with other United Nations agencies. Each agency has partners in the broader United Nations context, under cooperative programmes or agreements with international financing institutions – including the Triennial Comprehensive Policy Review and the Delivering as One initiative, UNDAFs and United Nations humanitarian assistance frameworks such as the cluster system and the Consolidated Appeals Process – and in accordance with the 2005 Paris Declaration on Aid Effectiveness. Collaboration aims to ensure greater United Nations system-wide coherence.
45. Another example of effective partnership is in the area of technical assistance. A growing number of donors, such as Australia, Denmark, Ireland, Norway, Sweden and



Switzerland provide technical support and expertise through secondments to Logistics (Accelerated Learning in Training and Education (ALITE)), for a value of US\$8 million in 2009; WFP will work to secure similar levels in 2010. Technical support has numerous benefits for WFP: the flexibility of stand-by partners means that expert technical staff can be rapidly deployed to the field when emergencies strike, thereby improving WFP's response to emergencies; the depth of expertise at WFP and other United Nations and humanitarian agencies adds a wealth of knowledge and skills to operations; and the field-oriented approach of the partnerships builds WFP's capacity at the country level, in operations as diverse as Haiti and the Democratic Republic of the Congo. In addition, donors offer technical secondments to support cash and voucher programming activities, and support for protection issues and emergency preparedness.

46. WFP is also developing its partnerships with new donors. A number of countries have become donors in recent years, often on a one-time or occasional basis. In 2006, 97 countries made donations to WFP. In 2007, the number was down to 88, but 6 countries became donors for the first time. In 2008, the figure rose to 98, and in 2009 went down to 79, although again there were 3 new donors: Kazakhstan, Oman and Ukraine. Funding could grow substantially if new contributors to WFP became regular, predictable donors. In 2009, Belgium, Bhutan, Brazil, Burundi, Cambodia, Cuba, Cyprus, Egypt, Finland, Germany, the Republic of Guinea, Jordan, Liechtenstein, Pakistan, Panama, the Philippines, Qatar, the Russian Federation and Spain gave their highest levels of support ever to WFP.
47. WFP will therefore both seek new donors and encourage countries that have made occasional contributions to become regular supporters, at an appropriate level for their capacity. To this end, WFP will enter into dialogue with new and occasional donors to build the same mutual understanding, confidence and spirit of partnership that have been the basis of its relationships with longstanding contributors.
48. WFP will continue to strengthen its relationship with Brazil, the Russian Federation, India and China – the BRIC countries – which at their first meeting in Yekaterinburg, Russian Federation in June 2009, pledged in a joint statement to adopt a package of medium- and long-term measures to tackle global food security. The BRIC countries' donations to WFP have steadily increased over the last three years, with US\$63 million contributed in 2009, representing 2 percent of overall contributions. India is the largest donor within the BRIC countries, supporting operations in-country, in neighbouring Afghanistan and elsewhere; Brazil became a WFP donor only three years ago, but is quickly moving up in the ranks. At Yekaterinburg, the BRIC countries also pledged to strengthen efforts for the provision of international humanitarian assistance and the reduction of natural disaster risks.
49. Particular attention will be paid to deepening partnerships with countries in the Gulf and Arab States, which have long supported humanitarian activities, primarily bilaterally and through NGOs. WFP is encouraged by recent indications of interest in its work and a willingness to engage in long-term partnerships, for example, through the Humanitarian City in Dubai, the provision of accommodation for the Fast Information Technology and Telecommunications Emergency Support Team (FITTEST), financial donations, including a recent single contribution of US\$500 million, and new partnerships with foundations in the region. In its interaction with these and other donors, WFP will encourage more active and sustained interest in its work, leading to regular and predictable funding.
50. Increasing numbers of recipient countries are broadening their partnership with WFP to include contributions of local food commodities. In 2009, 21 recipient countries



contributed US\$114 million, 3 percent of WFP's total resources. This is another potential growth area for funding. Good local harvests and the twinning principle have enabled recipient governments to make in-kind contributions, often for the first time. WFP is also expanding its partnerships with developing country donors of in-kind contributions. In 2009, twinning cash donations with commodity contributions from recipient and other developing country donors enabled eight governments – Bangladesh, Brazil, Burkina Faso, Egypt, Jordan, Kenya, Pakistan and the Philippines – to make 17 in-kind contributions, which allowed WFP to provide additional food assistance to a greater number of people, with less delay. For example, a “twinning” arrangement with Brazil and Spain for 25,000 mt of rice helped WFP's operations assist 3.8 million people in Haiti and Honduras.

51. One of WFP's comparative advantages is its ability to build capacity and strengthen institutions, and it has a wealth of experience in doing so. For example, WFP is a key partner of the Government of Bangladesh, with whom it is working closely to improve the government's systems of targeting and supply chain management (warehousing, commodity tracking) and build its capacity to run more efficient safety net programmes. WFP's work with recipient governments creates virtuous circles, enabling recipient governments to improve their management of food assistance and hunger reduction programmes, and working together to meet the needs of beneficiaries more effectively, with the aim of gradually handing over programmes to recipient governments and providing in-kind resourcing requirements to meet WFP's Strategic Objectives, country by country.
52. In addition to recipient donor governments, WFP is also cultivating its relationship with new Member States of the EU, smaller European countries, and Asian, African and Latin American countries. The Republic of Korea's recent membership of the Development Assistance Committee also signals the way forward for an enhanced partnership with WFP.
53. WFP will seek to sustain and deepen its relationships with top donors such as the United States of America, the European Commission and Germany. In 2009, Germany's contributions to WFP reached a record high of US\$132 million, which was composed of exceptional levels of funding from the German Federal Ministry for Economic Cooperation and Development (BMZ), which provides significant support to WFP including a multilateral, untied contribution of 23 million Euros for development programmes each year; the German Ministry of Foreign Affairs; and in particular, increased and flexible support from BMZ channelled through KfW, the German Development Bank.
54. When requested, WFP will support the case for larger legislated contributions to humanitarian assistance, food security and nutrition as part of base budgets. This will be particularly important in cases where increased Official Development Assistance (ODA) would be needed to bring a donor closer to declared national targets.
55. The regulations of many donors' development assistance agencies stipulate that their food aid budgets be used only for the provision of food. Further food assistance and humanitarian work, and national capacity-building measures envisaged in the Strategic Plan such as vulnerability assessment and mapping, and disaster preparedness and mitigation programmes, could therefore be funded from other line items in the ODA budget. Support could be sought from budgets for agriculture and food security, and support from nutrition, health or HIV/AIDS budgets could be considered. Exploration of such possibilities will be a feature of WFP's ongoing discussions with its donors, as will the potential for progress towards the principles of the Paris Declaration.



USING FUNDING EFFECTIVELY: FLEXIBILITY, PREDICTABILITY AND TIMELINESS

56. WFP will continue its efforts on a variety of fronts regarding donor conditions for contributions, including working to achieve a predictable funding base. WFP and donors have already made progress, but much remains to be done. The SRAC is working to increase the coherence of and senior management input into the use of funding. WFP also plans to improve its reporting, transparency and communications on contributions, particularly through increased visibility and coverage of the crucial areas of multilateral contributions and cash contributions.
57. Multilateral contributions – those that allow WFP to determine which operations a contribution will fund and how – increase the flexibility to allocate funds where they are most needed. Their flexibility enables WFP to be more effective in meeting beneficiary needs on time. In 2009, US\$319 million was received in multilateral contributions, with the most significant donations given by Sweden, the Netherlands, Germany, Denmark, Norway and Spain. WFP will continue to collaborate with its donors to raise the levels of multilateral contributions.
58. Only a few years ago, it seemed that the key to increased flexibility was to increase the proportion of contributions in the form of cash rather than commodities, as cash is potentially the most flexible type of support. A number of donors, including most of the largest, now contribute solely in the form of cash, with the result that in 2009, 52 percent of contributions were in the form of cash donations. Many donors have long provided untied, cash contributions, such as the Netherlands, Sweden and the United Kingdom, and more countries are following their example. Canada and Denmark have provided untied cash contributions since 2008, and Norway since 2007.
59. Thanks to these cash contributions, WFP is able to procure increasing amounts of food in recipient or other developing countries. In 2009, it purchased 2.1 million mt in developing countries, or 82 percent of all food purchased, at a cost of US\$772 million. The advantages of local and regional purchases are well known; they have led to operational efficiencies and stimulated commodity markets in several developing countries. WFP will continue to seek significant cash contributions for local food procurement, and also aims to source large amounts of cash contributions for its strategically driven food security activities, as outlined in the Strategic Plan, to meet beneficiary needs in the best way possible.
60. While expressing a strong preference for local and regional procurement, a number of cash donors have agreed that WFP can procure elsewhere when necessary. This is a most welcome trend, and WFP will urge all cash donors to refrain from placing restrictions on their contributions. Unrestricted contributions enable WFP to procure wherever needed, and maximize flexibility. Procurement restrictions are likely to become a more serious constraint, given the current and projected supply shortages in countries where WFP often procures food.
61. Flexibility in funding is therefore essential. WFP will appeal to cash donors to give it authority to determine the place and time of procurement, on the understanding that whenever possible, procurement will be in the recipient country or the region. WFP will continue to take into account local/regional market indicators, programming objectives through Purchase for Progress, and the food distribution destination. In the longer term, a move towards a larger proportion of advance funding could also enable WFP to purchase more cost-effectively for meeting expected needs and for pre-positioning.



62. As well as flexibility, another important factor that WFP will continue to strive for is the predictability of contributions. Predictability greatly increases the operational usefulness and programmatic effectiveness of a contribution. It enables advance planning of procurement and shipment; ensures the impact of multi-year interventions; facilitates pipeline management; and, if there are no restrictions to inhibit this, allows access to WFP or government food stores and the use of internal advance financing facilities. Predictability thereby boosts WFP's ability to meet beneficiary needs.
63. A model engagement framework for 2009 concluded with Australia provides support for WFP in ways that go beyond the financial or technical. The new Australia--WFP Strategic Partnership Agreement gives WFP greater flexibility and predictability by committing to multi-year, fully multilateral contributions, with flexibility for reprogramming unspent funds. A second important aspect of the partnership includes Australia's commitment to advocate for greater predictability through increased cash contributions, reduced earmarking, and early payment of pledged funds. Multi-year contributions are invaluable, constituting 3 percent of WFP's funding; besides Australia, they are also provided by Canada, Iceland, Luxembourg, the Netherlands, the Russian Federation and the United States of America, and WFP will pursue the potential for such arrangements with all donors.
64. Announcing contributions prior to or early in the calendar year is a crucial way for donors to assist WFP in making optimal use of resources.³ Even informal indications of donor intentions, although not binding, are very useful to WFP for planning its operations.
65. Contributions that come early in the life of an operation are of particular value, as are contributions to the Immediate Response Account (IRA). Although the CERF provides essential early support, the allocation typically comes two months after the beginning of an emergency, and it is the IRA that enables WFP to provide assistance within 24 hours. WFP will therefore work with its donors to boost contributions to the IRA, and will continue to advocate for contributions in the crucial early stages of an operation.

RESOURCING AT THE COUNTRY LEVEL

66. As governments assume ownership and take more responsibility for coordinating development assistance, the locus of decision-making has been shifting from donor capitals to the country level. This includes resource allocation decisions, which several donors have delegated to their field missions, in line with the Paris Declaration. Pooled funds have accelerated this trend; some of these funds are country-specific, and even those that are centrally managed place great emphasis on country-driven proposals and prioritization.
67. Other donors, including some large contributors, have retained centralized resource allocation responsibilities at their headquarters. In addition, many donor countries do not have missions in all the countries where WFP works. For such donor countries, WFP often represents a practical way of contributing, especially in emergency situations, in countries where they do not have their own field presence.
68. WFP will therefore adopt a twin-track approach to donor relations. One track is the familiar one, based on ongoing consultation among WFP Headquarters, liaison offices and

³ This also applies to contributions to the various United Nations funds. For example, the effectiveness of the Common Humanitarian Funds has been hindered by donors not making funding available early enough to facilitate planning and timely utilization.



donor capitals and permanent missions; this has been the bedrock of mutual understanding and will not be neglected or downgraded.

69. The second track is for WFP to reinforce its own capacity to engage with country-level partners. For several years, WFP has been liaising more closely with donors in each country and with United Nations pooled funds. On the basis of robust data on WFP's programmatic effectiveness and results, and within the framework of recipient governments' own national plans and joint programmes, WFP will work to develop the skills of its staff in the field to be able to enhance joint programmatic initiatives with other United Nations agencies, working in partnership with recipient governments. Through enhanced cooperation with other agencies and recipient governments, WFP will also be better able to access the funds available locally, and determine how best to build country office capacity to initiate field-level funding proposals. This revised, comprehensive and systematic approach aims to better meet the needs of beneficiaries under the umbrella of national government plans, and as a result, also the needs of WFP's donors and of WFP financial needs.
70. An early step will be to work with donors to determine the most effective way of combining headquarters-to-headquarters interaction with that at the field level, so that roles and responsibilities are clear to all. Training will be designed and rolled out, to ensure that sufficient field staff have the necessary skills for their resourcing responsibilities. Appropriate Headquarters support for country-level resourcing will be defined, and arrangements for effective communications and coordination, particularly the real-time sharing of information, will be put in place, together with sharing of best practices and lessons learned.
71. In some countries, to ensure that WFP is well represented with United Nations country teams and donors, additional staff will be required to explain the roles of food assistance, hunger, food security and nutrition within the framework of government priorities; participate in meetings that underlie collaborative, coordinated programming; and prepare proposals for local funding. This route will be considered in cases where recipient governments' requirements indicate a need for increased assistance from WFP, in line with their own national plans.
72. The major benefit of such work is improved, better-coordinated and more country-led programming. Funding is not the only factor, but the transaction costs of making more field-level efforts to gain resources from more diverse donors should not be underestimated. All of this is challenging, but no more difficult than the other organizational changes that WFP has managed.

CONCLUSION

73. WFP must be prepared to call on an unprecedented level of funding to respond to the needs of a growing number of hungry people. WFP anticipates that its top donors will continue to constitute the main source of funding, but it also acknowledges that they cannot be solely responsible for any scale-up that is required.
74. To achieve its overarching aim of providing the funding to meet its assessed needs, WFP will need to direct its efforts to:
 - work with its main donors to improve predictability and flexibility;
 - invest in new strategic partnerships, particularly with emerging economies and new donor countries;



- engage with multi-donor, pooled, vertical and thematic funding sources;
 - promote local resource mobilization through effective engagement with country-led processes, and investment in WFP policy, evidence building and advocacy work; and
 - identify new funding channels.
75. Raising additional financial support is a challenge, but not an insurmountable one. WFP will need to commit itself to strategic resourcing based on greater accountability and transparency – primarily addressed through the financial framework review and associated efforts – and to expanding its efforts especially at the country level and with a broader range of partners. It will need the support of all its donors and partners, and asks the Board to advocate for funding that brings maximum flexibility and predictability, such as multi-year cash contributions.



ACRONYMS USED IN THE DOCUMENT

ALITE	Accelerated Learning in Training and Education
AusAid	Australian Agency for International Development
BRIC	Brazil, the Russian Federation, India and China
CAADP	Comprehensive Africa Agriculture Development Programme
CERF	Central Emergency Response Fund
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FITTEST	Fast Information Technology and Telecommunications Emergency Support Team
GAFFSP	Global Agriculture and Food Security Programme
GEF	Global Environment Facility
GFRP	Global Food Crisis Response Programme
IFAD	International Fund for Agricultural Development
IRA	Immediate Response Account
MDG	Millennium Development Goal
NGO	non-governmental organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
SRAC	Strategic Resource Allocation Committee
UNDAF	United Nations Development Assistance Framework
VFF	Vulnerability Financing Facility