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Agenda item 5

For consideration

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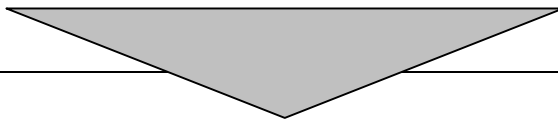
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WFP'S CASH BALANCES

Composition and Appropriate Levels of Cash

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Note to the Executive Board



This document is submitted for consideration to 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.

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Executive Summary

This document is presented to the Executive Board for consideration, in response to its request at its First Regular Session in February 2002 for detailed information and analysis of the Programme's current cash balances.

It describes the composition of the Programme's cash balances and reasons for current levels. It gives an analysis of cash receipts and disbursement patterns in 1999–2001, showing collection and disbursement rates, and presents projected cash inflows and outflows for the next two biennia (2002–2005) using previous years' collection and disbursement rates and estimated higher rates as a basis for determining appropriate cash levels. The paper identifies any excess in WFP's cash balances and presents an action plan to bring them to appropriate levels.

Composition of Cash

As at 31 December 2001, WFP's aggregate cash balance amounted to US\$905.0 million, consisting of:

- cash of US\$325.7 million not relating to projects, including monies collected and handled by the Programme for special accounts, monetization funds, staff-related benefit funds, long-term loan, the programme support and administrative budget (PSA), interests earned for specific purposes other than direct project implementation. These cash balances should always be kept on hand for specific purposes and not for direct operational requirements unless subsequently reprogrammed by the Executive Board or the donor concerned; and
- cash of US\$579.3 million relating to projects, the focus of this paper, consisting of contributions by donors for defraying project expenditures; these are either cash contributions, collections of receivables or cash set aside to fund reserves that could be used to defray initial expenditures for business continuity. As at the end of the biennium, some of these are earmarked, such as the US\$107.4 million reserves and advance facility, the US\$77.6 million unspent balances of closed and completed projects, cash of US\$232.5 million representing obligations and commitments and cash of US\$161.8 million still available for programming, allocation, obligation and disbursements. It should be noted that the cash balance relating to projects has been declining over three biennia, from US\$744 million in 1997 to US\$579 million in 2001.

Cash Reserves Required

The average disbursement period varied between cost categories, ranging from 0.5 to 6 months. Taking a composite of the percentage share of the cost categories against the total expenditures and their respective average disbursement periods, it was established that the average disbursement period for all cost categories was three months.

Monthly cash receipts and disbursements between 1999 and 2001 varied widely, with a monthly average of US\$72.6 million for both. While monthly average cash inflows almost exactly matched the monthly average cash outflows during the three-year period 1999–2001, cash levels (cash receipts less disbursements) at the end of month fluctuated considerably. For instance, in the last three months of 2001, there was a consistent shortfall, which was due to large amounts of disbursements that had to be defrayed for the initial phase of the increased operations in Afghanistan.

WFP needs to be responsive and flexible due to the volatile nature of its operational requirements, and it should maintain a cash level that can allow for wide variability in cash receipts and disbursements. Hence, the appropriate cash level for WFP is the aggregation of this three months' disbursement operating requirement and the standby mechanisms of reserves and advance facility totalling US\$360.3 million as at 31 December 2001: three months' operating requirements of US\$253.0 million plus reserves of US\$107.0 million. The US\$232.0 million in committed funds validates the



three months' operating requirements of US\$253.0 million calculated for 2001.

The current cash balance for projects as at 31 December 2001 is US\$579.3, thereby indicating that the Programme had cash amounting to US\$219.0 million in excess of appropriate levels. This excess cash can be attributed largely to US\$77.6 million in unspent balances of closed and completed projects and US\$161.8 million unearmarked cash for programming and allotment. It is therefore important for the Programme to take actions to address this issue.

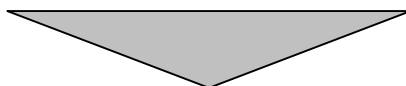
Action

The Secretariat has already taken steps to address this by identifying cash for closed projects that were reported to the Board in February 2002. It has also extended closure to projects that were completed between 1999 and 2001. This has led to further identification of cash balances that are no longer needed by the projects to which they were allocated. Donors' consent for possible reprogramming or refund will therefore be needed.

Other steps to be taken in the immediate future include: expediting reprogramming or use of unspent project cash balances; monitoring cash levels and the effects of faster project implementation; periodically reviewing actual expenditures against budgets to improve timely budget revisions and closing of completed projects; conducting closer reviews of standard costs and rates such as LTSH; setting more realistic budgetary requirements in new projects; and continuously exploring cost-containment measures.

The Secretariat has nevertheless taken appropriate steps in placing these cash balances in short-term investments in accordance with WFP investment policies and managing them in accordance with its Financial Regulations and Rules and best business practice. The External Auditor's recent report indicated that audit of the past three years' treasury operations after they had been taken over from the Food and Agriculture Organization of the United Nations (FAO) showed that donations and contributions to WFP have been prudently managed during the past biennium.

Draft Decision



The Executive Board:

- a) takes note of this document as a response to its request for a detailed analysis of the composition of WFP's cash balances and reasons for them;
- b) takes note of the prudent manner in which cash balances are managed and invested;
- c) takes note of the methodology used to analyse cash receipts and disbursements patterns for the previous two biennia and to make projections for the next two biennia as a basis for establishing an appropriate level of cash for the Programme;
- d) takes note of the action plan set out by the Secretariat to bring its cash balances to appropriate levels; and
- e) looks forward to being informed at its Annual Session in 2003 of the outcome of this exercise through a comprehensive financial report that includes cost efficiencies achieved through budget revisions and other cost containment strategies.



INTRODUCTION

1. At the First Regular Session of the Executive Board in February 2002, the Secretariat presented a paper on WFP's levels of financial investment and investment policies (WFP/EB.1/2002/4-A/1, Cash and Investment Management: Level of Financial Investment and Investment Policy).
2. The Executive Board requested a detailed analysis of the composition of these cash balances for consideration at its Third Regular Session in October 2002, to include the reasons for these levels, establishment of an appropriate level of cash balances and steps to be taken to bring cash balances to that level. This document addresses these requests by:
 - a) presenting an analysis of the composition of the Programme's current cash balances and examining the reasons for these levels;
 - b) analysing cash receipt and disbursement patterns from 1999–2001 and estimating them for 2002–2005 to determine variations in receipt and disbursement flows and appropriate levels of cash;
 - c) describing the methodology and the assumptions used in forecasting cash flows for 2002–2005, using collection and disbursements rates from previous years and a higher disbursement rate to determine impact on future cash levels; and
 - d) presenting an action plan to bring current cash balances to appropriate levels.

COMPOSITION OF WFP'S AGGREGATE CASH BALANCES

3. At 31 December 2001, the aggregate total of WFP's cash and investment accounts amounted to US\$905.0 million. This aggregate cash balance is classified in two categories. The first category is **cash relating to projects**, which consists of cash contributed by donors for defraying project expenditures. These may be cash contributions including collections of prior-period receivables, or funded reserves that could be used to defray initial operational expenditures. The second category is **cash not relating to projects**, which consists of cash collected and handled by the Programme for specific purposes other than direct project implementation, including PSA income and cash income generated from interest. Table 1 shows the composition of the US\$905.0 million, distinguishing between cash relating to projects and cash not relating to projects.

**TABLE 1: BREAKDOWN OF AGGREGATE CASH BALANCES
OF WFP, 1996–2001
(US\$ million)**

	1996–1997	1998–1999	2000–2001
Cash relating to projects	744.0	665.4	579.3
Cash not relating to projects	37.6	182.7	325.7
Total cash and investments	781.6	848.1	905.0

4. For the purposes of this paper, analysis will focus mainly on the US\$579.3 million cash relating to projects, because this is cash that is fully at the disposal of the Programme; it accounts for 64 percent of aggregate cash balances as at 31 December 2001. In order to



provide full information, however, the composition and description of cash not relating to projects is briefly presented here.

Cash Not Relating to Projects

5. The US\$325.7 million cash not relating to projects, which is 36 percent of aggregate cash and investments, is cash designated for specific purposes such as the special accounts in the General Fund, cash proceeds of a long-term loan currently held in short- and long-term investments, monetization funds held in trust by WFP, staff-related benefit accounts, other accounts payable and receivables and the unearmarked surplus of the General Fund. These cash resources are listed in Table 2 and described below.

**TABLE 2: CASH NOT RELATING TO PROJECTS, 1996–2001
(US\$ million)**

	1996–1997	1998–1999	2000–2001
A. Long-term investments			
Loan	–	–	66.3
B. Short-term investments			
Loan	–	–	39.7
Staff benefits	–	44.8	46.9
Staff security	–	–	6.5
Outstanding obligations	18.8	27.1	29.8
Net accounts payable	(18.2)	29.8	(3.7)
Subtotal	0.6	101.7	119.2
General Fund			
Special accounts	15.6	32.3	41.1
Unearmarked balance at the General Fund	21.4	19.0	22.7
Subtotal	37.0	51.3	63.8
Subtotal, cash managed by WFP	37.6	153.0	249.3
Monetized funds held at trust			
C. (country offices)	–	10.4	57.3
D. Staff benefits managed by FAO	–	19.3	19.1
Subtotal, cash managed by others	–	29.7	76.4
Total cash not relating to projects	37.6	182.7	325.7

6. The **long-term loan** was a commodity loan of US\$106.0 million obtained in December 2000 from a government agency of a donor. It is repayable with interest over 30 years with a ten-year grace period on the principal. The proceeds of the loan were placed in long-term investments of US\$66.3 million set aside for full repayment of the principal and interest over the 30-year period. The balance of US\$39.7 million is in short-term investments awaiting approval of final disposition.
7. **Staff benefit funds** of US\$66.0 million represent monies set aside for after-service medical benefits, the separation payment scheme fund and the compensation plan reserve fund. WFP is managing the US\$46.9 million set aside for after-service medical benefits,



which are currently held in short-term investments. The funds for the separation scheme and the compensation plan reserve, totalling US\$19.1 million, are currently managed by FAO and held in long-term investments. The Secretariat has recently engaged a consultant to perform actuarial and asset-liability studies for these funds in order to establish a more comprehensive investment strategy. WFP intends to undertake full management of these funds, including those at present managed by FAO. It is envisaged that under the new strategy, all these funds will be in long-term investments.

8. Reserves of US\$6.5 million exist for **staff safety and security** as part of WFP's share of the 2002–2003 UNSECOORD budget, as decided by the Executive Board in October 2001.
9. **Monetization funds** in country offices of US\$57.3 million represent proceeds from the sale of commodities after delivery to recipient governments, managed in accordance with WFP's monetization policy. The value of monetization funds was not separately disclosed in WFP's financial statements prior to 1996–1997. Guidance on accounting for monetization funds, including designation of separate bank accounts, was issued in 1998, facilitating separate disclosure of such funds in the financial statements in 1998–1999 and 2000–2001.
10. **Outstanding obligations and accounts payable** are net liabilities of US\$26.1 million to staff and other United Nations organizations such as FAO and UNDP. They are not directly related to projects, but are liabilities arising from entitlements and inter-agency transactions.
11. **Special accounts** of US\$41.1 million, representing cash set aside for very specific purposes, are established by the Executive Director in line with the policies, aims and activities of WFP. The major special accounts are the International Cargo Self-Insurance, the Financial Management Improvement Programme (FMIP), the long-term loan, UNHRD and the Telecommunications/Information Technology (TC/IT) Standby Services and Equipment.
12. The **unearmarked surplus of the General Fund** of US\$22.7 million represents the residual balance or excess of income over expenditures in the General Fund. Most of this cash income is from interest generated from investing cash resources after the interest portion pertaining to trust funds and special accounts have been allocated. Disposition of this cash surplus is subject to Board approval; in the past the cash has been used for purposes not directly relating to projects, such as the funding of the FMIP, after-service medical benefits and shortfalls in PSA income that were not sufficient to finance PSA expenditures.
13. Table 2 shows that cash balances not relating to projects increased significantly over the past two biennia compared with the levels at the end of 1996–1997 biennium.
14. In the 1998–1999 biennium, the increase resulted from funding of US\$44.8 million for after-service medical liabilities as authorized by the Board, additional funds for FMIP, an increase in the levels of the self-insurance and other special accounts totalling US\$16.7 million and the recording in the accounts of monetization funds held in trust by WFP and the staff benefits managed by FAO of US\$29.7 million. In the 2000–2001 biennium, the increase resulted mainly from receipt of US\$106.0 million proceeds from the commodity loan, which are now in short-term (US\$39.7 million) and long-term (US\$66.3 million) investments, an increase of US\$46.9 million in monetization funds held in trust by four country offices in one region and the US\$6.5 million set aside for staff safety and security.



15. Except for the monetization funds and the other two staff-related schemes of US\$76.4 million, the cash balance of US\$249.3 million not relating to projects is part of funds invested by investment managers in short- and long-term investments.

Cash Relating to Projects

16. This paper focuses on cash relating to projects totalling US\$579.3 million as at 31 December 2001. This represents cash collected from prior-period receivables, outright cash contributions received during the biennium for the different programme categories, cash for bilateral operations and specific trust funds and cash to replenish or revolve the reserves or advance facility. This cash is directly for use in project implementation.
17. These cash resources are available to finance WFP operations, some of which are subject to certain conditions and restrictions imposed by donors, and hence cannot be put to use as easily as those that are received without any or restrictions. Table 3 lists the breakdown of cash relating to projects, indicating funds that are earmarked and those that are unearmarked and available for programming, allotment and obligations.

TABLE 3: EARMARKED AND UNEARMARKED CASH RELATING TO PROJECTS, 1996–2001 (US\$ million)

	1996–1997	1998–1999	2000–2001
Total cash relating to projects	744.0	665.4	579.3
Made up of:			
A. Earmarked cash			
1. Reserves	78.4	72.0	107.4
2. Cash for reprogramming and/or refunding			77.6
a. Net cash balance of closed projects migrated to WINGS (US\$46.7 million)			
b. Net cash balance of completed projects for closure in 2002 (US\$30.9 million)			
3. Cash already committed (POs and contracts)			
a. Accounts payable	2.5	–	31.6
b. Outstanding obligations	158.4	185.0	200.9
Subtotal, cash already committed	160.9	185.0	232.5
Total, earmarked cash	239.3	257.0	417.5
B. Unearmarked cash			
1. Cash for programming, allotments, obligations, etc.	395.3	321.2	81.0
2. Cash for trust funds	109.4	87.2	80.8
Total, unearmarked cash	504.7	408.4	161.8

Earmarked Cash Relating to Projects

18. The above classification of cash relating to projects was made in order to determine the portion of total cash that is really free and available for use to defray disbursements at any given time. Funds classified as earmarked are those set aside for specific purposes such as the reserves, those already identified and established as unspent balances of closed and completed projects and those for which commitments or obligations had been made. The earmarked cash comprises the following:

- **Reserves** are cash set aside by the Board for specific purposes in ensuring continuity of operations. These reserves of US\$107.4 million as at 31 December 2001 are included as cash relating to projects, because they are cash resources for project implementation but subject to specific conditions established by the Executive Board or the Financial Regulations. They consist of:



- ◇ an Operational Reserve of US\$57.0 million, established for the purpose of ensuring continuity of operations in the event of a temporary shortfall of resources once contributions are confirmed;
 - ◇ the Immediate Response Account (IRA) of US\$37.0 million, established by the Board as a flexible resource facility to enable the Programme to respond quickly to new or complex operations. This has a revolving and replenishing character; and
 - ◇ the DSC Advance Facility of US\$13.4 million, set up by the Board as a guarantee mechanism to ensure continued financing of DSC pending confirmation of contributions, and recoverable once contributions are confirmed and received. As at 31 December 2001, US\$13.4 million remains unrecovered and therefore retained in the books as the balance of the advance facility.
- **Unspent balances of closed and completed projects** of US\$77.6 million as at 31 December 2001 represent undisbursed funds of closed and completed projects still to be either reprogrammed or refunded, depending upon the donor's wishes. This is the subject of another paper being submitted to the Board in October 2002.
 - **Cash** of US\$232.5 million representing **funds already committed** as at 31 December 2001. These had already been programmed, allotted, and earmarked for obligations, contracts or purchase orders. This category of cash is either in bank accounts in field offices or in the money market accounts, because it may be needed at any time for immediate disbursements and payment of outstanding obligations. On average, this portion of cash represents 40 percent of the total cash balance relating to projects.

Unearmarked Cash Relating to Projects

19. On the other hand, cash classified as unearmarked consists of funds for which no obligations have been incurred and which are therefore available for expenditure.
- **Trust funds** of US\$80.8 million are contributions for specific operations implemented by WFP on behalf of donors or other organizations because they are in line with WFP's mandate. The trust funds were included as cash relating to operations because their implementation is directly related to WFP's projects in general. This amount of US\$80.8 million represents the balance of trust funds received for which no commitments have been met. That part of trust funds committed was included as part of those classified as already committed in lines 3a and 3b of Table 3.
 - **Residual cash available for programming, allotment and obligations** of US\$81.0 million represents: (a) cash that has just been received, particularly from cash-upfront donors as at the end of the biennium and not yet programmed or earmarked for a project; (b) cash received and programmed but not yet earmarked; (c) cash earmarked but not yet allotted to the spending authorities; or (d) cash allotted to the spending authorities but not yet obligated or committed for a contract or purchase order.
20. Table 3 indicates that, of the US\$579.3 million cash relating to projects, only about US\$161.8 million, or 28 percent, is available for programming and allotment at the beginning of the 2002–2003 biennium.



PATTERNS OF CASH RECEIPTS AND DISBURSEMENTS IN 1999–2001

21. The next step in analysing the composition of cash balances is review of patterns of cash receipts and disbursements in prior years. This analysis is limited to 1999–2001 due to lack of detailed information on monthly patterns of cash inflows and outflows.

Cash Receipt Patterns

22. Patterns of cash receipts were analysed by determining the collection period for each of the major donors. The collection period refers to the time from the date a contribution is confirmed to the date when the cash corresponding to this contribution is received or credited to WFP's bank account and reflected in the books. Table 4 presents the outcome of this analysis.

TABLE 4: WEIGHTED COLLECTION PERIOD BY DONOR FOR ALL CONTRIBUTIONS*, 1999–2001

Donor no.	Contributions share (%)**				Collection period (days)
	1999	2000	2001	Average	
1	46.2	45.4	61.6	51.1	356.3
2	6.8	14.9	4.6	8.8	47.8
3	10.8	6.7	6.0	7.8	308.3
4	6.0	3.0	2.0	3.6	95.8
5	3.5	3.6	3.0	3.4	73.6
6	3.4	2.7	3.0	3.0	85.2
7	2.9	3.1	1.8	2.6	69.5
8	3.0	2.4	2.0	2.5	94.5
Others	17.0	18.3	16.0	17.2	94.7
Total	100.0**	100.0**	100.0	100.0	

* This computation includes all contributions—in cash and in kind.

** Difference due to rounding.

23. Table 4 shows the following:
- The average collection period for the eight major donors ranged from 48 days to 356 days.
 - The average collection period for one major donor, whose contribution represents 51 percent of all cash contributions, was 356 days. This is because of the donor's policy of giving cash contributions for some cost components based on a reimbursement method of actual expenditures. There are therefore impacts on cash balances, because part of donor contributions is always paid after cash has been disbursed. In one of the major agencies in this donor country, WFP draws down cash from a letter of credit when claiming reimbursements of expenditures. In this situation, the cash used to defray expenditures incurred against confirmed contributions from this donor are either from the operational reserve, the cash contributions paid upfront by other donors, trust funds or other unspent cash contributions.



- All other major donors, who account for 49 percent of all cash contributions, had an average collection period ranging from 48 to 308 days. Most of these donors are cash-upfront donors, meaning that they remit cash to WFP prior to expenditures; the exception is the donor providing cash upfront of 80 percent of budgeted expenditures, the remaining 20 percent being made by reimbursement of expenditures.

Cash Disbursements Patterns

24. Patterns of cash disbursements were analysed by determining the allocation or average percentage share of each cost category against the total expenditures and the payment period for each category. The term payment period refers to the time between the date a commitment is made, an obligation incurred or a contract or purchase order issued—in 2001 this was at the time when the goods or services were delivered or received—and the date when cash is disbursed or debited against WFP's bank account and reflected in the books. Three months was thus established as the weighted average disbursement period for all cost categories. Table 5 presents the outcome of this analysis.

**TABLE 5: CASH DISBURSEMENTS PATTERNS
BY COST CATEGORIES, 1998–2001**

Cost component	Average percentage share to total expenditures	Average disbursement period (months)
Commodity (excluding CIKs)	24.6	2.5
External transport	19.5	0.5
LTSH	24.2	6.0
ODOC	5.7	3.0
DSC	14.8	3.0
ISC	11.2	2.0
Total expenditures	100.0	
Average disbursement period		3.0

Note: Details of Table 5 are set out in Annexes I and II.

25. Table 5 shows the following:
- The average disbursement period at the aggregate level ranged from 2.96 to 3.1 months, or an average of three months, during 1998–2001.
 - With regard to the percentage share of each cost category against the total project expenditures, it appears that payments for commodities and LTSH account for about 49 percent; the average disbursement period for commodities was 2.5 months; for LTSH it was 6.0 months, which was the longest average disbursement period among all categories. ODOC and DSC account for 20 percent of total expenditures; both have 3.0 months average disbursement period. External transport, on the other hand, which also accounts for 20 percent of total expenditures, is disbursed in an average of 0.5 months, which practically compensates for the ODOC and DSC rates.
 - The average disbursement period for external transport is only about two weeks; cash contributions earmarked for these expenditures are therefore immediately disbursed. The average disbursement period for LTSH items is six months or longer, however, because they relate to smaller denominations of expenditure and are incurred over time; examples are rent for warehouses, transport costs from port of unloading to



distribution and other expenditures that have a long gestation period. The cash available for these items of expenditures may thus be used for defraying costs that are immediately paid, but for which no actual contributions have been received.

Matching Cash Receipts and Disbursements

26. A further analysis of monthly receipts and disbursements for the years 1999 to 2001 was performed to ascertain monthly cash levels without taking into account the cash balance on hand at the beginning of each year.



TABLE 6: MONTHLY CASH RECEIPTS AND DISBURSEMENTS, 1999–2001¹
(US\$ million)

No.	Year	Month	Receipts	Disbursements	Cash (shortfall surplus)	Cumulative cash (shortfall surplus)
1	1999	Jan.	32.8	53.7	(20.9)	(20.9)
2		Feb.	44.4	56.7	(12.3)	(33.2)
3		Mar.	94.0	56.1	37.9	4.7
4		April	146.8	74.7	72.1	76.8
5		May	40.9	82.6	(41.7)	35.0
6		June	53.2	53.2	0.0	35.1
7		July	42.3	69.3	(27.0)	8.1
8		Aug.	76.9	56.6	20.4	28.4
9		Sep.	27.8	71.1	(43.2)	(14.8)
10		Oct.	65.6	70.1	(4.5)	(19.3)
11		Nov.	42.9	81.8	(38.9)	(58.2)
12		Dec.	141.9	66.6	75.3	17.1
13	2000	Jan.	65.8	35.0	30.8	47.9
14		Feb.	83.4	73.0	10.4	58.3
15		Mar.	108.4	76.5	31.9	90.2
16		April	53.7	82.9	(29.2)	61.0
17		May	86.0	57.8	28.2	89.3
18		June	54.0	69.7	(15.6)	73.6
19		July	96.5	72.0	24.5	98.1
20		Aug.	95.3	64.3	31.0	129.2
21		Sep.	9.2	60.3	(51.0)	78.1
22		Oct.	98.3	63.5	34.8	112.9
23		Nov.	93.7	97.7	(4.0)	108.9
24		Dec.	225.3 ²	125.3	100.0	208.9 ³
25	2001	Jan.	70.6	44.4	26.2	235.2
26		Feb.	99.3	69.6	29.6	264.8
27		Mar.	95.0	85.3	9.7	274.5
28		April	57.3	68.9	(11.6)	262.9
29		May	61.4	77.7	(16.3)	246.5
30		June	46.9	46.6	0.3	246.8
31		July	51.8	79.2	(27.5)	219.4
32		Aug.	161.6	77.6	84.0	303.4
33		Sep.	41.0	86.1	(45.1)	258.2
34		Oct.	37.8	94.6	(56.7)	201.5
35		Nov.	46.1	102.2	(56.1)	145.4
36		Dec.	70.8	111.2	(40.4)	105.1 ³
Average⁴			75.5	72.6		

¹ Excluding fund movements between bank accounts and investment accounts.

² US\$225.3 million includes US\$106.0 million retained as long-term.

³ Cumulative surplus should have been US\$102.9 million in Dec. 2000 and cumulative deficit of US\$1.4 million in Dec. 2001 after adjusting the long-term loan.

⁴ The resulting average receipts excluding the US\$106.0 million long-term loan is US\$72.6 million.

27. Table 6 shows the following:

- For the three-year period, monthly cash receipts varied widely, ranging from US\$9.2 million to US\$161.6 million, with a monthly average of US\$72.6 million. This excludes the one-time receipt of a US\$106.0 million long-term loan in December 2000. In the same way, monthly cash disbursements varied considerably, ranging from US\$35.0 million to US\$125.3 million, with a monthly average of US\$72.6 million.



Monthly average cash inflows thus almost exactly matched the month average cash outflows during the three-year period.

- Cash levels (that is, cash receipts less disbursements) at the end of a month fluctuated considerably over the three-year period. There were months resulting in cash shortfalls ranging from US\$4.0 million to US\$56.7 million and in cash surpluses ranging from US\$0.3 million to US\$100.0 million. In the last three months of 2001, for example, there was a consistent shortfall resulting from large disbursements that had to be defrayed for the initial phase of the increased operations in Afghanistan.
 - These fluctuations result from the unpredictability of WFP's operations, particularly emergency-related activities. This requires that the Programme be able to ascertain and maintain at any time a cash level that is appropriate for the nature of its operations.
28. In addition to maintaining a cash level of working capital to meet disbursement requirements for three months, the Programme is equipped with mechanisms from which cash can be drawn in case of need. These are:
- the Operational Reserve of US\$57.0 million, fully backed up by cash, which can be used to finance an operation when contributions are confirmed but not yet received;
 - the IRA of US\$37.0 million, fully backed up by cash, which can be used to initially defray expenditures for new emergencies or when existing emergencies become more complex and for activities such as protracted relief and recovery operations (PRROs); and
 - the DSC Advance Facility which is a guarantee mechanism to defray direct support costs even prior to confirmation of contributions to projects, even though it is not backed up by cash. When required, cash is drawn from the General Fund and later charged against projects.
29. The aggregate of the three months' minimum requirements of US\$252.9 million, these reserves and the advance facility of US\$107.4 million constitute the appropriate level of cash for WFP; it amounted to US\$360.3 million as at the end of 31 December 2001 (see Table 8). The current cash balance for projects as at 31 December 2001, however, is US\$579.3 million, which indicates that the Programme had cash in excess of appropriate levels amounting to US\$219.0 million. It is therefore important for the Programme to take action to address this situation.
30. The next step in the analysis was to project cash flows over the next two biennia using two scenarios: one projection used previous years' rates, the other used an accelerated rate of disbursements. This was done to determine what the cash levels would be if WFP were to continue with the same rates and patterns or if disbursements were accelerated to the higher rate. These are presented in the following sections.

CASH FORECASTS FOR 2002–2005 USING PREVIOUS YEARS' RATES

31. Forecasts were made of receipt and disbursement patterns for the next two biennia for cash relating to projects. The following assumptions were used:
- Planned sources (income) and usage of funds (expenditures) were determined based on projected contributions and expenditures in each cost category set out in WFP's Biennial Budget for the Period 2002–2003 (WFP/EB.3/2001/5-C/1) and the Strategic and Financial Plan, 2002–2005 (WFP/EB.A/2001/5-B/1).



- Cash receipts were projected based on prior years' cash collection patterns for a major donor and for all other donors. These patterns were applied against the planned levels of income or other sources.
 - Cash disbursement were projected based on prior years' payment period and disbursement patterns in each cost category and applied against the planned use of funds or levels of expenditure and other cash disbursements.
32. The outcome of the cash flow projections for 2002–2005 using previous years' rates is shown in Table 7. Detailed computations and projections are in Annexes III and IV.

**TABLE 7: CASH FLOW FORECASTS FOR 2002–2005 USING
PREVIOUS YEARS' RATES (US\$ million)**

	Ave. 2000 ¹	2002	2003	2004	2005
CASH INFLOWS					
Cash contributions, current year	562.3	561.3	510.2	510.2	508.0
Cash receipts from previous biennia	484.6	438.7	398.8	398.8	397.0
Total cash inflows	1 046.9	1 000.0	909.9	909.0	905.0
CASH OUTFLOWS					
Accounts payable and outstanding obligations	–	232.5	279.7	251.8	243.6
Unearmarked cash contribution in previous biennia (US\$161.8 million) ²	–	53.9	53.9	53.9	
Current year expenditures					
Commodities purchased (excluding CIKs)	302.6	211.7	205.4	195.9	197.5
Ocean transport and related costs	221.1	194.0	168.6	195.0	197.0
Landside transport, storage and handling	257.7	171.5	148.5	143.5	139.5
Other direct operational costs	55.1	48.0	45.8	51.8	51.0
Direct support costs	175.3	96.0	90.0	80.3	80.3
Subtotal	1 011.8	1 007.7	991.9	972.2	908.8
Reprogramming of US\$186.5 million ³			56.0	74.6	56.0
Total cash outflows	1 011.8	1 007.7	1 047.8	1 046.8	964.7
Cash surplus/(deficit)	35.0	(7.7)	(138.8)	(137.8)	(59.7)
<hr/>					
Cash balance, beginning of year		579.3	635.4	496.6	358.8
Cash relating to projects available for reprogramming: US\$122.7					
Less: Requested for reprogramming or refund ³ : US\$186.5		63.8			
Cash balance, ending of year	579.3	635.4	496.6	358.8	299.1
Percent cash increase/(decrease)		9.7%	-21.8%	-27.7%	-16.6%

¹ 2000–2001 average.

² Programming of unearmarked cash as at 31 December 2001, in Table 3.

³ Expected disbursement patterns for projects in the Executive Director's expenditure plan as detailed in Executive Board document WFP/EB.3/2002/5-A/1/1.



33. Table 7 shows that if the same trend continues over the next two biennia, that is, if:
- collections and disbursements continue at current rates;
 - the surpluses generated at the end of the 2000–2001 biennium and the unspent balances of closed and completed projects, totalling US\$186.5 million, are either reprogrammed or refunded; and
 - the unearmarked cash contributions from previous biennia of US\$161.8 million available for programming and expenditure are fully disbursed by 2004; then
 - the cash balance of US\$579.3 million at the end of 2001 will slightly increase in 2002, but will decline beginning in 2003 and decline further to US\$299.1 million by the end of 2005.
34. When these projected cash levels for the next two biennia are compared to the projected appropriate levels of cash, the excess cash balance as at 2001 of US\$219.0 million will increase to US\$289.5 million in 2002 but will decrease to US\$140.6 million in 2003 and become a possible shortfall of US\$36.1 million by the end of 2005 (see Table 8).

**TABLE 8: APPROPRIATE LEVELS AND EXCESS CASH FOR 2002–2005
USING PREVIOUS YEARS' RATES
(US\$ million)**

	Base year 2001	2002	2003	2004	2005
Three months' operating cash requirements relating to projects	252.9	251.9	262.0	261.7	241.2
Reserves	107.4	94.0	94.0	94.0	94.0
Total appropriate levels of cash	360.3	345.9	356.0	355.7	335.2
Cash balance relating to projects	579.3	635.4	496.6	358.8	299.1
Total excess cash	219.0	289.5	140.6	3.1	(36.1)

CASH FLOW FORECASTS FOR 2002–2005 USING HIGHER DISBURSEMENT RATES

35. A second scenario was explored in the preparation of cash flow forecasts for the next two biennia. In this scenario, disbursement rates were increased by 10 percentage points for all cost categories excluding external transport. The outcome of these projections is set out in Table 9; detailed computations are provided in Annexes III and V.



**TABLE 9: CASH FLOW FORECASTS FOR 2002–2005
USING HIGHER DISBURSEMENT RATES
(US\$ million)**

	Average 2001 ¹	2002	2003	2004	2005
CASH INFLOWS					
Cash contributions, current year	562.3	561.3	510.2	510.2	508.0
Cash receipts from previous biennia	484.6	438.7	398.8	398.8	397.0
Total cash inflows	1 046.9	1 000.0	909.9	909.0	905.0
CASH OUTFLOWS					
Accounts payable and outstanding obligations	–	232.5	279.7	178.0	172.5
Unearmarked cash contribution in previous biennia (US\$161.8 million) ²	–	53.9	53.9	53.9	–
Current year expenditures					
Commodities purchased (excluding CIKs)	302.6	211.7	231.4	220.7	222.5
Ocean transport and related costs	221.1	194.0	168.6	195.0	197.0
Landside transport, storage and handling	257.7	171.5	178.2	172.2	167.4
Other direct operational costs	55.1	48.0	51.9	58.7	57.8
Direct support costs	175.3	96.0	102.0	91.0	91.0
Total cash outflows	1 011.8	1 007.7	1 065.7	969.5	908.1
Reprogramming of US\$186.5 million ³			56.0	74.6	56.0
Total cash outflows relating to projects	1 011.8	1 007.7	1 121.6	1 044.1	964.0
Cash surplus/(deficit)	35.1	(7.7)	(212.6)	(135.1)	(59.0)
<hr/>					
Cash balance, beginning of year		579.3	635.4	422.8	287.7
Cash relating to projects available for reprogramming: US\$122.7					
Less: Requested for reprogramming or refund ³ : US\$186.5		63.8			
Cash balance, ending of year	579.3	635.4	422.8	287.7	228.7
% cash increase/(decrease)		9.7%	-33.5%	-31.9%	-20.5%

¹ 2000–2001 Average

² Programming of unearmarked cash as at 31 December 2001, in Table 3.

³ Expected disbursement patterns of Executive Director expenditure plan as detailed in Executive Board document WFP/EB.3/2002/5-A/1/1.

36. Table 9 shows that the cash balance of US\$579.3 million at the end of 2001 is expected to increase slightly to US\$635.4 million in 2002 and to decrease from 2003 by about 30 percent each year on average to US\$228.7 million by the end of 2005. The cash balance for projects will decrease by 61 percent from 2001 levels.
37. The reserves plus a three-month disbursement requirement were applied in this scenario in determining excess cash relating to projects.



**TABLE 10: APPROPRIATE LEVELS AND EXCESS CASH FOR 2002–2005
USING HIGHER DISBURSEMENT RATES
(US\$ million)**

	Base year 2001	2002	2003	2004	2005
Three months' operating cash requirements relating to projects	252.9	251.9	280.4	261.0	241.0
Reserves	107.4	94.0	94.0	94.0	94.0
Total appropriate levels of cash	360.3	345.9	374.4	355.0	335.0
Cash balance relating to projects	579.3	635.4	422.8	287.7	228.7
Total excess cash	219.0	289.5	48.4	(67.3)	(106.3)

38. When these projected cash balances over the next two biennia are compared with the projected appropriate levels of cash, the excess cash of US\$219.0 million at the end of 2001 will increase by 32 percent in 2002 but will decrease by 149 percent in 2005. This will result in a significant reduction of excess cash to negative levels of US\$67.3 million in 2004 and US\$106.3 million in 2005. The substantial reduction in the level of excess cash validates the observations made in paragraph 23 that, but for reserves and upfront cash donations, the Programme would have had a cash deficit with regard to disbursement requirements because of the modalities adopted by two major donors. The first used an almost full-reimbursement method, and the other an 80-percent to 20-percent advance-and-reimbursement method.

ADDRESSING THE EXCESS CASH LEVELS

39. In any kind of business organization, it is good practice to ensure that a positive and adequate cash position exists. A positive and adequate cash position requires that:
- obligations are to be met when they become due and demandable (liquidity);
 - cash is available for projects needing immediate disbursements for which contributions have been confirmed by donors and for which receipt of cash is awaited; and
 - cash can be advanced or immediately defrayed in emergencies while confirmation of donors' contributions or pledges is awaited.
40. These objectives are easy to achieve in organizations where business trends and cash inflows and outflows can be predicted with a comfortable degree of certainty. This is not the case for WFP, however. Analysis of past experience showed that WFP's cash flows fluctuated to varying degrees for both cash receipts and disbursements, which resulted in a high degree of unpredictability. Yet it is crucial that WFP maintain sufficient consistent cash levels at the beginning of each cash flow cycle so that it can meet its obligations for operational activities and related responsibilities. Balancing these two phenomena is the goal of cash management for the Programme.
41. The analysis also indicated that excess cash levels are caused by several factors. In WFP, it has been demonstrated that one factor is the modalities used by donors for remitting their contributions. A second is that cost categories that have a larger share of total expenditures have longer disbursement periods. A third is the failure to determine promptly the cash



balances of completed projects, where cash remains in the books without having been reprogrammed or refunded to the donors. This is the subject of another paper, however. What is important here is that undisbursed cash balances of closed and completed projects also contributed to the accumulation of cash in the Programme.

42. The phenomenon of unspent balances can be interpreted in two ways. On the one hand, it may represent savings realized from more cost-efficient project implementation. On the other, it may represent over-budgeting, with more cash being generated than actually required in project implementation. No definitive answer to the question can be provided at this point. In future, however, the Programme should be able to resolve the matter through more timely review of budgets against actuals and revision of original budgets as necessary. Setting up transparent and timely budgetary reviews during project implementation will enable the Programme to demonstrate fully its cost efficiencies and the impact of its cost-containment strategies.
43. It is crucial that immediate steps be taken to deal with surplus cash identified during this biennium, including the unspent balances from closed and completed projects of US\$77.6 million and unearmarked cash of about US\$161.8 million. The surplus on closed and completed projects should be either reprogrammed, subject to appropriate approvals, or refunded. The unearmarked cash is available for programming, allocation, obligations and disbursement.
44. The existence of such excess cash balances has given the Secretariat opportunities to make short-term investments, following investment policies and benchmarks. In the recent management audit of treasury operations, the External Auditor expressed in the management report for the 2000–2001 biennium an opinion that the funds donated or entrusted to WFP have been prudently managed. When not immediately needed, they were invested with the general objective of “preservation of the value of resources, in US Dollar terms”, with due consideration given, in order of priority, to: “(i) security of principal, (ii) liquidity and (iii) rate of return”, as prescribed by the Executive Director’s circular.

ACTION PLAN TO BRING CURRENT CASH BALANCES TO APPROPRIATE LEVELS

45. As stated earlier, the Secretariat needs to address the issue of cash levels; it is now taking action, and will be taking the following steps to bring cash balances to more appropriate levels:
 - a) expedite consultations with donors concerning reprogramming or refund of unspent balances of closed and completed projects, as set out in Executive Board document WFP/EB.3/2002/5-E/1. Once appropriate approvals are obtained, the balances should be immediately programmed or refunded;
 - b) perform an in-depth review of cost categories with large remaining cash balances to ascertain if they can be adjusted to more realistic levels;
 - c) perform a periodic analysis of the status of contributions, expenditures and disbursements and circulate the outcome to the WFP offices concerned for action;
 - d) improve donor reporting and consultation with donors by providing regular statements of confirmed contributions not yet received and informing them of any unspent balances for projects already completed. The aim will be to obtain earlier decisions regarding reprogramming or refunding;



- e) perform a monthly analysis and active monitoring of project budgets and actual expenditures as a basis for action, including more timely budget revisions of food baskets and rates for LTSH and DSC and disclosure of cost efficiencies achieved; and
- f) in order to inform the Board of the outcome of these action plans, the Secretariat plans to submit to the Board at its Annual Session in 2003 a comprehensive financial report detailing the outcome of activities undertaken with respect to the financial issues covered in financial documents presented at its Third Regular Session in October 2002; this report should include information on impacts of cost-containment strategies.

RECOMMENDATIONS

46. The Executive Director recommends that the Executive Board:
- a) take note of this document as a response to its request for a detailed analysis of the composition of WFP's cash balances and reasons for them;
 - b) take note of the prudent manner in which cash balances are managed and invested;
 - c) take note of the methodology adopted in analysing cash receipt and disbursement patterns for the previous two biennia and in making projections for the next two biennia as a basis for establishing an appropriate level of cash for the Programme;
 - d) take note of the action plan set out by the Secretariat to bring its cash balances to appropriate levels; and
 - e) look forward to being informed at its Annual Session in 2003 of the outcome of this exercise through a comprehensive financial report on these financial issues, including cost efficiencies achieved through budget revisions and other cost-containment strategies.



ANNEX I

**AVERAGE PERCENTAGE SHARE OF EACH COST CATEGORY
TO TOTAL EXPENDITURES
(US\$ million)**

Expenditures by cost component	1998–1999		2000–2001		Average
	Total	Percentage	Total	Percentage	Percentage
Commodities (excluding CIKs)	458.3	22.7	605.3	26.5	24.6
External transport	395.0	19.6	442.2	19.4	19.5
LTSH	522.9	25.9	515.4	22.6	24.2
ODOC	125.0	6.2	118.7	5.2	5.7
DSC	269.5	13.4	370.6	16.2	14.8
PSA	247.9	12.3	229.6	10.1	11.2
Total	2 018.6	100.0	2 281.8	100.0	100.0



ANNEX II

AVERAGE DISBURSEMENT PERIOD FOR EACH COST CATEGORY			
WFP unit	Cost component	Estimate	Average (month)
MSP	Commodities		
	International purchase	8–12 weeks	2.5 months
	National purchase	8–12 weeks	2.5 months
OTF	External transport	1–3 weeks	0.5 months
OTF	LTSH	6 months	6 months
OEDB	DSC	3 months	3 months
OEDB	ODOC	3 months	3 months
OEDB	ISC	1–4 months	2 months

Note: The above estimates were compiled through discussions with various WFP units and divisions. In most cases, the estimates were based on review of historic data in existing records. The average time lag was calculated as the mid point of the estimates ranges, where applicable.



ANNEX III

**ESTIMATED COLLECTION FROM ALL DONORS
USING PREVIOUS YEARS' RATES, 2002–2005
(US\$ million)**

	Percent				
Average of Donor 1's percentage share of total cash contributions	28.3				
Average of other donors' percentage share of total cash contributions	71.7				
Average of donor 1's percentage of cash contributions pertaining to current year	48.6				
Average of donor 1's percentage of cash contributions pertaining to previous years	51.4				
Average of other donors' percentage of cash contributions pertaining to current year	59.1				
Average of other donors' percentage of cash contributions pertaining to previous years	40.9				
	2001	2002	2003	2004	2005
A. Sources related to projects (No. ISC):					
Total sources	1 597	1 520	1 411	1 448	1 448
Less: commodity contributions	(454)	(382)	(372)	(393)	(397)
Less: general fund sources	(56)	(30)	(30)	(44)	(44)
Less: ISC	(94)	(108)	(100)	(102)	(102)
Cash sources	993	1 000	909	909	905
B. Collection of Donor 1's contributions					
Donor 1's share of contributions	281	283	257	257	256
Collected current year	137	138	125	125	124
Collected from carryover in prior year	144	145	132	132	132
Total donor 1 collection	281	283	257	257	256
C. Collections of all other donor contributions					
All other donors' share of contributions	712	717	652	652	649
Collected current year	421	424	385	385	383
Collected from carryover in prior year	291	293	267	267	265
Total other collections	712	717	652	652	649
D. Total collections of contributions					
Collected current year	558	561	510	510	508
Collected from carryover in prior year	436	439	399	399	397
Total collections¹	993	1 000	909	909	905

¹ Excludes programming of prior-1996 contributions.



ANNEX IV

ESTIMATED CASH DISBURSEMENTS BY COST CATEGORY USING PREVIOUS YEAR'S RATES, 2002–2005 (US\$ million)
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	Percentage disbursement rate	2002	2003	2004	2005
Project related		1 520	1 411	1 448	1 448
Less: CIK		-382	-372	-393	-397
Less: Sources from the General Fund		-30	-30	-44	-44
Less: ISC		-108	-100	-102	-102
Base figure		1 000	909	909	905
Planning figures					
Commodities		268	260	248	250
Ocean transport		198	172	199	201
LTSH		343	297	287	279
Others		64	61	69	68
DSC		128	120	107	107
Total		1 001	910	910	905
Expenditures					
Accounts payable & outstanding obligations		232.5			
Commodities	79	211.7	205.4	195.9	197.5
Accounts payable & outstanding obligations			56.3	54.6	52.1
Ocean transport	98	194.0	168.6	195.0	197.0
Accounts payable & outstanding obligations			4.0	3.4	4.0
LTSH	50	171.5	148.5	143.5	139.5
Accounts payable & outstanding obligations			171.5	148.5	143.5
Others	75	48.0	45.8	51.8	51.0
Accounts payable & outstanding obligations			16.0	15.3	17.3
DSC	75	96.0	90.0	80.3	80.3
Accounts payable & outstanding obligations			32.0	30.0	26.8
Total		953.8	938.0	918.2	908.8
Total expenditures					
Accounts payable & outstanding obligations		232.5	279.7	251.8	243.6
Allotment of cash contributions from prior years (US\$161.8 million) ¹		53.9	53.9	53.9	
Current year expenditures					
Commodities		211.7	205.4	195.9	197.5
Ocean transport		194.0	168.6	195.0	197.0
LTSH		171.5	148.5	143.5	139.5
Others		48.0	45.8	51.8	51.0
DSC		96.0	90.0	80.3	80.3
Total		1 007.7	991.9	972.2	908.8

¹ Programming of unearmarked cash as at 31 December 2001 in Table 3.



ANNEX V

**ESTIMATED CASH DISBURSEMENTS BY COST CATEGORY
USING HIGHER DISBURSEMENT RATES, 2002–2005 (US\$ million)**

	Percentage disbursement rate ¹	2002	2003	2004	2005
Total		1 520	1 411	1 448	1 448
Less: CIK		-382	-372	-393	-397
Less: Sources from the General Fund		-30	-30	-44	-44
Less: ISC		-108	-100	-102	-102
Base figure		1 000	909	909	905
Planning figures					
Commodities		268	260	248	250
Ocean transport		198	172	199	201
LTSH		343	297	287	279
Others		64	61	69	68
DSC		128	120	107	107
Total		1 001	910	910	905
Expenditures					
Accounts payable as at 31 Dec. 2001		232.5			
Commodities	89	211.7	231.4	220.7	222.5
Accounts payable & outstanding obligations			56.3	28.6	27.3
Ocean transport	98	194.0	168.6	195.0	197.0
Accounts payable & outstanding obligations			4.0	3.4	4.0
LTSH	60	171.5	178.2	172.2	167.4
Accounts payable & outstanding obligations			171.5	118.8	114.8
Others	85	48.0	51.9	58.7	57.8
Accounts payable & outstanding obligations			16.0	9.2	10.4
DSC	85	96.0	102.0	91.0	91.0
Accounts payable & outstanding obligations			32.0	18.0	16.1
Total		953.8	1 011.8	915.5	908.1
Total expenditures—Global					
Accounts payable & outstanding obligations		232.5	279.7	178.0	172.5
Allotment of cash contributions from prior years (US\$161.8 million) ²		53.9	53.9	53.9	
Current year expenditures					
Commodities		211.7	231.4	220.7	222.5
Ocean transport		194.0	168.6	195.0	197.0
LTSH		171.5	178.2	172.2	167.4
Others		48.0	51.9	58.7	57.8
DSC		96.0	102.0	91.0	91.0
Total		1 007.7	1 065.7	969.5	908.1

¹ No projected increase in rates in 2002.

² Programming of unearmarked cash as at 31 December 2001 in Table 3.



ANNEX VI

TERMS USED IN THE DOCUMENT

Cash contribution—cash remitted by donors for confirmed contributions. This cash can be for contributions confirmed during the current year or for contributions confirmed in previous years.

Cash inflows—cash receipts.

Cash outflows—cash disbursements.

Collection rate—the average percentage of donors' cash contributions to total confirmed contributions.

Completed projects—projects whose end dates are past and for which there is no more expected distribution of commodities to be undertaken but which, “pending final execution of operational and financial closure procedures”, are not yet declared “closed” in WINGS.

Closed Projects—projects that are both operationally and financially completed.

Operationally completed projects are those for which all commodities have been distributed and for which no further substantive activity, including the issuance of obligations, is required. *Financially completed projects* are those operationally completed projects for which no further disbursements of expenditures are required and for which a final financial report (standardized project report) has been submitted.

Disbursement rate—(expressed as a percentage) the time from the date a commitment is made or an obligation incurred or a contract or purchase order issued to the date when cash is disbursed or debited against WFP's bank account and reflected as such in the books.

Reprogramming—the allocation to their projects of donor contributions that were not fully utilized as per the original plan.

Refund—the return of donor contributions that were not fully utilized as per the original plan.



ACRONMYS USED IN THE DOCUMENT

CIK	Commodities in kind
DSC	Direct support costs
FMIP	Financial Management Improvement Programme
GCCC	Government Counterpart Cash Contribution (for Local Costs)
IRA	Immediate Response Account
ISC	Indirect support costs
LTSH	Landside transport, storage and handling
MSP	Management Services Division, Purchasing and Contracts Branch (WFP)
ODOC	Other direct operational costs
OEDB	Office of Budget (WFP)
OTF	Operations Division, Freight Analysis and Support Branch (WFP)
PRRO	Protracted relief and recovery operation
PSA	Programme support and administrative
TC/IT	Telecommunications and Information Technology
UNDP	United Nations Development Programme
UNHRD	United Nations Humanitarian Response Depot
UNSECOORD	Office of the United Nations Security Coordinator

