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**Executive Board
Annual Session**

Rome, 7–11 June 2010

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For approval

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SECOND UPDATE ON THE WFP MANAGEMENT PLAN (2010–2011)

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval

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.

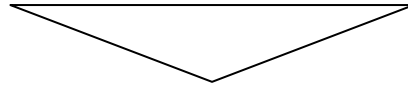
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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

DRAFT DECISION*



Having considered “Second Update on the WFP Management Plan (2010–2011)” (WFP/EB.A/2010/6-D/1), the Board:

- i) **takes note** of the projected total programme of work of US\$10.7 billion, excluding provision for unforeseen requirements;
- ii) **approves** the plan to provide for the unfunded staff liabilities over a 15-year period as outlined in this document;
- iii) **approves** a one-time appropriation of US\$7.5 million from the PSA Equalization Account for the funding of unfunded staff liabilities for 2010 under the above plan;
- iv) **approves** an increase in the PSA appropriation for 2011 of US\$3.37 million to fund the PSA-related impact of the above plan in 2011; and
- v) **approves** the use of the PSA Equalization Account as an alternative source of funding to cover expenditure totalling US\$38.9 million, originally approved for 2010–2011 against the unearmarked portion of the General Fund as outlined in this document.

* 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. At the 2009 Second Regular Session, when the Board approved the WFP Biennial Management Plan (2010–2011), the Secretariat reaffirmed its commitment to providing updates on the implementation of the plan during the biennium. This is the second update for the current biennium.
2. The update takes into consideration the recommendations of the Board, the Advisory Committee on Administrative and Budgetary Questions and the Finance Committee of the Food and Agriculture Organization of the United Nations (FAO).

BACKGROUND

3. The WFP Biennial Management Plan (2010–2011) outlined the expected programme of work for the biennium, which totalled US\$8.95 billion including indirect support costs (ISC). The Programme Support and Administrative (PSA) budget of US\$476 million took into account the expected level of ISC income from these requirements on the basis of historical funding levels and predicted reserve balances.
4. In the first update, presented at the 2010 First Regular Session of the Board, the Secretariat outlined increases in the programme of work amounting to US\$595 million. Since then a number of events, particularly the Haiti emergency response in January 2010, have required further increases. This second update gives an overview of the increases to the programme of work and highlights areas where cost reductions have been achieved.
5. In response to requests by the Board, this update outlines the results of lessons learned from WFP's hedging arrangements, presents a long-term proposal for the funding of unfunded staff liabilities and gives an update as to PSA and extra-budgetary resources.

SECTION I – CHANGES TO THE PROGRAMME OF WORK

Additional Requirements

6. The programme of work was projected in the original Management Plan (2010–2011) at US\$8.95 billion – US\$8.37 billion plus ISC – of which US\$4.6 billion was for 2010 and US\$4.35 billion was estimated for 2011. This excluded any provision for unforeseen requirements. The first update outlined an increase of US\$595 million, taking the programme of work to US\$5.2 billion, mainly for operations in Afghanistan, Ethiopia, Pakistan and the Sudan.
7. Since the previous update to the Management Plan, global hunger needs have continued to increase: 64 million more people are expected to be living in poverty by the end of 2010¹ as a result of the financial crisis and natural disasters and conflict affecting the most vulnerable people.
8. WFP's emergency assistance in Haiti has resulted in additional requirements of US\$570 million. WFP is also expanding its operations in the Sahel in response to persistent drought.

¹ World Bank. 2010. *Global Economic Prospects, 2010*. Washington DC; World Bank. 2010. *Crisis, Finance and Growth*. Washington DC.

9. Despite the increases in operational requirements WFP is seeking savings and will continue to look for further opportunities in view of the pressure of extraordinary demands. A number of new development project proposals have been significantly scaled back to align to estimated resource availability as outlined in General Rule X.8. Reviews have been conducted in a number of larger country offices to reduce their overall budgets. Further similar reviews are planned in other offices.
10. As shown in Table 1, the updated 2010 programme of work has increased by US\$1.2 billion since the first update, bringing the total programme of work for the biennium to US\$ 10.7 billion, of which US\$6.4 billion is for 2010.

TABLE 1: UPDATED PROGRAMME OF WORK FOR 2010 (US\$ million)*			
Country	First update	Increases	Updated requirements
Haiti	97.9	569.9	667.8
Ethiopia	352.1	266.5	618.6
Pakistan	316.2	111.5	427.7
Niger	33.2	111.1	144.3
Afghanistan	325.3	30.7	356.0
Bangladesh	58.4	23.9	82.3
Congo, Republic of the	2.3	21.3	23.6
Sudan	969.4	13.4	982.8
Nepal	84.4	6.1	90.5
Other	2 961.6	42.8	3 004.4
Total	5 200.8	1 197.2	6 398.0

* Including ISC

Highlights of Major Operations in 2010

⇒ *The Sahel region*

11. Erratic and insufficient rains resulted in poor agricultural production in 2009 across the eastern Sahel, northern Cameroon, central Chad, Mali and Niger, which reduced the food security of vulnerable households and increased the risk of a regional food and nutrition crisis during the 2010 lean season. In response, WFP has launched new operations or scale-ups to existing operations in Cameroon, Chad and Niger.
12. The situation in Niger is dire. The 2009 agricultural season had a 430,000 mt crop deficit and a 67 percent deficit in fodder. A rapid household survey showed that 7.8 million people were food-insecure and that 3.4 million people required immediate help; this assessment was the basis of the recent Humanitarian Action Plan. WFP's input to the document was assistance for 2.3 million people through nutrition interventions, cereal banks and targeted food distributions. The Government and other humanitarian actors will address the needs of the remaining 1.1 million people with subsidized food, targeted food distributions, cash for work and nutrition interventions. WFP is implementing a special operation to augment its logistics capacity to supply, store and distribute food assistance in Niger and is leading the humanitarian logistics working group to coordinate logistics, share information, identify gaps and avoid duplication of effort.

⇒ *Haiti*

13. WFP began emergency food distributions on the night of the 12 January 2010 earthquake. In the early weeks ready-to-eat foods were distributed to people in accessible areas, after which a system was introduced that provided a two-week ration to identified populations, enabling WFP to provide immediate assistance for 3.5 million people.
14. WFP continues to meet emergency food requirements: i) through targeted food distribution methods such as food for work, cash for work, meals for children in and out of schools and blanket supplementary feeding; and ii) by building in elements that provide temporary employment and contribute to longer-term food security. This phase of the operation focuses on creating the basis for long-term food security: the aim is to feed 2 million people each month.

⇒ *Ethiopia*

15. A Government-led food security assessment during the *meher* (June–September crop season) involving the regional Disaster Risk Management and Food Security Sector, United Nations agencies, non-governmental organizations and donor governments found that despite collaborative work to address humanitarian challenges, large-scale needs were expected to continue in 2010; this was because of the erosion of coping abilities and the poor harvests anticipated for 2009. Erratic rains throughout 2009 damaged crops and reduced pasture in the eastern, south-eastern and southern parts of the country. The assessment, which was the basis of the Multi-Sectoral Contingency Plan, estimated that 4.8 million food-insecure people would not meet their basic food needs.

Operational Efficiencies – Review by the Sudan Regional Bureau

16. The Sudan regional bureau carried out two reviews of the Sudan operation – WFP’s largest operation, with a budget of US\$900 million for 750,000 mt of food to meet the food needs of 6.4 million beneficiaries – to achieve budget reductions and increase cost efficiency. This resulted in reductions in direct support costs (DSC) and landside transport storage and handling (LTSH) totalling US\$66.8 million.
17. The DSC reduction was achieved by decentralizing some functions to the field and revising the human resources, information and communications technology, finance, procurement and administration units in Khartoum. The DSC budget reduction amounted to US\$37.0 million.
18. The review of LTSH costs involved revising WFP’s road transport operations and contracts, leading to a 14 percent decrease in the LTSH rate. A subsequent review of LTSH rates in March 2010 resulted in a further 9 percent reduction. Total LTSH budget reductions amounted to US\$29.8 million.
19. These reductions coincided with an increase in the emergency operation budget because of increased beneficiary needs. But the DSC and LTSH reductions mean that WFP can procure more food for beneficiaries with the same level of resources.

Projected Resource Levels

20. The Management Plan (2010–2011) was based on an income forecast of US\$7.5 billion, which would generate US\$476.0 million of ISC income. This corresponded to 84 percent funding of the original US\$8.95 billion programme of work.

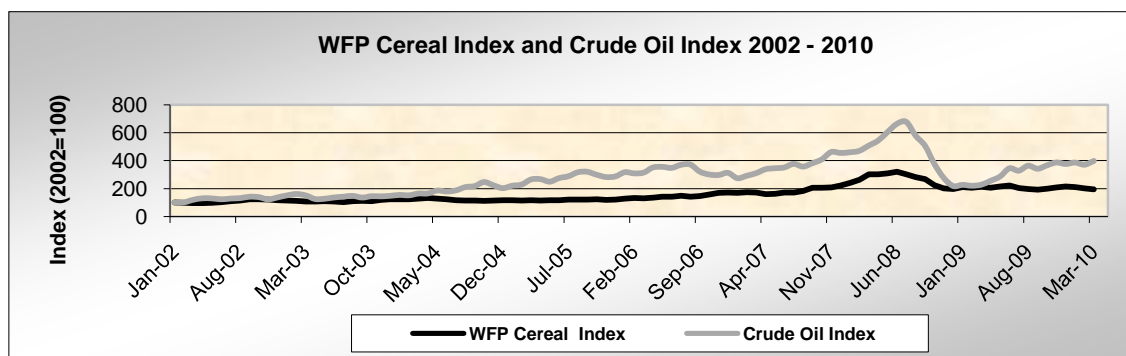
21. With the current funding projection for 2010–2011 at US\$7.5 billion – US\$3.75 billion per year – and an estimated programme of work for the biennium of US\$10.7 billion – US\$6.4 billion for 2010 and US\$4.3 billion for 2011 – this corresponds to 70 percent funding of overall requirements.

⇒ *Country-led hunger solutions task force*

22. WFP will seek to connect its expertise and proven programmes with additional resources committed to food security at the 2009 G8 summit in L'Aquila. World leaders pledged US\$20 billion over three years to support collaborative and country-led food security plans. WFP is already a participant in the development of plans in Africa, Asia and Latin America and the Caribbean, and can contribute significantly to initiatives that enable communities, countries and regions to meet their own food security needs.
23. To ensure that its regional bureaux and country offices are positioned to participate in the design and implementation of country-led food security and climate change adaptation plans, WFP has formed the country-led hunger solutions task force led by the Deputy Executive Director for Hunger Solutions. The task force will align strategies and actions with tools, policies and programmes that can build resilience, improve national capacities to reduce hunger and malnutrition, promote transition to nationally owned solutions and enhance emergency responses.

WFP Cereal and Fuel Index

24. WFP monitors cereal prices through a cereal index based on FAO data and the WFP quarterly *Market Monitor*,² which provides information on price changes for common staples and the potential impacts on the cost of the basic food basket. WFP monitors oil prices through a crude-oil price index based on Brent crude futures; it monitors cereal and oil prices because they have a major bearing on operational costs.



25. WFP's cereal index shows that global wheat prices have remained stable in recent months, reflecting sluggish growth in human wheat consumption and ample supply. Growth in demand has been minimal in developed and developing countries; exceptions include Brazil, India and Pakistan. On the supply side, world wheat stocks are relatively high following abundant 2009 harvests that resulted in eight-year high carry-overs.
26. The *Market Monitor* indicates that the prices of major staples have decreased continuously in most of the countries where the WFP has operations. In Asia, rice and wheat prices have remained stable or declined, except in Bangladesh where the overall cost of the food basket increased. In most countries in southern, eastern and central Africa,

² *Market Monitor*, issue 7, April 2010.

staple food prices remained stable or decreased, but there were significant price increases in Burundi, the Democratic Republic of the Congo and Zimbabwe.

27. In most countries, the cost of the food basket is still higher compared with long-term averages and pre-crisis levels.³ In 79 percent of the countries monitored, the overall cost of the food basket is 20 percent above the five-year averages; this is most evident in Burundi, Ethiopia, the Sudan, Somalia, Sri Lanka, Tajikistan and Zimbabwe. In Ethiopia the price of staple foods has decreased by 5 percent to 15 percent in recent months compared with the same period last year, but prices remain 56 percent above the five year average.
28. To ensure that country-specific information is utilized accurately, WFP and FAO are collaborating on a joint food price database.
29. WFP's crude oil index shows that the price has increased slightly in recent months despite ample supplies and relatively subdued demand. According to the United States Department of Energy's April 2010 outlook, world oil prices are likely to continue to rise slightly in response to the global economic recovery.⁴
30. If the price of crude oil continues to increase in 2010, WFP will evaluate whether the rise is likely to have an impact on LTSH and external transport costs for the 2010–2011 biennium.
31. The Secretariat will continue to monitor food and fuel prices and inform the Board of the latest price trends through the Management Plan updates.

SECTION II: MANAGEMENT OF INDIRECT SUPPORT COSTS

Programme Support and Administrative Budget Status

32. During the first quarter of 2010 WFP utilized US\$51.3 million, 21 percent of the US\$238 million approved PSA expenditures for 2010; US\$131 million was allocated to contractual commitments for 2010, of which US\$118 million are staff cost commitments.
33. Quarterly PSA budget status reports are prepared and shared with managers to keep them informed of the status of their individual PSA budgets and enable them to reallocate resources to their level of authority to ensure that they are used efficiently. The Secretariat will continue to monitor the performance of the PSA budget: a mid-year review is planned with a view to ensuring that the allocations approved at the beginning of the year are appropriate and sufficiently allocated to priority areas.

Unfunded Staff Benefit Liabilities

⇒ *Funding policy for long-term employee benefit plans*

34. Long-term employee benefits include the After-Service Medical Plan, the Separation Payments Scheme and the Compensation Plan Reserve Fund. The related liabilities were determined by actuaries and presented in the 2009 Audited Annual Accounts. As of 31 December 2009, long-term employee benefit liabilities amounted to US\$250.0 million, of which US\$130.6 million was charged to funds and projects. This creates an assets-liabilities funding ratio of 52 percent.

³ The pre-crisis level is considered the five-year average before the 2008 food crisis, during which prices remained stable and are considered normal for comparative purposes.

⁴ United States Department of Energy. 2010. *Short Term Energy and Summer Fuels Outlook*. Washington DC.

35. The issue of long-term employee benefits and the related funding has become more apparent under International Public Sector Accounting Standards (IPSAS), which prescribe the recognition of liabilities for other separation-related benefits in addition to the three post-employment benefit plan liabilities. The Secretariat reported on funding options for the post-employment benefit plans to the Board at its 2008 Annual Session;⁵ the External Auditor recommended in its review of the 2008 Audited Annual Accounts that WFP take steps to manage the financing options for employee benefits.
36. In the second half of 2009, the Secretariat commissioned an asset-liability management study by a leading provider of risk management solutions to address WFP's long-term employee benefits. The study enhanced understanding of the liabilities, formulated an asset-allocation policy for employee benefit funds and made recommendations on funding options to achieve full funding of long-term employee benefit liabilities over time.
37. In view of the long-term nature of the liabilities, the composition of the staff and the risk-tolerance levels defined by WFP, the optimal asset allocation for funds set aside to cover the liabilities was set at 50 percent global equities and 50 percent global bonds, with a currency distribution of 50 percent United States dollars and 50 percent Euros.
38. The funding ratio is expected to increase over 15 years as a result of annual contributions and investment returns. The study determined, however, that additional funding of US\$7.5 million per annum for the next 15 years is required to achieve full funding at the end of the period. The Secretariat has defined full funding at 100 percent, even though many national regulatory bodies prescribe higher percentages for achieving full funding. It is essential to set aside such additional funds to manage the financing of the liabilities: the Secretariat notes that even with the US\$7.5 million additional annual contribution there is a 22 percent probability that the funding ratio will be below 80 percent in 15 years time. Factors affecting the future funding ratio include medical inflation, interest rates and investment returns.
39. WFP has traditionally set aside funding for post-employment benefit funds, but full funding has not been achieved because of increased longevity and medical inflation. Many other United Nations organizations have set aside minimal funding or none at all for these liabilities, which are estimated to be under-funded by US\$2.9 billion.⁶ The proposed US\$7.5 million additional annual funding requirement in WFP is a limited increase in staff costs and will enable WFP to deal with the issue pro-actively; if it is not addressed now it will become more difficult to manage in the long term.
40. As agreed in the second update to the Management Plan (2008–2009)⁵ presented at the 2008 Annual Session of the Board, the Secretariat proposed the consensus approach in option (ii) with the inclusion of the required annual funding in the standard staff cost. It is proposed that the required annual funding of US\$7.5 million for the remaining 14 years be included in PSA-funded standard staff costs in the amount of US\$3.37 million and in DSC-funded standard staff costs in the amount of US\$4.13 million.
41. The Board is requested to:
- **approve** the plan to provide for the unfunded staff liabilities over a 15-year period as outlined in this document;

⁵ WFP/EB.A/2008/6-C/1.

⁶ After-Service Health Insurance Liability Status as at 31 December 2009 (CEB/2010/FB/INF.2/Rev.2).

- **approve** a one-time appropriation of US\$7.5 million from the PSA Equalization Account for the funding of unfunded staff liabilities for 2010 under the above plan; and
- **approve** an increase in the PSA appropriation for 2011 of US\$3.37 million to fund the PSA-related impact of the above plan in 2011.

Status of the Unearmarked Portion of the General Fund

42. The unearmarked portion of the General Fund is an accounting entity used to record miscellaneous income that is not earmarked for a programme activity. The main income source for this is interest income: market conditions and interest rates therefore have a major impact on the General Fund. The latest forecast for the unearmarked portion of the General Fund is outlined in Table 2.

1 January 2010 opening balance		(25.7)
2010–2011 income		31.0
UNDSS*	(24.4)	
Security Emergency Fund	(14.5)	
Private-sector fundraising loan	(4.5)	
Subtotal		(43.4)
Proposed funding of 2010–2011 expenditure from PSA Equalization Account**		38.9
31 December 2011 forecast		0.8

* United Nations Department of Safety and Security

** This assumes approval of point v) of the draft decision of this document.

43. Expenditures that occurred in 2009, primarily the negative staff cost variance charge of US\$23.3 million, have led to an unfavourable balance of the unearmarked portion of the General Fund.
44. The unfavourable 2010 opening balance is largely a result of additional staff liabilities included as required under IPSAS. These staff liabilities, based on actuarial valuations, relate to long-term employee benefits, which WFP records on an organizational level; they also include actuarial adjustments made as part of the year-end closure process. Projections for miscellaneous income have been reduced for 2010–2011 because certain revenue items are now recorded at the project level rather than in the General Fund.
45. It is proposed to fund the expenditures approved in the original Management Plan (2010–2011) in the amount of US\$38.9 million for the WFP portion of the United Nations Department for Safety and Security budget (US\$24.4 million) and the Security Emergency Fund (US\$14.5 million) from PSA Equalization Account rather than from the unearmarked portion of the General Fund.

Status of the PSA Equalization Account

46. As outlined in the Audited Financial Statements for 2009,⁷ the balance of the PSA Equalization Account at 31 December 2009 was US\$152.0 million. The forecast for the PSA Equalization Account, taking into account the funding for 2010 staff liabilities and the approved PSA expenditure, is outlined in Table 3. This includes the proposed expenditures mentioned in paragraph 45.

1 January 2010 opening balance ⁷		152.0
2010–2011 projected income at 7%		476.0
2010–2011 approved PSA	(476.0)	
2010–2011 one-time allocation	(25.9)	
Funding for 2010-2011 unfunded staff liabilities	(7.5)	
Proposed funding of 2010–2011 General Fund expenditure from the PSA Equalization Account*	(38.9)	
Subtotal (expenditure)		(548.3)
31 December 2011 forecast		79.7

* This assumes approval of point v) of the draft decision of this document.

47. The forecast balance of the PSA Equalization Account for the end of the biennium is currently US\$79.7 million. This is an increase over the estimated closing balance of US\$44.5 million in the Management Plan (2010–2011) resulting from additional ISC income received in the final quarter of 2009. The increase will help WFP to achieve its target of maintaining an amount equivalent to four months' expected expenditure in the PSA Equalization Account.

48. The Secretariat recognizes the importance of keeping an appropriate balance in the PSA Equalization Account: it will continue to monitor ISC income and PSA expenditure to ensure that they are in line with projections. The Board will be kept informed of the status of the account throughout the biennium.

Review of Hedging Strategy for Foreign Exchange Risk on Euro-Related PSA Expenditure

49. The objective of the hedging strategy is to provide certainty by setting a fixed Euro/US\$ rate for a pre-determined period for Euro-related PSA expenditure – primarily staff costs. The hedging strategy covers the foreign exchange risks of Euro-related PSA expenditure through the monthly forward purchases of Euros.

⇒ 2006–2007 hedging arrangement

50. The first hedging arrangement was approved by the Executive Director in a decision memorandum in December 2005; it was implemented in February 2006 when WFP made a forward purchase of €4,110,000 for each month from February 2006 to December 2007 against United States dollars. The average forward rate at which the Euro amounts were purchased forward for the 2006–2007 biennium was 1.2211. The foreign exchange gain from the 23 forward contracts was US\$8.83 million. The monthly United Nations Operational Rates of Exchange (UNORE) Euro/US\$ rates for the period were used and shown in the financial statements.

⁷ WFP/EB.A/2010/6-A/1

⇒ *2009 hedging arrangement*

51. The second hedging arrangement was approved by the Executive Director in a decision memorandum in August 2008. It was implemented in September 2008 when WFP purchased forward €4,860,000 for each month from January 2009 to December 2009 against United States dollars. The average Euro/US\$ forward rate at which the Euro amounts were purchased forward for the year was 1.4413. The foreign exchange loss from the 12 forward contracts was US\$3.18 million. The monthly UNORE Euro/US\$ rates for the period were used and shown in the financial statements.

⇒ *Lessons learned*

52. The foreign exchange hedging strategy for Euro-related PSA expenditure has significantly increased the certainty of the United States dollar value of staff expenditure at Headquarters. It allows for more accurate budget planning in that foreign exchange risk can be mitigated by using forward contracts. These hedging arrangements have proved to be a cost-efficient risk-management tool that provides certainty in an important budget component in the context of WFP's uncertain operating model.

53. Foreign exchange forward rates obtained by hedging should be embedded when calculating standard position costs, and can hence be used as a forward-planning tool. Executing a hedge on completion of the related budget significantly reduces the effectiveness of the hedge because the rate obtained will differ from the spot rates used to determine future un-hedged costs. This delay was evident during the 2006–2007 hedge and led to differences between the projected and final amounts of Euro standard position costs. This was positive in economic terms for 2006–2007, but it could lead to failure to achieve budgeted foreign exchange rates. To mitigate this risk, the hedged rate has been an integral part of budget calculation since the 2009 budgeting period, resulting in a more effective hedging arrangement.

54. The choice of a simple series of foreign exchange forward contracts rather than alternative hedging arrangements is driven by the structure of the PSA overhead budget and WFP's financial rules. The main advantages of the current structure are the low cost of implementation and certainty of outcome from the outset. Transaction costs for foreign exchange forwards are on average 3 basis points of the transaction amounts: hence, on the basis of the monthly hedge amount of €5.0 million, the transaction cost amount to approximately US\$25,000 per year.

55. The first two hedging programmes showed that such instruments can lead to gains, as in 2006–2007, and losses as in 2009, particularly if the Euro strengthens or weakens during the budget period. These gains and losses on foreign exchange forward contract rather than UNORE at settlement date reflect an increase or decrease in the United States dollar value of Euro-related PSA expenditures. The net result is that WFP is able to convert planned Euro amounts at a known rate without incurring unforeseen foreign exchange risks.

SECTION III – UPDATE ON EXTRABUDGETARY RESOURCES

56. In the original Management Plan (2010–2011), extra-budgetary resources were forecast at US\$506 million – special accounts of US\$280 million, trust funds of US\$214 million (US\$170.7 million country-specific and US\$43.3 million general) and bilaterals of US\$12 million.
57. Extra-budgetary resources received to date stand at US\$157.0 million, 31 percent of the estimated 2010–2011 budget with notable resources confirmed against country-specific trust funds and general trust funds.
58. In accordance with WFP’s Financial Regulations, special accounts are established by the Executive Director for special contributions or monies earmarked for particular activities. WFP’s most important special accounts are for the support of United Nations Humanitarian Response Depots (UNHRDs), aviation, the Global Vehicle Leasing programme, junior professional officer administration and logistics.
59. WFP has signed an agreement with the Government of Malaysia to establish a fifth UNHRD, the first in Asia, at Subang. It is designed to deliver humanitarian relief items within 48 hours of a crisis occurring and to provide storage, logistics support and services for United Nations and other humanitarian agencies in the Asia region and possibly beyond.
60. In the period covered by this update, 16 new trust funds valued at US\$14.8 million have been established for food security and nutrition, climate change, local procurement and One UN frameworks. Of these, 10 percent were established at Headquarters, and 90 percent were negotiated at the field level. This reflects the transition to strategic partnerships with host governments and partners through leveraging of WFP’s country-specific expertise and comparative advantages in food security, nutrition and local procurement. Examples include the Colombia Food and Security Trust Fund and the Mauritania Fight Against Child Hunger Trust Fund.
61. Extra-budgetary funding is utilized for food procurement and transport in support of government projects, school feeding programmes and food security and nutrition activities, as in Colombia, Honduras, El Salvador and Ecuador. WFP advocates for the role of food and nutrition in addressing HIV and AIDS leading to social protection action plans for orphans and other vulnerable children, especially in southern Africa.
62. Bilateral operations, which are mainly country-specific, include food procurement, capacity-building and services for refugees. The main bilateral operations assist beneficiaries in Burkina Faso, Lesotho, Madagascar and Malawi, and refugees in the Western Sahara.

ACRONYMS USED IN THE DOCUMENT

AIDS	acquired immune deficiency syndrome
DSC	direct support costs
FAO	Food and Agriculture Organization of the United Nations
HIV	human immunodeficiency virus
IPSAS	International Public Sector Accounting Standards
ISC	indirect support costs
LTSH	landside transport, storage and handling
PSA	Programme Support and Administrative (budget)
UNHRD	United Nations Humanitarian Response Depot
UNORE	United Nations Operational Rates of Exchange