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**Executive Board
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FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

For information*

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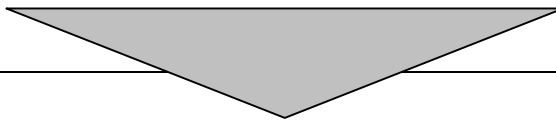
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REPORT ON BUDGETARY PERFORMANCE, 2000–2001

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Note to the Executive Board



This document is submitted for information 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 point indicated below, preferably well in advance of the Board's meeting.

Director, Office of Budget (OEDB): Mr A. Abdulla tel.: 066513-2605

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Supervisor, Meeting Servicing and Distribution Unit (tel.: 066513-2328).



Executive Summary



The Executive Director presents this report on budgetary performance for the 2000–2001 biennium to the Executive Board for information. The report has been presented to the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Food and Agriculture Organization (FAO) Finance Committee in accordance with Article XIV.4 of WFP's General Regulations.

This report has been modified in accordance with the recommendations made by the ACABQ in its report on WFP's Report on Budgetary Performance, 1998–1999, and WFP's Biennial Budget, 2002–2003. This is the last report on budgetary performance to be prepared in the current format. From the next biennium, the report on budgetary performance will be combined with the Annual Report to form a Management Performance Report.

The first section of the report gives an overview of WFP's overall budgetary performance for 2000–2001; this section also provides an overview of cost reclassification under the revised Resource and Long-Term Financing (R<F) policies. The second section details the performance of WFP's operational budget for the period. The third section covers the performance of WFP's support budget for 2000–2001, which includes direct support costs (DSC) and indirect support costs (ISC). The report contains three annexes: Annex I presents the bases for measuring WFP's operations; Annex II provides a breakdown of programme support and administrative (PSA) expenditures by budget line; and Annex III gives an account of the major operational initiatives carried out during the biennium.

As requested by the FAO Finance Committee, the related WFP reports are: Final Report on the Analysis of the Indirect Support Cost (ISC) Rate (WFP/EB.3/2002/5-C/1) and the Audited Biennial Accounts (2000–2001) (WFP/EB.3/2002/5-A, sections I to V), which include the External Auditor's Report (WFP/EB.3/2002/5-A/1/3).

Draft Decision



The Executive Board takes note of the Report on Budgetary Performance, 2000–2001 (WFP/EB.3/2002/5-B/1).





Overview of WFP's 2000–2001 Budgetary Performance

1. During the biennium, WFP once again rose to the challenge of providing food aid in response to an increasing number of humanitarian emergencies around the world. The urgent need for assistance resulted from both natural and man-made emergencies. These included: flooding in western Bangladesh and West Bengal in India; severe drought in the Horn of Africa; droughts in Nicaragua and Honduras; the Afghanistan crisis; ravaging wars in Angola and the Democratic Republic of the Congo; and collapse of the peace process in Sierra Leone. Through development assistance and protracted relief and recovery operations (PRROs), WFP continued to address the root causes of hunger, poverty and lack of opportunity, and to build the road towards progress or recovery.
2. Donors provided generous support during the biennium, enabling WFP to meet the additional needs resulting from the emergencies cited above.
3. WFP expected to provide food assistance programmes and undertake technical assistance activities in more than 80 countries in 2000–2001. This objective was met: in 2000, WFP assisted 83 million people in 83 countries, and in 2001 the Programme assisted 77 million people in 82 countries.
4. This overview section is intended to give the reader a global view of WFP's budgetary performance during 2000–2001. It first describes how WFP's operations are measured. It then briefly summarizes the original 2000–2001 budget, and outlines the Programme's performance in terms of both volume (tonnage) and value (expenditures).

HOW WFP'S OPERATIONS ARE MEASURED

5. A WFP operation, from a donor's pledge to the distribution of food to beneficiaries, tends to be a lengthy process. The Programme's operations can be viewed using several different bases. At least four of these are used to measure the level of those operations. These are: (i) the resource base; (ii) the shipment base; (iii) the delivery base; and (iv) the distribution base.
 - The **resource** base measures the volume of resources that becomes available during the biennium. This includes balances of confirmed contributions from the preceding period that have not yet been received, and confirmed contributions for the current period. Contributions received in advance are subtracted from this total, resulting in resources available for calling forward.
 - The **shipment** base measures the volume of commodities that is shipped or purchased from the point of origin. Such volume consists of commodities called forward—shipping instructions (SI) issued—but not shipped in the previous biennium, and commodities called forward in the current period, less any outstanding shipment or purchase in the current biennium.



- The **delivery** base is the measurement of volume of commodities that has reached recipient countries. This measurement includes the arrival of shipments and/or receipt of purchases effected in the preceding period, together with the arrival of shipments and/or receipt of commodities purchased locally during the current biennium.
 - The **distribution** base reflects the total volume delivered, plus the balance of in-country stocks, to show the total level of availability for distribution to beneficiaries. This level is adjusted for any post-c.i.f. (cost, insurance, freight) losses.
6. WFP's 2000–2001 Budget was based on the **delivery** base. However, for planning purposes, WFP uses the availability of resources as the primary determinant of the level of operations. The assumption is that if resources are available, they will be called forward and delivered. Annex I provides details for each operational base.

THE ORIGINAL 2000–2001 APPROVED WFP BUDGET

7. The approved biennial WFP budget was US\$2.742 billion, to fund the delivery of 5.165 million tons of food and cover related costs. The breakdown of the US\$2.742 billion was: US\$2.268 billion was for food and its delivery; US\$195.6 million was for direct support costs (DSC); US\$193.9 million was for the PSA budget. The PSA budget was recosted at US\$191.7 million to reflect the lira/dollar exchange rate set by the FAO Conference in November 1999.

CONTRIBUTIONS — PROJECTED VERSUS ACTUAL

8. Table 1 shows contributions received during the biennium, as compared with the original budget estimates. There is an overall increase of 20.3 percent in actual contributions received compared with the original projections. The greatest increase was registered in the emergency operation (EMOP) category (67.0 percent). There is a decrease in the development programme of 22.2 percent and in the protracted relief and recovery operation (PRRO) category of 15.7 percent.

TABLE 1: CONTRIBUTIONS RECEIVED, PROJECTED VERSUS ACTUAL, 2000–2001 (in million US\$)¹				
Programme category	1998–1999	2000–2001		
	Actual ²	Original budget	Revised budget	Actual ³
Development	614	618	516	481
PRRO	521	945	1 107	797
EMOP	1 498	1 040	1 638	1 737
Special Operations (SO)	74	27	49	71
Trust funds and others	75	28	95	111
Total	2 782	2 658	3 405	3 197

¹ Includes ISC income; excludes interest income.

² Note 4, Audited Biennial Accounts, 1998–1999 (WFP/EB.3/2000/4-B/1).

³ Note 5, Audited Biennial Accounts, 2000–2001 (WFP/EB.3/2002/5-A).



VOLUME OF OPERATIONS—PROJECTED VERSUS ACTUAL

9. The level of operations projected in the 2000–2001 budget document covered both the availability and utilization of resources. Contributions confirmed in writing by donors are considered available resources.
10. The level of available resources for the 2000–2001 biennium was revised from 5.165 million tons (as projected in the 2000–2001 budget) to 7.181 million tons, a 39 percent increase over the original estimate. The primary reason for this increase, as was the case in 1998–1999, was a large donation of commodities from the Programme's largest donor, which was not included in the original projections for the biennium.
11. The actual volume of operations amounted to 7.031 million tons, an increase of 1.866 million tons, or 36.1 percent, compared with the original budget. This tonnage level also represented an increase of 13.7 percent over the 1998–1999 figure.
12. Table 2 shows the volume of operations by programme category in comparative terms. It shows:
 - Development deliveries were 24.7 percent lower than the original budget projection, as a result of a decline in contributions for development.
 - PRRO deliveries were 2.5 percent lower than the original budget projection.
 - EMOP deliveries were 123.3 percent higher than the original budget projection; the level of operations was high because the number of emergencies increased.

**TABLE 2: VOLUME OF OPERATIONS,
PROJECTED VERSUS ACTUAL, 2000–2001
(in thousand tons)**

Programme category	1998–1999		2000–2001			
	Actual shipped	Actual delivered ¹	Original estimated availability ²	Revised estimated availability ³	Actual shipped	Actual delivered
Development	1 585	1 537	1 505	1 419	1 310	1 133
PRRO	1 071	1 090	1 808	2 254	1 755	1 762
EMOP	3 616	3 555	1 852	3 509	4 671	4 136
Total	6 272	6 182	5 165	7 181	7 736	7 031

¹Report on Budgetary Performance, 1998–1999 (WFP/EB.3/2000/4-A/1).

²WFP Budget, 2000–01 (WFP/EB.3/99/3-A).

³WFP Budget, 2002–03 (WFP/EB.3/2001/5-C/1).

VALUE OF OPERATIONS—PROJECTED VERSUS ACTUAL

13. Against the increase in volume outlined above, actual expenditures for the 2000–2001 biennium were 16.3 percent higher than the original budget estimates, and 9.3 percent above the 1998–1999 actual expenditure level.
14. Table 3 shows the projected value of WFP's operations by programme category for 2000–2001 and in comparison with actual values for 1998–1999.



**TABLE 3: VALUE OF OPERATIONS:
PROJECTED VERSUS ACTUAL, 2000–2001
(in million US\$)¹**

1998–1999		2000–2001		
Programme category	Actual expenditure	Original budget	Revised budget	Actual expenditure
Development	581	618	550	446
PRRO	555	945	1 137	810
EMOP	1 580	1 040	1 575	1 696
SO	74	27	54	69
Trust funds and others	128	112	94	169
Total	2 918	2 742	3 410	3 190

¹ Includes ISC income.

15. The above table illustrates that:

- Development expenditures were 27.8 percent lower than the original 2000–2001 estimate and 23.2 percent lower than actual expenditures in 1998–1999, as a result of a reduction in contributions for development.
- PRRO expenditures were 14.3 percent below the original estimates and 45.9 percent above the 1998–1999 actual expenditures.
- EMOP expenditures were 63.1 percent higher than the original budget estimates and 7.3 percent higher than the 1998–1999 actual expenditures.
- SO expenditures were 155.6 percent higher than the original budget estimates, owing to an increase in support to relief activities, and 6.8 percent lower than the 1998–1999 actual expenditures.
- Trust funds and other expenditures increased by 50.9 percent over the original budget estimates and by 32.0 percent over the 1998–1999 actual expenditures.

16. Table 4 shows expenditures by cost category for 2000–2001 in comparison with 1998–1999 actual expenditures. Biennia should be compared with caution, as there was reclassification of costs in 2000–2001 as a result of the implementation of the new revised Resource and Long-Term Financing policies, discussed in paragraph 20.



**TABLE 4: 2000–2001 REVISED BUDGET VERSUS ACTUAL EXPENDITURE—
BY COST ITEM (in million US\$)**

Cost item	1998–1999	2000–2001			
	Actual expenditure	Original budget	Revised budget	Actual expenditure	Actual versus original budget (%)
Direct operational costs					
Commodities in kind	899	792	836	908	+14.6
Commodity purchases	458	494	629	605	+22.5
Subtotal commodities	1 357	1 286	1 465	1513	+17.7
Ocean transport	395	325	499	442	+36.0
Landside transport, storage and handling	523	565	736	515	(8.8)
Other direct operational costs	125	93	144	119	+28.0
Subtotal DOC	2 400	2 269	2 844	2 589	+14.1
Direct support costs	270	196	311	371	+89.3
Indirect support costs/PSA	231	194	245	230*	+18.6
Special accounts/General Fund	17	83	10	-	0
Total	2 918	2 742	3 410	3 190	+16.3

* PSA expenditure amounted to US\$235.9 million, including US\$6.3 million transferred to the Financial Management Improvement Programme (FMIP) special account.

17. The overall actual expenditure for the 2000–2001 biennium amounted to US\$3,189.6 billion, compared with the original budget estimate of US\$2.742 billion and the revised budget estimate of US\$3.410 billion.
18. Several points should be noted from Table 4:
- Expenditures for commodities increased by 17.7 percent over the original estimates, and rose by 11.5 percent from 1998–1999 levels, as a result of an increased level of operation.
 - Expenditures for ocean transportation were 36 percent higher than original estimates and 11.9 percent higher than 1998–1999 actual expenditures, because of the increased volume of shipments.
 - Expenditures for LTSH were 8.8 percent lower than the original estimates and 1.5 percent lower than 1998–1999 actual expenditures, since provisions were no longer recorded as expenditures (as in previous biennia) but rather on the basis of obligations.
 - Expenditures for other direct operational costs (DOC) increased by 28 percent compared with the original 2000–2001 budget but declined by 4.8 percent compared with the 1998–1999 biennium.
 - Expenditures for DSC increased by 89.3 percent over the original 2000–2001 estimates. Comparison with 1998–1999 shows an increase of 37.4 percent; this is a result of the reclassification of some country office costs from PSA to DSC, with the implementation of R<F policies. Further details on DSC are provided under the section on support costs.



- Expenditures for ISC, which fund almost all of the PSA budget, increased by 21.6 percent¹ over the original 2000–2001 estimates because of an increase in level of operations.
19. A review of total DOC expenditures shows that US\$908 million, or 35.1 percent, was for commodities in kind and US\$1.681 billion, or 64.9 percent, was cash expenditure. This compares with US\$899 million, or 37.5 percent, for commodities in kind in 1998–1999, and US\$1.501 billion, or 62.5 percent, for cash expenditures in that period.

Revised Resource and Long-Term Financing Policies

20. The 2000–2001 WFP budget was the first budget prepared under the revised R<F policies. These policies, approved by the Board at its First Regular Session of 1999, aimed at providing WFP with greater security of funding for the support costs components of the WFP Budget.
21. WFP's new R<F modalities were geared to: (a) better reflect and measure support costs (direct and indirect) against what WFP delivers; (b) more accurately align costs under the applicable direct operational cost (DOC), direct support cost (DSC) and indirect support cost (ISC) categories; and (c) reaffirm the principle of full-cost recovery in that each donor is required to meet its contribution's share of all associated costs. Key innovative aspects from the budgetary standpoint were:
- The recategorization of costs meant that some costs previously considered as indirect support costs under the PSA budget were reclassified as DSC, while certain DSC project-deliverable costs were reclassified as DOC.
 - Support costs in budget terms were expanded to include both the indirect and direct support components.
 - A single ISC rate was to apply to all programme categories, except for bilateral operations and other trust funds, to finance the PSA budget.
 - A PSA-funded standard country office structure was established, with other support costs met through DSC.

Summary

- The overall contributions for the biennium amounted to US\$3.197 billion.
- There was a marked increase in contributions for the EMOP programme and a decrease in those for development.
- During the biennium, 7.031 million tons was delivered; the EMOP category accounted for a higher level of delivery than other categories.
- The total expenditure for the biennium amounted to US\$3,189.6 million.

¹ The increase includes US\$6.3 million transferred to the FMIP Special Account.



**TABLE 5: WFP TOTAL EXPENDITURE, 2000–2001
(in million US\$)**

Total direct operational costs		2 589.4
Support costs:		
DSC	370.6	
PSA	229.6*	600.2
Total expenditure		3 189.6

*Total PSA expenditure amounted to US\$235.9 million, including US\$6.3 million transferred to the FMIP special account.





WFP'S 2000–2001 Operational Budget

OPERATIONAL ACTIVITIES OVERVIEW

22. The WFP operational budget includes all DOC and consists of costs related to food, ocean transport, landside transport, storage and handling and other DOC such as agricultural inputs and milling. This section of the report provides more detailed information on DOC.
23. Table 6 shows total DOC by cost and programme categories for 2000–2001 and provides comparisons with 1998–1999. Actual expenditures for DOC were 14.1 percent higher than the original estimate and 7.9 percent higher than 1998–1999 actual expenditures. A more detailed discussion of these data is included under discussions of each programme category.

TABLE 6: TOTAL DIRECT OPERATIONAL COSTS (in million US\$)				
	1998–1999	2000–2001		
	Actual expenditure	Original budget	Revised estimated availability	Actual expenditure
By cost component				
Commodities in kind	899	792	836	908
Commodity purchases	458	494	629	605
Subtotal	1 357	1 86	1 465	1513
Ocean transport	395	325	499	442
Air, overland and ITSH	523	565	736	515
Other DOC	125	93	144	119
Total	2 400	2 269	2 844	2 589
By programme category				
Development	482	533	475	378
PRRO	456	802	950	664
EMOP	1 348	886	1318	1 442
Special Operations	38	23	37	50
Trust funds and others	76	25	64	55
Total	2 400	2 269	2 844	2 589
(Volume of deliveries in thousand tons)	6 182	5 165	7 181	7 031



24. Table 7 breaks down these costs further by showing the volume of distribution both by region and programme category, and the corresponding values of these deliveries. In comparing figures for different biennia, it should be noted that for the 2000–2001 biennium, decentralization was fully implemented, resulting in new groupings of regional and country offices.

**TABLE 7: 2000–2001 VOLUME/VALUE OF DIRECT OPERATIONAL COSTS—
BY REGION AND PROGRAMME CATEGORY**

	Asia	Latin America & Caribbean	Med, Middle East & Central Asia	Africa	Eastern Europe	Total
Volume of shipment (in thousand tons)						
Development	611	179	114	406	0	1310
PRRO	412	70	68	1 081	124	1 755
EMOP	2 043	26	37	2 109	456	4 671
Total volume	3 066	275	219	3 596	580	7 736
<i>Percentage of total volume</i>	39.6	3.6	2.8	46.5	7.5	100
Value of operations (in million US\$)						
Development	146	63	30	139	-	378
PRRO	136	21	20	447	40	664
EMOP	517	7	6	734	178	1 442
Special Operations	12	0	10	28	-	50
Bilateral operations and others	5	0	25	15	10	55
Total value	816	91	91	1363	228	2 589
<i>Percentage of total value</i>	31.5	3.5	3.5	52.7	8.8	100

25. Table 7 illustrates:

- Most food went to the Africa region: 3.596 million tons (46.5 percent), representing 52.7 percent of total DOC.
- Shipments to the Asia region amounted to 3.066 million tons (39.6 percent), representing 31.5 percent of total DOC.
- The Eastern Europe region received 580,000 tons (7.5 percent), representing 8.8 percent of total DOC.
- The Latin America and the Caribbean region received 275,000 tons (3.6 percent), representing 3.5 percent of DOC.
- The Mediterranean, Middle East and Central Asia region accounted for 219,000 tons (2.8 percent), representing 3.5 percent of DOC.



OPERATIONAL ACTIVITIES BY PROGRAMME CATEGORY

26. This section of the report will focus on operational activities in each programme category.

Development Programme

27. During the biennium, 54 percent of direct costs for development was utilized in least developed countries (LDCs), and at least 92 percent was for low-income, food-deficit countries (LIFDCs), including LDCs.
28. Overall, 18 Country Programmes (CPs) were prepared and submitted to the Executive Board for approval during the biennium, representing an approved resource level of US\$1 billion and 3 million tons. The CPs approved in 2000 were for Chad and Bangladesh, and they spanned the period 2001–2005. The CPs approved in 2001 were for China, Egypt, Ghana, Guatemala, Guinea, Honduras, India, Malawi, Mozambique, Nepal, Nicaragua, Pakistan, Senegal, Sri Lanka, Sudan and the United Republic of Tanzania, and they covered the period 2001–2007.
29. A total of 28 new development projects were approved by the Executive Board or by the Executive Director under her delegated authority during the biennium, for 555,000 tons at a total value of US\$239 million.
30. Of the projects and expansions approved, 15 were in Africa, five in Latin America and the Caribbean, four in the Mediterranean, Middle East and Central Asia and another four in Asia.
31. As indicated in Table 8, a total of 1.133 million tons was delivered for development projects in 2000–2001. This represents 24.7 percent less than the original 2000–2001 estimates (1.505 million tons) and 26.3 percent less than the volume delivered in 1998–1999 (1.537 million tons).
32. Despite the drop in volume for development, WFP launched the Global School Feeding Campaign. WFP formed partnerships with other United Nations agencies (WHO, UNICEF, UNESCO, the United Nations University and the World Bank) to support education for both girls and boys in the world's most impoverished nations; WFP also worked with local communities and governments. Through additional contributions from donors, WFP was able to reach about 3 million more children, bringing the total number of children assisted through school feeding to over 15 million in 57 countries.
33. The development programme assisted 22 million beneficiaries in 2000 and 20 million in 2001. Countries with the highest numbers of recipients under the development programme in 2000–2001 were Bangladesh, Bolivia, China, Egypt, Ethiopia, India, Mozambique, Nepal, Sudan and Viet Nam.



**TABLE 8: DIRECT OPERATIONAL COSTS
DEVELOPMENT PROGRAMME
(in million US\$)**

	1998–1999	2000–2001		
	Actual expenditure	Original budget	Revised estimated availability	Actual expenditure
Commodities in kind	216	250	202	163
Commodity purchases	147	140	119	117
Subtotal	363	390	321	280
Other costs				
Ocean transport	73	87	93	63
Landside transport, storage and handling	35	30	41	24
Other DOC	11	26	20	11
Subtotal	119	143	154	98
Total	482	533	475	378
(Volume of deliveries in thousand tons)	1 537	1 505	1 419	1 133

34. Total DOC expenditures for the development programme during the biennium amounted to US\$378 million, of which US\$280 million (74.1 percent) was for commodities and US\$98 million (25.9 percent) was for ocean transport, LTSH and other DOC. This compares with expenditures of US\$482 million for the 1998–1999 biennium, of which US\$363 million (75.3 percent) was for commodities and US\$119 million (24.7 percent) was for ocean transport, LTSH and other DOC.
35. Development expenditures represented 14.6 percent of WFP's total DOC expenditures in 2000–2001, compared with 20.1 percent in 1998–1999.

Protracted Relief and Recovery Operations

36. PRROs bridge the gap between relief and development. PRROs are geared to respond to new relief needs while supporting recovery activities: a strategy to guide relief through the recovery phase to development is designed as early as possible, even during the preceding emergency activity: thus WFP assistance extends from crisis to recovery. Through PRROs, WFP reached out to refugees, internally displaced persons and those left food insecure by conflicts.
37. A total of 32 new PRROs and expansions were approved by the Executive Board or by the Executive Director under her delegated authority during the biennium, at a total value of US\$1.2 billion and a level of 2.1 million tons. Fifteen of the approved operations were in Africa, ten in Asia, one in Latin America and the Caribbean, four in the Mediterranean, Middle East and Central Asia, and two in Eastern Europe.
38. As indicated in Table 9, a total of 1.762 million tons was delivered under this category. The volume of PRRO deliveries was 2.5 percent lower than the original 2000–2001 budget estimate and 61.7 percent higher than actual deliveries in 1998–1999. PRROs assisted 18 million beneficiaries in 2000 and 14 million in 2001. Countries with the largest



numbers of beneficiaries under the PRRO category were Afghanistan, Angola, Cambodia, Ethiopia, Indonesia, Kenya, Liberia, Rwanda and the United Republic of Tanzania.

**TABLE 9: DIRECT OPERATIONAL COSTS
PRRO PROGRAMME
(in million US\$)**

	1998–1999	2000–2001		
	Actual expenditure	Original budget	Revised estimated availability	Actual expenditure
Commodities in kind	173	268	270	219
Commodity purchases	79	155	217	140
Subtotal	252	423	487	359
Other costs				
Ocean transport	81	132	169	126
Landside transport, storage and handling	119	235	284	172
Other DOC	4	12	10	7
Subtotal	204	379	463	305
Total	456	802	950	664
(Volume of deliveries in thousand tons)	1 090	1 808	2 254	1 762

39. The table also shows that total DOC expenditures for PRROs during the biennium amounted to US\$664 million, of which US\$359 million (54.1 percent) was commodities and US\$305 million (45.9 percent) was ocean transport, LTSH and other DOC. This compares with expenditure of US\$456 million for the 1998–1999 biennium, of which US\$252 million (55.3 percent) was for commodities and US\$204 million (44.7 percent) was for ocean transport, LTSH and other DOC.
40. The PRRO category accounted for 25.7 percent of WFP's total DOC expenditures in 2000–2001, compared with 19.0 percent in 1998–1999.

Emergency Operations Programme

41. The EMOP programme category covers activities that respond to acute emergency situations where normal access to food is no longer possible. During the biennium, WFP met the challenge of delivering food aid to beneficiaries caught in the midst of complex emergencies.
42. During the biennium, 96 new emergency operations and expansions were approved by the Executive Director under her delegated authority or jointly with the Director-General of FAO, for 5.7 million tons, at a total value of US\$2.7 billion. Fifty-four of the approvals were in Africa; 11 in Asia, 13 in Latin America and the Caribbean, 13 in the Mediterranean, Middle East and Central Asia and 5 in Eastern Europe.
43. As indicated in Table 10, a total of 4.136 million tons was delivered under this category in 2000–2001. The volume of EMOP assistance delivered exceeded the original 2000–2001 estimates by 123.3 percent and actual deliveries in 1998–1999 by 16.3 percent.



EMOPs assisted 43 million beneficiaries in each year of the biennium. The largest numbers of beneficiaries under this category were found in Afghanistan, the Democratic People's Republic of Korea (DPR Korea), Eritrea, Ethiopia, Kenya and Sudan.

**TABLE 10: DIRECT OPERATIONAL COSTS
EMOP PROGRAMME
(in million US\$)**

	1998–1999	2000–2001		
	Actual expenditure	Original budget	Revised estimated availability	Actual expenditure
Commodities in kind	509	274	364	526
Commodity purchases	232	199	293	331
Subtotal	741	472	657	857
Other costs				
Ocean transport	236	106	236	250
Air, overland and ITSH	343	300	402	312
Other DOC	28	8	24	23
Subtotal	607	414	662	585
Total	1 348	886	1 318	1 442
(Volume of deliveries in thousand tons)	3 555	1 852	3 509	4 136

44. Table 10 also shows that total DOC expenditures for EMOPs during the biennium amounted to US\$1.442 billion, of which US\$857 million (59.4 percent) was for commodities and US\$585 million (40.6 percent) was for ocean transport, LTSH and other DOC. This compares with expenditures of US\$1.348 billion for the 1998–1999 biennium, of which US\$741 million (55.0 percent) was for commodities and US\$607 million (45.0 percent) was for ocean transport, LTSH and other DOC.
45. EMOP expenditures represented 55.7 percent of WFP's total DOC expenditures in 2000–2001, compared with 56.2 percent in 1998–1999.

Special Operations Programme

46. Special Operations complement WFP relief operations by addressing operational bottlenecks that hinder the flow of food to beneficiaries, or facilitating relief operations in some other way. SO activities range from intermittent airlifts of non-food items and air services for the international humanitarian community to road, airport and port rehabilitation projects. Through SOs, WFP is able to intervene in extraordinary circumstances to deliver food assistance during complex emergencies.
47. The main WFP-assisted Special Operations during the 2000–2001 biennium were launched in Afghanistan, Angola, the Democratic Republic of the Congo, DPR Korea, the Horn of Africa, Mozambique, Sierra Leone and southern Sudan. Total expenditures for SOs during the biennium amounted to US\$68.9 million. Of this amount, US\$14.9 million covered staff and non-staff costs related to project preparation and implementation, and is reflected under DSC; ocean transport and related costs amounted to US\$0.5 million. The



amount of US\$49.6 million is charged as other DOC; most of it went towards provision and rehabilitation of transport facilities and equipment.

48. The total expenditures for Special Operations were 6.8 percent lower in 2000–2001 than in 1998–1999, when the figure was US\$73.9 million.
49. SO expenditure represents 2.1 percent of WFP's total expenditures.

Trust Funds and Other Programmes

50. During the biennium, WFP continued to provide services to donors, other United Nations organizations and non-governmental organizations (NGOs) for bilateral operations. These and other programmes amounted to US\$96.9 million; of this amount, US\$55.4 million was from bilateral programmes. Total expenditures under trust funds and other programmes amounted to US\$99 million. A breakdown of expenditure is shown in Table 11.

**TABLE 11: TRUST FUNDS AND OTHER PROGRAMMES
EXPENDITURE (in million US\$)**

	1998–1999	2000–2001
Bilateral operations	54.3	61.2
JPO scheme	9.5	10.4
Other	26.2	27.4
Total	90.0	99.0

51. WFP provides Junior Professional Officers (JPOs) challenging opportunities to work and learn, both in the field and at Headquarters. At the end of 2001, there were 74 JPOs in the Programme: 52 were located in the field and 22 at Headquarters. A total of US\$10.4 million was expended in 2000–2001 for the JPO programme, compared with US\$9.5 million in 1998–1999.
52. The amount of US\$27.4 million for other expenditures comprises quality improvement, other trust funds, disaster mitigation, gender activities, and other programmes.

Summary

- Total direct costs amounted to US\$2.589 billion; of this amount, 58.4 percent covered the cost of commodities and 41.6 percent was spent on their delivery.
- The highest level of shipment was to the Africa region, which accounted for 46.5 percent of the total.
- WPF launched the Global School Feeding Campaign, under the development programme.
- The EMOP category registered the highest level of operation and the highest number of beneficiaries.





WFP's 2000–2001 Support Budget

OVERVIEW

53. For the first time, the support costs for WFP's 2000–2001 budget were segregated from programme costs. Support costs under the revised R<F modalities consist of direct and indirect support costs, representing the total programme delivery support and administrative budget required by WFP to run its operations and programmes.
54. Direct support costs are costs that can be directly linked with the provision of support to an operation or project and would not be incurred should that activity cease.
55. Indirect support costs (ISC) are those costs that support the execution of projects and activities but cannot be tied directly to a project and thus are resourced as a percentage of combined direct operational costs and direct support costs.
56. WFP follows the standard United Nations harmonized format for biennial budgets that includes three categories of support costs, as follows:
- programme support: regional and country offices;
 - programme support: Headquarters; and
 - management and administration.
57. In WFP, "Programme support: regional and country offices" consists mostly of direct support costs of projects in the field, together with the PSA costs used to support the country offices, and the regional bureaux and cluster offices located outside Headquarters. "Programme support: Headquarters" represents the costs of support provided to WFP programmes by the Operations Department at Headquarters. "Management and administration" includes all other Headquarters support and liaison office costs. Combining the last two categories gives total Headquarters costs.
58. Table 12 shows WFP's total support budget according to the three categories: programme support for regional and country offices, programme support for Headquarters, and management and administration. The combined total support budget of WFP for 2000–2001 amounted to US\$606.5 million, of which US\$235.9 million was for PSA expenditure, including FMIP, and US\$370.6 million was for DSC expenditures. Of the total support budget, 74.1 percent was for programme support for regional and country offices, 20.0 percent was for management and administration and 5.9 percent was for programme support for Headquarters. Further details are provided in the following sections.



**TABLE 12: WFP TOTAL SUPPORT COSTS
(in thousand US\$)**

	1998–1999		2000–2001	
	Actual	Original budget	Revised budget	Actual
A. Programme support: regional and country offices	370 054	268 773	396 581	449 213
B. Programme support: Headquarters	34 064	26 778	29 847	35 621
C. Management and administration	96 222	93 998	129 091	121 641
Total support costs	500 340	389 549	555 519	606 475

PROGRAMME SUPPORT AND ADMINISTRATION—INDIRECT SUPPORT COSTS

59. Income from indirect support costs funds most of WFP's PSA budget. Prior to the 2000–2001 biennium, the PSA budget included a large portion of country office support costs as well as Headquarters costs, but under the revised R<F policies, some of these costs were reclassified as DSC.
60. For the 2000–2001 biennium, PSA costs were limited to the following:
- a basic minimum country office structure, considered essential for a WFP presence;
 - regional office (i.e. cluster and outposted bureaux) support costs; and
 - all Headquarters support costs.

Original PSA Budget

61. The Secretariat proposed and the Executive Board approved a PSA budget of US\$193.9 million for 2000–2001. This PSA level was based on a delivery scenario of 5.165 million tons. The budget was later recosted to at the Board's November 1999 session.

Revised PSA Budget

62. The PSA budget is flexible, and was adjusted in order to be commensurate with the level of operations, which rose as a result of a large donation made by a donor. The estimated level of operations was revised to 7.181 million tons for the biennium, and the Executive Director adjusted the biennial PSA budget to US\$244.7 million, an increase of US\$53.0 million, or 27.6 percent higher than the recosted budget of US\$191.7million. The upward adjustments were made by the Executive Director under her authority "to adjust the budget in accordance with any variation in volume of operations when such variations are more than 10 percent from the planned level".
63. Details of the major PSA funding and expenditures for 2000–2001 are given in the following sections.



Analysis of PSA Funding

64. Under the revised R<F policies, the PSA budget is funded primarily from ISC recoveries, generated by the application of one single rate—7.8 percent—for all programme categories and a varied rate, ranging from 3 to 7.8 percent, for trust funds and bilateral services. These rates were applied on the total value of food, transport, LTSH, other DOC and the DSC components of all contributions actually received during the biennium for the related programme category or trust funds, as the case may be.
65. Table 13a (Table 17 in the Report on Budgetary Performance, 1998–1999) has been changed, as recommended by the ACABQ, to show the initial budget estimates, revised budget estimates, estimated income and actual income.
66. The first column under 2000–2001 shows the breakdown of funding for the original PSA budget. The original budget of US\$193.9 million was to be funded by US\$191.8 million from ISC income and US\$2.1 million from government cash contributions for local costs (GCCC).
67. The second column for 2000–2001 (the revised budget estimates) shows the revised estimates resulting from the increased level of operations, amounting to US\$250 million, including GCCC.
68. The third column (estimated ISC income) represents the projected income for 2000–2001, amounting to US\$260.1 million, comprising new 2000–2001 contributions with prior years' adjustments.
69. The fourth column shows the total funding of the PSA budget: US\$188.5 million from ISC income and US\$47.5 million from other sources and the General Fund surplus.



TABLE 13a: PSA FUNDING (in million US\$)					
1998–1999		2000–2001			
Programme category	Actual	Original budget	Revised budget estimates	Estimated ISC income	Actual ISC income received
ISC					
Development	74.0	44.7	37.5	33.9	27.4
PRRO	44.9	68.3	80.4	65.8	46.6
EMOP	85.1	75.3	119.9	144.9	104
SO	5.3	2.0	3.6	5.0	3.9
Bilateral and others	6.4	1.5	6.5	8.4	6.6
Total ISC income	215.7	191.8	247.9	258.0	188.5
GCCC	2.4	2.1	2.1	2.1	3.0
Savings on cancellation of prior-period obligations	4.4				4.3
General Fund surplus	8.3				40.1
Total PSA	230.8	193.9	250.0	260.1	235.9*

* Includes US\$6.3 million transferred to the FMIP special account.

70. Table 13a shows:

- Total ISC income received amounted to US\$188.5 million, a decrease of US\$27.2 million, or 12.6 percent, compared with the 1998–1999 figure.
- Actual receipts for GCCC amounted to US\$3.0 million, compared with US\$2.4 million received in 1998–1999.
- Other sources to fund PSA expenditure provided US\$4.3 million, arising from the cancellation of prior years' outstanding obligations.
- The total amount generated to fund actual PSA expenditure of US\$235.9 million for the 2000–2001 biennium was US\$195.8 million.
- The shortfall of US\$ 40.1 million led to the use of unearmarked surplus from the General Fund, mostly generated from interest income.

THE GAP BETWEEN PSA INCOME AND EXPENDITURE

71. Comparison of PSA income with PSA actual expenditures shows a gap for the 2000–2001 biennium, as shown in Table 13b. The gap between ISC income and PSA funding is caused by various factors: the fixed and variable nature of the PSA expenditures, direct costs (as influenced by volume and prices) and accounting policies. Detailed analysis of these factors and their impact is provided in the report on Preliminary



Review of Indirect Support Cost Rate (WFP/EB.A/2002/6-A/1) and the Final Report on the Analysis of the Indirect Support Cost (ISC) Rate (WFP/EB.3/2002/5-C/1).

**TABLE 13b: GAP BETWEEN PSA INCOME AND EXPENDITURES
(US\$ million)**

Source	2000–2001
ISC income	188.5
GCCC	3.0
Savings on cancellation of prior-period obligations	4.3
Total income from other sources	7.3
Total PSA income	195.8
Less: PSA actual expenditures	<u>235.9</u>
PSA gap	(40.1)

Analysis of PSA Expenditure

72. Total PSA expenditure amounted to US\$235.9 million, including US\$6.3 million for FMIP.
73. Table 14 shows total PSA expenditure by appropriation line for 2000–2001 and in comparison with 1998–1999 actual expenditures. The expenditures for “programme support: regional and country offices” decreased substantially compared with 1998–1999, falling by 21.8 percent as a result of the implementation of the decision to fund only minimum country office structure from the PSA budget. The effect of this is that DSC are used for costs above the PSA limit. There is a 4.6 percent increase in “programme support: Headquarters” and a significant increase of 26.4 percent in “management and administration”; this is attributed to implementation of FMIP/WFP Information Network and Global System (WINGS), staff security and additional staff costs, training, rapid response equipment, vulnerability analysis and mapping (VAM), and, and baseline studies for school feeding. Overall, PSA expenditure increased by 2.2 percent compared with the 1998–1999 biennium.



**TABLE 14: PSA—BY APPROPRIATION LINE
(in thousand US\$)**

	1998–1999	2000–2001			Actual*
	Actual	Original budget ¹	Recosted original budget ¹	Revised estimates	
Programme support: regional and country offices	100 554	73 106	73 106	85 800	78 602
Programme support: Headquarters	34 064	26 778	26 152	29 847	35 621
Management and administration	96 222	93 998	92 458	129 091	121 641
Total	230 840	193 882	191 716	244 738	235 864
Of which:					
Staff costs	155 016	142 501	140 335	148 940	131 116
Non-staff costs	75 824	51 381	51 381	95 798	104 748

*Includes US\$6.3 million transferred to the FMIP special account.

DIRECT SUPPORT COSTS

74. Under the revised R<F policies, DSC was redefined as variable or incremental costs for a WFP country office to support WFP operational activities in that country, either for development or relief. The DSC budget:
- is entirely determined and justified by type and volume of activities and special circumstances in the country in which such costs arise;
 - covers international and national staff costs, office vehicles, equipment and other country office support cost requirements falling outside the PSA-funded standard country office structure.
75. In order to ensure that funds are available to finance country office costs that have shifted from PSA to DSC, the Executive Board approved a DSC Advance Facility, which is a “guarantee mechanism” that allows WFP to authorize the expenditure of DSC, up to a limit approved by the Board for that biennium prior to the receipt of confirmed contributions. For 2000–2001, the spending limit was US\$33 million.
76. Table 15 shows DSC by programme category in 2000–2001, and compares 2000–2001 actual expenditures with 1998–1999 actual expenditures. Direct support costs increased by 37.5 percent compared with 1998–1999.



**TABLE 15: DIRECT SUPPORT COSTS—BY PROGRAMME CATEGORY
(in thousand US\$)**

	1998–1999	2000–2001		
	Actual	Original budget	Revised budget	Actual
Development	24 100	39 864	37 231	40 535
PRRO	54 300	74 110	106 406	99 912
EMOP	146 700	79 209	136 852	149 551
SO	30 900	2 484	12 830	14 900
Trust funds and others	13 500	-	17 462	65 713
Total	269 500	195 667	310 781	370 611
Of which:				
Staff costs	131 467	158 410	181 941	154 557
Non-staff costs	138 033	37 257	128 840	216 054

77. With the implementation of the revised R<F policies in 2000–2001, the reliance on DSC in country offices increased significantly. Costs, over and above the provision of a standard PSA-funded structure, for international and national officer salaries, United Nations Volunteers, local operating costs (e.g. communications, security, office utilities, vehicles) and other forms of project support inputs such as VAM, gender and technical assessments and reviews have been borne by DSC. The 2000–2001 DSC expenditure reflects the reclassification of some country office costs from PSA costs to DSC. The DSC for development activities absorbed a large part of the reclassified amount, and this is noticeable in the increase in the original budget projection compared with 1998–1999 actual expenditure. The actual DSC expenditures under “development” in 2000–2001 are at about the same level as the original budget estimate.
78. In 2000–2001, the increased volume and complexity of WFP’s relief operation required a substantial increase in the amount of DSC. Comparison between actual expenditure in 2000–2001 and 1998–1999 shows that DSC for PRROs increased proportionately with the increase in tonnage, whereas DSC for EMOPs increased only slightly compared with the tonnage increase. When comparing actual expenditure in 2000–2001 with the original budget, DSC for PRROs increased substantially even at a more or less the same tonnage level, whereas under EMOPs, there was a consistent twofold increase in both volume and DSC costs. The increase in DSC for PRROs is attributable to complex activities in Afghanistan, Angola, Cambodia, the Democratic Republic of the Congo, the Great Lakes Region, Indonesia and Uganda. DSC expenditures under EMOPs were significant in high-volume operations in Afghanistan, DPR Korea, Eritrea, Ethiopia, Kenya and Sudan.
79. Under SOs, there was a slight decrease in the overall expenditures from 1998–1999 to 2000–2001 of about 6.8 percent (see Table 3). The 2000–2001 SO DSC component, however, was 51.8 percent lower than the comparable figure for 1998–1999. This is partly attributable to the re-categorization of some cost elements from DSC to other DOC.
80. During the preparation of the 2000–2001 budget, aggregate requirements were used to arrive at projected DSC levels for all programme categories since all project budget costs were still to be revised to conform to the new R<F cost categories. For this reason, specific DSC levels under trust funds and other programmes were not completely



established; they were instead categorized under other DOC in the 2000–2001 budget. The actual DSC expenditure of \$65.7 million includes: US\$17.2 million for bilateral programmes; US\$14.3 million for FMIP; US\$9.5 million under the JPO scheme; and US\$9.2 million for quality improvement and other trust funds.

81. Table 16 shows DSC by region. The Africa region accounted for 56.9 percent of DSC expenditures in 2000–2001. This is a result of the larger number of active and complex projects/operations in the Africa region compared with the others.

TABLE 16: 2000–2001 DIRECT SUPPORT COSTS—BY REGION

	2000–2001		
Region	Volume shipped (in thousand tons)	DSC expenditure (in thousand US\$)	Percentage of total DSC expenditure
Eastern Europe	580	24 057	6.5
Asia	3 066	61 083	16.5
Latin America and the Caribbean	275	8 515	2.3
Mediterranean, Middle East and Central Asia	219	54 670	14.7
Africa	3 596	210 962	56.9
Other *		11 324	3.1
Total	7 736	370 611	100

* Not apportioned to a specific region, but under development funds, Special Operations, the General Fund and trust funds.

Use of Direct Support Cost Advance Facility

82. The Executive Board approved the Direct Support Cost Advance Facility (DSCAF) in 1999 as part of the revised R<F policies. In approving the 2000–2001 WFP Budget, the Executive Board authorized the Executive Director to allot up to US\$33 million for the purpose of advancing direct support costs under this facility.
83. In 2000, WFP advanced US\$27.5 million from the DSCAF. Of this amount, US\$18.6 million was required for development activities and US\$8.9 million for relief activities. The total amount advanced was recovered at the end of 2000.
84. In 2001, US\$18.1 million was advanced for DSC related to development. Since significant work was undertaken in 2000 to adjust relief project budgets, no relief operations required an advance from the DSCAF in 2001. Of the US\$18.1 million advanced in 2001, US\$8.6 million was to cover the cost of 73 international staff, and US\$9.4 million to cover local operating costs. The remaining US\$550,000 was advanced to cover the preparation costs of new development projects or Country Programmes. At the end of 2001, US\$4.6 million of the amount advanced had been recovered and the outstanding balance of US\$13.5 million is to be recovered from contributions to these projects once they are confirmed.
85. The DSCAF has enabled WFP to meet costs required in the early phase of projects—start-up costs and staff costs—prior to the receipt of any or sufficient confirmed contribution.



Summary

- Of the total support expenditures, 74.1 percent was for programme support for regional and country offices.
- With the reclassification of costs, amounts above those incurred to maintain the minimum country office structure were funded under DSC.
- The use of DSCAF facilitated the early start and implementation of projects, delivery of WFP's services and fewer disruptions in staffing contracts.



ANNEX I

MEASUREMENTS OF WFP'S OPERATIONS IN 2000–2001

		DEV	PRRO	EMOP	Total
(volume in thousand tons)					
Resource base					
1	Prior-period pledges	346	550	921	1 817
2	<i>Plus:</i> Current biennium pledges (2000–2001)	1 086	1 623	4 468	7 177
3	Gross current biennium pledges	1 432	2 173	5 389	8 994
4	<i>Less:</i> Already called forward in prior years	0	0	0	0
5	Total available for calling forward	1 432	2 173	5 389	8 994
6	<i>Less:</i> Net called forward (SI issued in current period)	-1 380	-2 064	-5 369	-8 813
7	Balance to be called forward in the succeeding period	52	109	20	181
Shipment base					
6	Called forward (SI issued in current period)	1 380	2 064	5 369	8 813
8	<i>Plus:</i> Carry forward of prior year (SI issued) not shipped	71	20	167	258
9	Total available for shipment or local purchase	1 451	2 084	5 536	9 071
10	Less: Net shipped (B/L) and purchased	-1 310	-1 755	-4 671	-7 736
11	Balance to be shipped/purchased in the succeeding period	141	329	865	1 335
Delivery base					
10	Shipped (B/L) and purchased	1 310	1 755	4 671	7 736
12	<i>Plus:</i> shipments & purchases in transit from preceding period	83	28	98	209
13	Total potential arrival in country offices	1 393	1 783	4 769	7 945
14	Less: Net arrival in country offices	-1 133	-1 762	-4 136	-7 031
15	Balance in transit at end of current period	260	21	633	914
Distribution base					
14	Arrival in country offices	1 133	1 762	4 136	7 031
16	<i>Plus:</i> In-country stocks (estimated)	159	268	904	1 331
17	Total available for distribution	1 292	2 030	5 040	8 362
18	<i>Less:</i> Post-c.i.f. losses	-13	-20	-50	-83
19	Total available for distribution to beneficiaries	1 279	2 010	4 990	8 279
20	Less: Distributed to beneficiaries	-1 148	-1 571	-3 822	-6 541
21	Balance in stock at the end of 2001	131	439	1 168	1 738



ANNEX II

**PROGRAMME SUPPORT AND ADMINISTRATIVE EXPENDITURE:
2000–2001 BUDGET AND ACTUAL
(in thousand US\$)**

Appropriation/budget lines	Approved budget	Recosted budget ¹	Revised budget ²	Actual expenditure
Headquarters costs				
Staff costs	84 850	82 684	87 516	76 903
Non-staff costs	33 038	33 038	67 758	76 748
Overtime	479	479	627	627
Consultants	3 215	3 215	16 859	21 886
Travel	3 278	3 278	4 212	5 070
Books and periodicals	111	111	111	163
Information and publications	2 369	2 369	3 313	3 934
Documentation and meetings	2 125	2 125	2 600	2 600
Training	4 059	4 059	8 326	8 326
Communications	2 040	2 040	5 820	6 263
Management information system/computer	1 320	1 320	3 315	5 598
Other operating expenses	9 366	9 366	16 792	16 746
Services from FAO	2 656	2 656	2 656	2 256
Services from other United Nations organizations	2 020	2 020	3 127	3 279
Total Headquarters	117 88	115 722	155 274	153 651
Overseas costs				
International staff costs	40 743	40 743	43 842	38 824
Local staff costs	16 908	16 908	17 583	15 389
Total overseas staff costs	57 651	57 651	61 24	54 213
Local operating costs	15 455	15 455	24 375	24 389
Total country offices	73 106	73 106	85 800	78 602
Statutory requirements				
External Audit	488	488	488	300
United Nations House, Contributions to United Nations and other organizations	2 400	2 400	3 176	3 311
Total statutory requirements	2 888	2 888	3 664	3 611
GRAND TOTAL	193 882	191 716	244 738	235 864

¹ Recosted according to the lira/dollar exchange rate approved by the FAO Conference.

² Revised by the Executive Director due to the higher projected level of operations.



ANNEX III

OPERATIONAL INITIATIVES

1. The section that follows gives an overview of operational initiatives addressed in the 2000–2001 budgetary period. Further information is provided in the Annual Reports for 2000 and 2001. The annex summarizes the achievement of each operational initiative, as requested by the ACABQ and the Executive Board.

Financial Management Improvement Programme

⇒ *Aim*

2. To improve WFP's financial management capability, in particular its ability to account for, and report on, in both an accurate and timely manner, the utilization of the resources placed at the Programme's disposal.

⇒ *Achievement*

3. The main objectives of FMIP have been achieved with the successful delivery of WINGS, in January 2001.
4. For the first time, project information, financial data, human resource systems and payroll are integrated into one online, real-time, worldwide information system. This enterprise-wide solution has been implemented throughout the United Nations system.
5. WINGS links information on all of WFP's core business and support services at Headquarters and country offices. This has resulted in changes in WFP's main business processes—programming, procurement, transport, LTSH, resource mobilization, human resources, payroll, financial and accounting.
6. WFP has already realized important benefits, such as greater transparency and accountability to donors and access by managers to real-time information, which help managers make better decisions. A Competence Centre has been established to train staff, provide guidance and technical backstopping to field offices and make improvements.
7. Further details on FMIP/WINGS are provided in document WFP/EB.2/2002/INF/9, submitted to the Executive Board in May 2002.

Gender Mainstreaming

⇒ *Aim*

8. To mainstream costs for gender activities into the WFP budget.

⇒ *Achievement*

9. Quantitative and qualitative targets were established to empower women through participation in food management, the creation of physical and human assets and employment.



10. A self-assessment of country offices was conducted in 2000 and indicated progress towards achieving the following targets [that]:
 - WFP work with women on committees to identify beneficiaries, manage food and select food-for-work activities and assets;
 - in almost half of the country offices that have a significant gender gap, at least 60 percent of development resources be targeted to women and girls; and
 - two thirds of WFP-assisted activities address micronutrient deficiencies by providing fortified blended food, especially to women, children and other vulnerable groups.
11. Other measures taken during the 2000–2001 biennium to reinforce gender mainstreaming included:
 - gender mainstreaming in WFP's vulnerability and food security analyses.
 - inclusion of WFP Commitments to Women in Letters of Agreement and Memoranda of Understanding with partners.
 - the Executive Director's circular on women's access to assets, including land, which requires that WFP-assisted programmes create physical assets.
 - the introduction in WINGS of data disaggregation by gender.

Vulnerability Analysis and Mapping

⇒ Aim

12. To take steps to further decentralize VAM at the regional level so that VAM expertise can be much closer to the heart of WFP's work.

⇒ Achievement

13. Currently all seven regional bureaux and one cluster office have a PSA-funded Regional Programme Adviser specialized in VAM and supported by a national VAM Data/GIS Assistant.
14. A standard analytical framework (SAF) for vulnerability analysis was developed and piloted, using an iterative field-based process of assessments in various countries and contexts.
15. To date, VAM assessments based on SAF have been carried out in several countries, including Bangladesh, Bolivia, Cameroon, Guatemala, India, Kenya, Mali, Nepal, Nicaragua, Sri Lanka, Syria and Yemen. All of these efforts have included substantial participation by national partners, helping WFP to raise awareness, transfer skills and develop sustainable capacity in food security and vulnerability analysis in the host country.
16. The main focus of work regarding VAM methodology will be on extending SAF-based assessment to emergency and food security monitoring.

Telecommunications

⇒ Aim

17. To provide connectivity, both for telephone/radio communications and e-mail, to deep field offices and mobile sites, transmitting both voice and data, and to further upgrade



country office communications capabilities through the development of an Enhanced Telecommunications Network (ETNet).

⇒ *Achievement*

18. ICT emergency preparedness and response capacities were strengthened in Afghanistan, Mozambique and Pakistan. WFP was designated by the Office for the Coordination of Humanitarian Affairs (OCHA) as ICT coordinating agency for the start-up of these complex inter-agency operations.
19. A dedicated Emergency Preparedness and Response team—the Fast Information Technology and Telecommunications Emergency and Support Team (FITTEST)—was organized, using TC/IT (telecommunication and information technology). FITTEST counts on the response of a team of 15 international staff, currently working in country offices, and on an equipment stock sufficient to start up a complete operation quickly and independently.
20. The ETNet project brought connectivity to about 22 countries by using satellite technology, allowing more efficient voice and data communications and the deployment of WINGS in 14 countries, including all those with regional bureaux.
21. A further 13 countries are provided with connectivity through a shared service arrangement with UNDP, through its VSAT network. Today, 98 percent of WFP's country offices have access to reliable connectivity, through either ETNet or local service providers.
22. The Minimum-Security Telecommunications Standards (MISTS) project improved security support in 43 WFP country offices, and about 70 percent of WFP's operations now comply with telecommunications security standards. The project will continue in the current biennium. MISTS was also adapted and endorsed by the Office of the United Nations Security Coordinator (UNSECOORD) and the Inter-Agency Standing Committee (IASC) for consideration by other United Nations organizations and specialized agencies, when developing their security telecommunications standard.

WFP's Website

⇒ *Aim*

23. To provide (i) information on WFP policies and activities, (ii) access to WFP documents in a more timely and cost-effective manner, and (iii) a source of information on crises and contact information for individuals, corporations and institutions willing to contribute to WFP or seeking information on WFP activities.

⇒ *Achievement*

24. WFP is participating in the United Nations Global Extranet project. Using Web technology, the Extranet will provide a tool for sharing information and searching for information among United Nations agencies.
25. The WFP global office (WFPgo) is WFP's Intranet service, which provides access to WFP's corporate information network to countries that have the appropriate infrastructure. Countries without Internet access are periodically provided with information on CD-ROM.
26. Through WFPgo, staff have online access to manuals, guidelines, reports, various administrative forms, statistics and contact information previously available only on paper.



Security of WFP Staff and Assets

⇒ *Aim*

27. To strengthen the Security Units at Headquarters and in the field to improve WFP's overall security services and support. To establish, in concert with that initiative, a WFP Security Operations Centre (SOC) with 24-hour coverage. The SOC will coordinate with UNSECOORD, the Department of Peacekeeping Operations (DPKO), UNHCR, UNICEF and regional and country offices on a daily basis by monitoring threats to security as they develop. To appoint regional stress counselors.

⇒ *Achievement*

28. Situation Rooms and Regional Bureau Operations Rooms (formerly called SOC) were established to facilitate the communication stream between functional networks of support facilities. The purpose is to monitor the global situation and the management of emergencies in a decentralized environment. The Headquarters Situation Room performs the following functions:
- Information Management
 - ◇ information is collected and analysed
 - ◇ a news service is provided, together with an emergency report
 - ◇ the room provides a repository of security information
 - Operational and Crisis Support
 - ◇ emergency crisis support infrastructure is provided
 - ◇ Geographic Information System and cartography support is available
 - ◇ real-time information is provided to field offices
 - Liaison and Support
 - ◇ liaison with other United Nations and other key operations centres is provided
29. In addition, there are stand-by facilities in regional bureau offices, which act as emergency operations centres during crises. These centres can be activated as needed, providing links between regional bureaux, sub-regional offices, country offices and Headquarters.
30. In 2001, WFP helped lead the discussions of the High-Level Committee on Management (HLCM) on initiatives to formulate United Nations staff-security policies. Agreement was reached on an inter-agency cost-sharing formula for common security arrangements. As a result, 92 professional field security officers (FSOs) have been deployed under the auspices of UNSECOORD, and the appointment of eight new FSOs was approved by the General Assembly in December. Strategic consultations will be held with other United Nations field-based agencies and UNSECOORD on crises as they evolve.



Staff Development and Training

⇒ Aim

31. To undertake the following priority training: (a) FMIP training for staff affected by these systems; (b) management training for managers at both the senior and middle management levels; (c) training of national officers to support field-based training to strengthen accountability, delegation of authority and capacity-building; (d) career development and staff orientation programmes; and (e) inter-agency training and coordination.

⇒ Achievement

- **FMIP training.** To date, more than 900 staff members from Headquarters, regional bureaux and country offices have received training in the WINGS system.
- **Training of managers.** Fifty managers completed the ten-day Management Training Programme in Rome in 2001.
- **Training of national officers to strengthen accountability.** A total of 170 staff members (national officers and international staff of P-1 to P-3 grades) took part in the Professional Development Programme (PDP).
- **Career development and staff orientation.** Twenty new staff members took part in a three-day induction course.
- **Inter-agency training.** WFP played an active role in the United Nations Learning Managers' Forum and the Inter-Agency Standing Committee Working Group (IASC-WG) on training. WFP led an inter-agency evaluation of emergency training on behalf of the IASC-WG. WFP gave active support to the United Nations Staff College.
- **Security-related training.** In 2000–2001, 162 security awareness workshops were held in five languages, bringing the total number of staff trained under this programme to 9,160. A further 14 staff qualified as Security Awareness Trainers. The Security Awareness Training “maintenance” programme continues in 2002 on a promising note, targeting 300 staff in “at risk” countries and areas (Guinea, Sierra Leone, Zimbabwe and the Palestinian Territories).

Training for Food Aid and Development

⇒ Aim

32. To promote training and skills enhancement for WFP staff, recipient governments and other implementing partners and beneficiaries.

⇒ Achievement

33. Training materials were designed and developed and workshops carried out to ensure effective implementation of the Enabling Development policy. This training initiative consisted of three phases:
- building awareness among senior managers within WFP, which involved WFP staff and other United Nations agencies, government counterparts and NGO representatives;
 - design and preparation of training materials, focusing on the development of tools and guidelines in the following core areas: logical framework, the Programme Design



Manual, vulnerability analysis and mapping, monitoring and evaluation, participatory analysis, partnerships and the mainstreaming of gender in development activities; and

- the training of selected senior WFP staff, designated as “Enabling Development Leaders”, to strengthen their facilitation and technical skills in these core areas, so that they could organize and conduct country-level workshops.

Anticipated Reimbursement of Funds from the Host Government

⇒ *Aim*

34. WFP and the host Government entered into a Headquarters Agreement in February 1994. Under the terms and conditions of the agreement, the host Government is expected to assume liability for certain costs and reimburse WFP accordingly

⇒ *Achievement*

35. The Italian Government has reimbursed WFP expenses relating to the moving and maintenance of Headquarters premises and rent for the current WFP Headquarters at Parco dei Medici.

United Nations Coordination

⇒ *Aim*

36. The strengthening of United Nations coordination is an ongoing process in which WFP intends to play an active and constructive part.

⇒ *Achievement*

37. WFP participated as a member of Joint Executive Committee groups and in all four working group sessions of the IASC. The Programme also participated in seven of the ten sub-working groups.
38. WFP participated in the UNDG Executive Committee and Management Group initiatives designed to enhance the Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF) process, including a synthesis of lessons learned and good practices identified through the CCA/UNDAF learning network. WFP is participating in ongoing discussions and studies on harmonization of procedures, financial rules, information systems, projects and management.
39. WFP participated in the UNDAF assessment workshop and provided inputs to help prepare the final report of the Triennial Comprehensive Policy Review. By the end of 2001, 93 CCAs and 49 UNDAFs had been completed, and 74 United Nations Country Teams (UNCTs) had received skills training in the CCA/UNDAF process.
40. WFP continued its commitment to the consolidated appeal process (CAP), participating in all CAPs worldwide. On behalf of the United Nations agencies, the Executive Director launched the CAPs for the Democratic People's Republic of Korea and the Horn of Africa in November 2001.
41. As a member of the IASC Working Group, WFP outlined options to improve United Nations/NGO collaboration in field security.



42. WFP developed a framework for partnership with NGOs, which was approved by the Executive Board in May 2001. It defined elements for WFP/NGO partnership, proposed joint capacity-building and advocacy activities to strengthen collaboration and highlighted the need to increase local NGOs' participation in field activities.
43. At Headquarters level, IFAD, FAO and WFP worked together to highlight the problem of declining resources for rural development and hunger reduction. The three agencies jointly contributed to the preparatory process of the Financing for Development conference.
44. IFAD and WFP have concluded collaborative arrangements in 14 countries on projects that aim to reduce hunger and poverty. The focus of the projects varies, but includes the rehabilitation of rural and agricultural infrastructure and training in savings, credit and income-generation activities.

Strengthening the Management Capacity

⇒ *Aim*

45. To complete the last phase of the comprehensive programme of management change and reform launched in 1996, which was based on the principle of decentralization and placing senior staff closer to beneficiaries, WFP's management capacity had to be strengthened. This was going to be achieved at the Headquarters level by strengthening management support services and at the country offices by making the levels of posts of Country Directors commensurate with the expanded scope of their responsibilities in the new decentralized setting.
46. The creation of the Assistant Secretary-General (ASG) post responsible for Administration was to ensure the successful programme-wide implementation during the next two years of the systems and processes that were the results of the FMIP; to ensure prudent and proactive management of the Programme's cash resources and investments including contributions from donors; to strengthen the oversight and management of the Programme's human resources; to develop appropriate hiring practices due to the implementation of the new indefinite appointment; to review and improve procurement, travel and other management services; to establish an efficient and effective network of systems and telecommunications needed in a decentralized context; and to strengthen WFP's representation in United Nations-wide coordination relating to common services and premises, resident coordinator systems, staff safety and security, harmonization and streamlining of procedures relating to personnel, finance, IT and other services.

⇒ *Achievement*

Post Changes

47. The immediate goals set in the strategy for strengthening of management capacities were achieved with the approval of the creation of a post of ASG, creation of a D-2 post for the Deputy Director for Operations Department, the creation of a new D-2 post of Chief Information Officer and the retention of the D-2 post for the Finance Division, which was then the Director for Finance and Information Systems Division.
48. At the country offices, posts of Country Directors were assessed in relation to their scope of responsibilities, resulting in the upgrading of several of these posts by using the corporate points for upgrade that the Executive Director was authorized to use in the PSA budget for 2000–2001. In addition to these upgradings, two additional D-2 posts for



Regional Directors of the two new Africa bureaux and four additional D-1 posts for Deputy Regional Director positions of the two new Africa bureaux, Latin America & the Caribbean Bureau and Mediterranean, Middle East and Central Asia bureau were established in 2001. The upgrading of the Directors' posts was coupled with the outposting of the regional bureaux closer to the countries under their supervision, thereby strengthening and facilitating decision-making processes and responses at the field level.

49. The upgrading and downgrading of posts remained neutral in terms of numbers of posts, except for the new posts that were specifically authorized by the Executive Board at its Third Regular Session in October 2000 and First Regular Session in February 2001.

Administration Department

50. After a little more than a year, the Administration Department had taken charge of the whole administrative and support function of the Programme: namely, Human Resources, Finance, Management Information Systems, Procurement and Contracts, Administrative and Building Management, and Security. Key results achieved were the successful installation of WINGS, the strategic output of FMIP, including the Human Resources/Payroll module; improvements in cash and investment management, including more transparent reporting to the Board on the Programme's cash resources; closure of long-completed projects and identifying prior years' fund balances, which has given the Programme more up-to-date information on the financial status of projects; closer coordination of all offices in WFP that are involved in the management of contributions, resulting in more accurate reporting to donors; and the issuance of guidelines and policies relating to all these areas of administration.
51. However, many challenges lie ahead, particularly in the roll-out of WINGS in all country offices; the strengthening of technical support for finance and administrative officers in the field; the development of human resources policies and processes that are responsive to WFP's needs; the installation of appropriate systems, infrastructure, and security procedures that are responsive to the needs of staff and secure enough to prevent any business disasters relating to this technology; and the development and updating of many manuals on finance, administrative and management services, procurement, accounting, human resources, and information and communications technology.

Oversight Services Division (OEDO)

⇒ *Aim*

52. Consolidate and strengthen the coordination between the three oversight offices relating to internal audit, evaluation, and inspection and investigation into one office called Office of the Inspector-General and Director of Internal Oversight Services.

⇒ *Achievement*

53. The post (D-2 level) of Inspector-General and Director of Internal Oversight Services was established in January 2002 with the upgrading of the post of the Inspector-General that used to head the Office of Inspection and Investigation, as this is concurrently headed by the same individual. The Inspector-General is aided by a staff at P-5 level in managing the Office of Inspection and Investigation.



54. In view of her imminent departure, the then Executive Director decided to appoint to this post a Senior Executive of the Programme who was scheduled to retire in mid-2002. The selection and appointment of his replacement is proceeding and will be made by the new Executive Director.

Post Upgradings for 2000–2001

⇒ *Aim*

55. The Executive Director sought 40 upgradings to support the decentralization initiative and changes in functions at Headquarters.

⇒ *Achievement*

56. The 40 post upgradings approved by the Board were utilized and assigned as shown in the table below.

POST UPGRADINGS		
Current grade	New grade	Number
D-1	D-2	6
P-5	D1	8
P-4	P-5	14
P-3	P-4	1
G-5	G-6	1
G-4	G-5	1
G-3	G-4	3
G-2	G-3	6
Total		40

Decentralization

⇒ *Aim*

57. In 1996, the Executive Director reviewed the way WFP was doing its business, in line with the Secretary General's United Nations reform process. The ultimate aim was to transform WFP into a truly field-based organization with its decision-makers as close as possible to the people it serves through its development and humanitarian missions.

⇒ *Achievement*

58. Prior to 1996, WFP was a centralized organization, with two cultures: Rome and the field. There were just a handful of field-based senior-level managers. Today, there are more than 40 D-1s and D-2s in the field.
59. By 1 September 2001, WFP had decentralized its last two remaining regional bureaux in Rome, with the Africa Regional bureau being split and relocated to cover three regions—west (in Dakar), central (in Yaoundé) and eastern/southern (in Kampala). The Asia regional bureau relocated to Bangkok; an Eastern Europe office was set up in Rome; and



the regional bureaux for Latin America and the Caribbean, and the Mediterranean, Middle East and Central Asia remained in Managua and Cairo, respectively.

60. Directors (D-2s), covering an average of 12 countries, head each regional bureau. Each regional bureau had an average of 16 core-funded international staff, including a Regional Director and Deputy, Programme Advisers, staff specialized in ICT, Human Resources, Finance/Administration, Public Information, Logistics, Pipeline Management and Procurement. This restructuring was post neutral (no increase/decrease) at the corporate level, since use was made of the existing relevant posts at Headquarters and in 10 out of 13 regional cluster offices. Only the Islamabad and Maputo regional cluster offices were maintained for operational and technical support purposes, while the Lima cluster functioned as a resource mobilization/advocacy office for Latin America.
61. The Rome-based Operations Department was also restructured and streamlined. As most operational decisions will be made in the field, this department is responsible for managing this new field structure and providing standard programme, technical, training and normative support. It comprised the Assistant Executive Director and Deputy and units for transport, humanitarian affairs, development activities, vulnerability analysis and mapping, and resource programming, together with programme liaison offices.
62. WFP has undertaken the decentralization process within its existing budget approvals. The current overall number of staff remains at a constant level, compared with the pre-decentralization figures.



ACRONYMS USED IN THE DOCUMENT

ACABQ	Advisory Committee on Administrative and Budgetary Questions
B/L	Bill of lading
c.i.f.	Cost, insurance, freight
CAP	Consolidated appeal process
CCA	Common Country Assessment
CP	Country Programme
DOC	Direct operational costs
DSC	Direct support costs
DSCAF	Direct Support Costs Advance Facility
EMOP	Emergency operation
ETNet	Enhanced Telecommunications Network
FITTEST	Fast Information Technology and Telecommunications Emergency and Support Team
FMIP	Financial Management Improvement Programme
GCCC	Government cash contributions for local costs
HLCM	High-Level Committee on Management
IASC	Inter-Agency Standing Committee
ISC	Indirect support costs
IT	Information technology
ITSH	Internal transport, storage and handling
JIU	Joint Inspection Unit
LDC	Least developed country
LIFDC	Low-income, food-deficit country
LOA	Letter of Agreement
LTSH	Landside transport, storage and handling
MISTS	Minimum-Security Telecommunications Standards
NGO	Non-governmental organization
PRRO	Protracted relief and recovery operation
PSA	Programme support and administrative (budget)
R<F	Resource and Long-Term Financing (policies)
SAF	Standard analytical framework
SI	Shipping instructions



SO	Special Operation
SOC	Security Operations Centre
UNDAF	United Nations Development Assistance Framework
UNSECOORD	Office of the United Nations Security Coordinator
VAM	Vulnerability analysis and mapping
WINGS	WFP Information Network and Global System

