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World
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Programa
Mundial
de Alimentos

**Executive Board
Annual Session**

Rome, 21 - 24 May 2001

FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

For information*



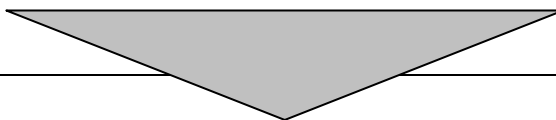
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BUDGETARY PERFORMANCE REPORT FOR 2000

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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 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 the Supervisor, Meeting Servicing and Distribution Unit (tel.: 066513-2328).



Executive Summary



The Budgetary Performance Report for 2000 is presented to the Executive Board for information. The report compares actual shipments, deliveries and other indicators in 2000 to the original estimates contained in the WFP Budget for 2000–2001, and analyses the availability of resources, performance relating to overall WFP operations and the Programme Support and Administrative (PSA) Budget.

The Report notes that actual deliveries in 2000 (2.97 million tons) exceeded the budget estimate by 14.9 percent and expenditures (US\$1.60 billion) exceeded the budget estimate by 16.7 percent. As in 1998 and 1999, the Executive Director utilized the authority granted by the Board in its approval of the WFP Budget for 2000–2001 to increase the PSA Budget in order to handle the additional tonnage and to meet several strategic priorities not funded under the original budget.

Pursuant to the comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its report on the Budgetary Performance Report for 1998, the Secretariat proposes that this report be the last of the annual budgetary performance reports. WFP will continue to prepare biennial budgetary performance reports, consistent with the ACABQ recommendation.

Draft Conclusion



The Executive Board:

- i) took note of the Budgetary Performance Report for 2000 (WFP/EB.A/2001/5-A/1) and expressed appreciation for the information provided therein; and
- ii) agreed that the 2000 WFP Budgetary Performance Report would be the last annual report of its kind submitted by the Programme.



INTRODUCTION

1. The Executive Director presents this report on budgetary performance for 2000 to the Executive Board for information. The report was also presented to the Food and Agriculture Organization (FAO) Finance Committee and ACABQ, in accordance with WFP General Regulations XIV.4 and XIV.6.
2. As in the 1998 annual budgetary performance report, this report is a much-abbreviated version of the biennial report on budgetary performance, and thus includes less detail. In preparing the report, WFP has taken into account the comments made by the Board and by the two advisory bodies when reviewing the 1998 and the 1998–1999 reports on budgetary performance. In particular, the structure of the report has been revised to exclude information that is duplicative of that contained in the Annual Report of the Executive Director, 2000, and the Strategic and Financial Plan, 2002–2005.
3. On the basis of the comments of the ACABQ (paragraph 10 of WFP/EB.A/99/5-B/3), and taking account of the new structures proposed in the project for improving the governance of WFP, the Secretariat proposes that this be the last of the *annual* budgetary reports prepared by WFP. Instead, the information contained in this report may be included in the proposed Annual Performance Report cited in the Report of the Working Group on Governance (paragraph 22 of WFP/EB.A/2000/6). However, WFP will continue to prepare *biennial* budgetary performance reports as recommended by the ACABQ.
4. This report contains three major sections: the first covers the availability of resources; the second addresses budgetary performance relating to overall WFP operations; and the third covers PSA expenditure.

AVAILABILITY OF RESOURCES

5. WFP's level of operations can be measured in several ways. The four ways that have been cited in previous reports are at: (i) the resource base, measuring the total available for calling forward; (ii) the shipment base, measuring the net shipped or purchased locally during the reporting period; (iii) the delivery base, measuring the net arrival of food at the country offices; and (iv) the distribution base, measuring the total food distributed to beneficiaries.
6. The level of operations in the projections made in WFP's Biennial Budget for the period 2000–2001 referred to the delivery base. For this reason, this report includes deliveries as one of the budgetary performance indicators. It is also important for this report to indicate the resource base, since a portion of the confirmed contributions received during the first year of the biennium will carry over into the second year and thus give a better picture of the expected operational levels for the biennium as a whole.
7. The 2000–2001 WFP Budget (WFP/EB.3/99/3-A), approved by the WFP Executive Board at its Third Regular Session, in October 1999, was based on a planned operational level of 5.165 million tons of food aid for the biennium. As indicated in Table 1 below, the total volume estimated to be delivered in 2000 (broken down by programme category) was 2.583 million tons. In 2000:
 - Total confirmed contributions amounted to 3.746 million tons. As was the case in 1998 and 1999, the arrival of additional contributions from the Programme's largest



donor, over and above its traditional contribution, was the major reason why the confirmed contributions increased over the original estimate.

- Actual commodities shipped or purchased locally amounted to 3.544 million tons. This represented an increase of 97,000 tons from 1999 actual shipments.
- Total commodities delivered amounted to 2.968 million tons, an increase of 385,000 tons (14.9 percent) from the original estimate. Actual commodity deliveries registered at the end of 2000 were lower compared with shipment figures, since most of the commodities were shipped during the latter part of the year and therefore were still in transit at the end of 2000.
- Of the 3.544 million tons shipped in 2000, approximately 2.4 million tons were attributable to 2000 confirmed pledges, with the balance attributable to prior-year pledges.

TABLE 1: 2000 CONTRIBUTIONS—COMMODITIES
(in thousand tons)

| Programme category | 1999 | | 2000 | | | |
|---|-----------------|-------------------|-------------------|-------------------------|-----------------|-------------------|
| | Actual shipment | Actual deliveries | Original estimate | Confirmed contributions | Actual shipment | Actual deliveries |
| Development | 812 | 768 | 752 | 548 | 649 | 529 |
| Emergency operations (EMOPs) | 2 053 | 2 326 | 926 | 2 400 | 1 958 | 1 609 |
| Protracted relief and recovery operations (PRROs) | 582 | 585 | 904 | 798 | 937 | 830 |
| Total | 3 447 | 3 679 | 2 583 | 3 746 | 3 544 | 2 968 |

8. With respect to the value of resources, the original estimated value of deliveries during the 2000–2001 biennium was US\$2.742 billion, of which US\$2.548 billion was for food, transport, logistics and other direct operating costs, and US\$193.9 million was for the related PSA. The 2000 portion of the original estimate was US\$1.370 billion.

Table 2 illustrates that:

- the 2000 actual expenditures amounted to US\$1.599 billion, an increase of US\$229 million (16.7 percent) from the original estimate, and slightly higher by US\$29 million than those in 1999; and
 - the value of confirmed pledges in 2000 amounted to US\$1.748 billion.
9. It should be noted that the 2000 expenditures included the use of resources made available to WFP in earlier periods. In addition, resources carried over into 2001 are expected to be utilized in 2001.

TABLE 2: 2000 CONTRIBUTIONS—VALUE
(in million dollars)

| Programme category | 1999 | Original estimate ¹ | 2000 | |
|--------------------|--------------------|--------------------------------|----------------------------------|--------------------|
| | Actual expenditure | | Value of confirmed contributions | Actual expenditure |



| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| Development | 286 | 309 | 220 | 228 |
| EMOP | 855 | 520 | 1 045 | 825 |
| PRRO | 323 | 472 | 381 | 449 |
| Special operations (SOs) | 37 | 14 | 26 | 41 |
| Others ² | 69 | 55 | 76 | 56 |
| Total | 1 570 | 1 371 | 1 748 | 1 599 |

¹ As per the 2000–2001 approved Budget.

² Others include bilateral services, the JPO programme and General Fund income.

10. Actual commodity prices were lower than those projected in the budget, thus enabling WFP to purchase additional commodities in 2000 for the same dollar value.

WFP OPERATIONS

11. As indicated above, the value of WFP's operations in 2000, in terms of actual expenditures and commitments, amounted to US\$1.599 billion. Compared with 1999 expenditures of US\$1.570 billion, this is an increase of US\$29 million, and compared with 1998 expenditures of US\$1.348 billion, an increase of US\$251 million. A summary of expenditures by programme and cost categories is given in Table 3.

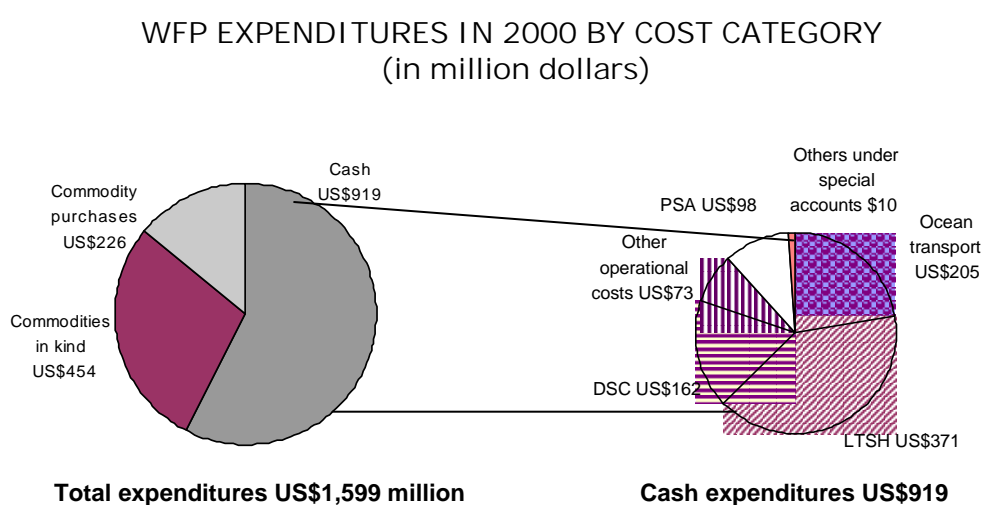


TABLE 3: 1998–2000 OPERATIONAL AND SUPPORT COST EXPENDITURES
(in million dollars)

| | 1998 | 1999 | 2000 ¹ |
|-------------------------------|--------------|--------------|-------------------|
| By programme category | | | |
| Development | 295 | 286 | 228 |
| EMOP | 725 | 855 | 825 |
| PRRO | 232 | 323 | 449 |
| SO | 37 | 37 | 41 |
| Bilateral and others | 59 | 69 | 56 |
| Total | 1 348 | 1 570 | 1 599 |
| By cost category | | | |
| Food | 647 | 710 | 680 |
| Ocean transport | 147 | 248 | 205 |
| Air, overland and LTSH | 262 | 261 | 371 |
| Other operational costs | 59 | 66 | 73 |
| Subtotal | 1 115 | 1 285 | 1 329 |
| Direct support costs (DSC) | 123 | 147 | 162 |
| Indirect support costs | 96 | 135 | 98 |
| Others under special accounts | 14 | 3 | 10 |
| Total | 1 348 | 1 570 | 1 599 |

¹ Based on the provisional 2000 Financial Statement.

12. The figure below illustrates categories of expenditures.



13. The highlights of WFP's operations in 2000 are presented below by programme category.

Development

- Two new country programmes were approved, representing an approved resource level of US\$227.5 million and 835,383 tons.
- A total of 21 new development projects (including activities within approved Country Programmes) and 32 budget revisions were approved by the Executive Board or by the Executive Director under her delegated authority, at a total value of US\$170.8 million and commitments totalling 416,800 tons.
- A total of 529,000 tons was delivered in 2000. This represents a decrease of 29.6 percent in the original 2000 estimates (752,000 tons), and is 31.1 percent lower than actual deliveries in 1999 (768,000 tons).
- Total expenditures during the period amounted to US\$228 million, of which US\$137 million was for commodities and US\$91 million for cash expenditures.
- This compares with 1998 expenditures of US\$295 million, of which US\$190 million was for commodities and US\$105 million for cash expenditures, and with 1999 expenditures of US\$286 million, of which US\$173 million was for commodities and US\$113 million for cash expenditures.

Emergency Operations (EMOPs)

- A total of 55 new emergency operations and 16 budget revisions were approved by the Executive Board or by the Executive Director under her delegated authority, at a total value of US\$2.0 billion and commitments totalling 4.2 million tons.
- A total of 1.609 million tons was delivered in 2000. This represents an increase of 73.8 percent in the original 2000 estimates (926,000 tons), but is a reduction of 30.8 percent from the volume delivered in 1999 (2.326 million tons).
- Total expenditures amounted to US\$825 million, of which US\$361 million was for commodities and US\$464 million for cash expenditures.
- This compares with 1998 expenditures of US\$725 million, of which US\$344 million was for commodities and US\$381 million for cash expenditures, and with 1999 expenditures of US\$855 million, of which US\$397 million was for commodities and US\$458 million for cash expenditures.

Protracted Relief and Recovery Operations (PRROs)

- A total of 21 new PRROs and 16 budget revisions were approved by the Executive Board or by the Executive Director under her delegated authority, at a total value of US\$666 million and commitments totalling 1.2 million tons.
- A total of 830,000 tons was delivered in 2000. This represents a decrease of 8.2 percent in the original 2000 estimates (904,000 tons), but is 41.9 percent higher than actual deliveries in 1999 (585,000 tons).
- Total expenditures amounted to US\$449 million, of which US\$183 million was for commodities and US\$266 million for cash expenditures.
- This compares with 1998 expenditures of US\$232 million, of which US\$112 million was for commodities and US\$120 million for cash expenditures, and with 1999



expenditures of US\$323 million, of which US\$140 million was for commodities and US\$183 million for cash expenditures.

Special Operations (SOs)

- In 2000, major special operations were launched in Angola, the Horn of Africa, Mozambique and Sierra Leone. Total confirmed contributions amounted to US\$28 million.
- The total expenditure for SOs in 2000 was US\$41 million, compared with US\$37 million in 1998 and US\$37 million in 1999.

Bilateral and Others

- During 2000, WFP provided bilateral services to donors and operated a specific programme for Junior Professional Officers (JPOs).
- In addition, expenditures of US\$8 million for the Financial Management Improvement Programme (FMIP) are included in this category.
- Total expenditures in 2000 for these activities amounted to US\$56 million, compared with US\$59 million in 1998 and US\$69 million in 1999.

PROGRAMME SUPPORT AND ADMINISTRATIVE EXPENDITURE

14. In October 1999, the Executive Board approved a PSA Budget of US\$193.9 million for the 2000–2001 biennium. The PSA component was later recosted at US\$191.7 million, in accordance with the lira-dollar exchange rate fixed by the FAO Conference at its November 1999 session. Accordingly, the initial 2000 PSA allotment level was set at US\$95.9 million.
15. PSA is funded by a combination of resources, including indirect support cost recoveries (based on a rate of 7.8 percent approved by the Executive Board for the 2000-2001 biennium) and government-counterpart cash contributions (GCCC) towards local operating costs. WFP received US\$1.1 million in direct cash contributions from recipient governments in 2000 to meet its local operating costs and thus help finance the PSA Budget.
16. Against an approved PSA Budget of US\$191.7 million, WFP allotted US\$110.1 million in 2000. Table 4 below shows by programme category the:
 - indirect support cost recoveries of US\$118.3 million available in 2000 based on confirmed contributions;
 - indirect support cost recoveries of US\$95.6 million earned in 2000 against deliveries; and
 - indirect support cost recoveries of US\$89.1 million received in 2000. (The receipt of support costs is normally tied to the call forward of commodities.)



TABLE 4: INDIRECT SUPPORT COST RECOVERIES
(in million dollars)

| Programme category | Original budget ¹ | ISC available | ISC earned | ISC received |
|----------------------|------------------------------|---------------|-------------|--------------|
| | 2000-2001 | From 2000 | | |
| Development | 44.7 | 15.5 | 15.0 | 13.0 |
| EMOP | 68.4 | 70.5 | 47.3 | 47.7 |
| PRRO | 75.3 | 27.9 | 29.1 | 24.0 |
| SO | 2.0 | 2.0 | 1.8 | 2.0 |
| Bilateral and others | 1.4 | 2.4 | 2.4 | 2.4 |
| Total ISC | 191.8 | 118.3 | 95.6 | 89.1 |

¹ As per the 2000–2001 approved Budget.

17. Total PSA expenditures in 2000 amounted to US\$98.2 million.
18. As mentioned in paragraph 7, the Programme's largest donor again provided additional contributions in 2000, over and above its traditional contribution. In order to administer these resources and to meet several strategic priorities that could not be funded at the PSA levels of the current biennium, the Executive Director exercised the authority delegated to her by the Executive Board at its Third Regular Session of 1999 "*to adjust the Budget in accordance with any variation in volume of operations (WFP/EB.3/99/13), when such variations are more than 10 percent from the planned level.*" During the second half of 2000, the Executive Director authorized an additional US\$27.5 million in PSA spending authority for the biennium. Of this amount, US\$8.8 million was allotted in 2000, in the following manner:
- US\$2.1 million for emergency preparedness and the completion of the Security Awareness Training Programme for all WFP staff;
 - US\$2 million for a targeted staff early retirement programme;
 - US\$1.4 million for additional temporary staff;
 - US\$2.6 million for security enhancements and advocacy activities in the country offices; and
 - US\$700,000 for small system enhancements and miscellaneous expenditures.
19. Total PSA expenditures and obligations in 2000 were, in aggregate, 89 percent of annual allotments. Each object of expenditure was within the biennial budget, but some objects of expenditure exceeded the annual budget allotment. In most cases, over-expenditures in 2000 will be compensated by under-expenditures in 2001. In some cases, additional allotments will be made through a transfer from other objects within the approved budget.
20. Table 5 shows the 2000 PSA Budget by object of expenditure.



TABLE 5: PSA BUDGET SUMMARY BY OBJECT OF EXPENDITURE
(in thousand dollars)

| | 2000–2001 Approved budget | 2000–2001 Recosted budget | 2000 Budget allotment ¹ | 2000 Expenditures and obligations ² |
|--|---------------------------------|---------------------------------|--|--|
| Headquarters | | | | |
| Staff cost | 84 850 | 82 684 | 45 215 | 45 398 |
| Overtime | 479 | 479 | 282 | 204 |
| Consultants | 3 215 | 3 215 | 3 044 | 2 893 |
| Travel | 3 278 | 3 278 | 1 973 | 1 913 |
| Books and periodicals | 111 | 111 | 58 | 51 |
| Information and publications | 2 369 | 2 369 | 1 267 | 1 039 |
| Documents/meetings | 2 125 | 2 125 | 4 503 | 1 614 |
| Training | 4 059 | 4 059 | 2 131 | 2 245 |
| Communications | 2 040 | 2 040 | 1 055 | 887 |
| Management information systems/computer | 1 320 | 1 320 | 766 | 767 |
| Other operating expenses | 9 366 | 9 366 | 5 267 | 3 913 |
| Services from FAO | 2 656 | 2 656 | 1 328 | 0 |
| Services from other United Nations organizations | 2 020 | 2 020 | 2 117 | 880 |
| Total | 117 888 | 115 722 | 69 006 | 61 804 |
| Country offices | | | | |
| International staff | 40 743 | 40 743 | 20 378 | 17 462 |
| Local staff | 16 908 | 16 908 | 8 723 | 9 516 |
| Subtotal staff costs | 57 651 | 57 651 | 29 101 | 26 978 |
| Local operating costs | 15 455 | 15 455 | 10 586 | 8 717 |
| Total | 73 106 | 73 106 | 39 687 | 35 695 |
| Statutory requirements | | | | |
| External audit | 488 | 488 | 244 | 0 |
| UN House | 1 000 | 1 000 | 500 | 624 |
| Contributions to other United Nations organizations | 1 400 | 1 400 | 700 | 74 |
| Total | 2 888 | 2 888 | 1 444 | 698 |
| GRAND TOTAL | 193 882 | 191 715 | 110 137 | 98 197 |

¹ Includes additional allotment made in the second half of 2000.

² Based on provisional 2000 Financial Statement.

